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PERFORMANCE OF METHODS OF DATABASE CAPTURING IN EMAIL MARKETING CAMPAIGNS

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"To develop a successful e-mail marketing campaign, I recommend

Evaluating your database options…Ready to get started?"

John Deveney, APR

ABSTRACT

Title: "Performance of Methods of Database Capturing in Email Marketing Campaigns"
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Recent developments in the advertising industry were brought along by the Digital Marketing revolution. Within the multiples channels of digital marketing currently available, this dissertation focused on Email Marketing, to study the different ways of capturing email customer databases, in order to better target and optimize promotional email campaigns.

Four methods of database capturing - Sponsoring, Shared Exploration, Vertical Portal and Exclusive Capturing Campaign, were compared in terms of their effectiveness for the client advertiser (based on Open Rate, CTR and Conversion Rate metrics), as well as on their efficiency for a digital marketing agency (based on campaign Profit and ROI). Such comparisons resulted from the statistical analyses of both secondary and primary campaign data. The first resulted from several email marketing campaigns conducted by Revshare in 2014, which resorted to different database capture methods. It was subject to OLS regression analysis, to identify which method and campaign/industry features significantly affected campaign performance. The second originated from the performance of an A/B test of a single campaign, launched through different database capture methods. This was done to determine which method yields the best campaign metrics, holding campaign features and industry effects constant.

The main conclusion that can be taken from the secondary data is that the Vertical Portal Method is both the most effective method in terms of CTR and CR, as well as the most efficient one, generating the highest ROI. However, A/B testing results reflect important moderating industry effects on the impact of database capturing methods on email campaign performance.

SUMÁRIO

A Indústria Publicitária dos dias de hoje trouxe o Marketing Digital. Entre os diferentes canais digitais o tópico desta dissertação consiste no canal de Email Marketing, apresentando as diferentes formas de captação de base de dados para enviar as campanhas de email e capturar o máximo de consumidores possivel.

Existem quatro tipos de método de captação de bases de dados – Sponsoring, Shared Exploration, Vertical Portal e Exclusive Capturing Campaign – e a intenção desta dissertação é comparar a performance dos diferentes métodos em termos de eficácia para o Cliente (Percenetagem de abertura de email, de cliques e de conversões) e em termos de eficiência para a Agência (lucro e ROI).

A análise foi conduzida em duas fases de pesquisa: primeiro foi feita uma análise a diferentes campanhas de email lançadas pela Revshare entre quatro meses de 2014, nos diferentes métodos de captação. Esta análise foi suportada por um teste de Regressão Linear de forma a perceber qual o método que gera melhor eficiência e eficácia; numa segunda análise foi feita um Teste A/B sendo lançada uma mesma campanha para todos os métodos, para um igual numero de emails enviados, de forma a fazer uma melhor análise da performance de cada método.

As conclusões que poderão ser retiradas destes estudos é que o Método Vertical Portal é não só o mais eficaz gerando uma maior taxa de cliques e conversões, sendo tambem o Método mais eficiente com elevado nível de ROI. Contudo, o Teste A/B mostrou que as conclusões poderão alterar-se de acordo com o tipo de indústria da campanha em causa.

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CHAPTER 1: INTRODUCTION

1.1 Background and Problem Statement

Online advertising revolutionized marketing practice, not only becoming the main vehicle to promote businesses around the globe, but also bringing significant challenges to traditional media advertising (Chao, et al., 2012). The main difference between online and offline advertising is the opportunity for brands to interact with a precise target of individual or multiple consumers (Braun & Moe, 2014). With this interaction, companies have the opportunity to send and receive the message almost instantaneously. However, it is important to know that nowadays new media represents both a tremendous opportunity and a serious threat for marketers (Parsons, et al., 1998). Furthermore, it is important to compare marketing investments between digital and traditional media. With today's economically challenging times, advertisers and their agencies appear to be moving from traditional to online advertising. This occurs mainly due to the low pricing practiced online and due to the instantaneously messaging. The low prices are a result of the customers' relationship management campaigns that only require payment based on the number of people exposed to the campaign (Fulgoni & Morn, 2009).

There is a massive range of digital marketing channels available, such as Search Engines, E-mail, Social Media, Display Ads and Affiliate Marketing. Nevertheless, the use of web-based email is a daily routine for everybody, being the most prevalent digital space shared by both users and companies. For instance, there are still more people with email accounts than Facebook or Twitter Profiles (Thousand, 2014). Many specialists recognise email as a cost-effective marketing tool, because of its high response rate within digital marketing initiatives (Rettie & Chittenden, 2003). This type of marketing channel enables a two-way dialogue, providing real-time interactions with customers and relationship building opportunities (DeCormier, 1999). Email marketing also has the advantage of low cost and allows companies to reach a huge number of people with a low per capita investment. This is important not only for brands, but also for marketing agencies.

E-mail marketing is one of the best ways to establish a marketing outbound strategy, bringing content to the user. Even with the increasing blocking techniques, this strategy is the most direct way to create a fast impact on the target market (Kumar, Zhang, & Luo, 2014). However, email advertising is also the hardest marketing technique to run, since the company has to ensure that it is emailing only to those that gave permission to. The implementation of this strategy is impossible without a good database. Thus, customer databases are the powerhouses and the

new drivers of digital marketing - 90% of Digital Marketing activities consists of building a customer database (Kumar, Zhang, & Luo, 2014).

The larger the pull of target population members at the start of an email marketing campaign, the greater its potential reach and results. As a result, when companies do not have their own customer database in place, it becomes necessary to build or purchase one (Deveney, 2004). Some specialists argued that it is more effective to build upon established relationships than to reach out to strangers. One-to-one communication plays a central role in customer relationships management and positions email as an important strategic tool to achieve this goal (Tezinde, et al., 2002).

1.2 Aim and Scope

Considering what was mentioned above, and taking into account that this type of topic was hardly investigated in the past, the aim of this dissertation is to study the different types of databases' capturing and ascertain which one is the most effective and the most efficient to implement, as part of an agency's campaign strategy for a particular client brand. In order to achieve this goal, the following specific research questions were formulated, which this dissertation attempts to answer:

RQ1: Which database capturing method is the most effective in generating high lead conversion rates?

RQ2: Which database capturing method leads to the highest return on email marketing campaign investment?

This dissertation focuses on online advertising and within this, its main topic is E-mail marketing, excluding other online channels. When one brand wants to employ digital advertising by resorting to e-mail marketing to conduct a certain campaign, it will typically ask an agency to do that work, while the brand itself will establish an objective to be accomplished. This campaign needs to be run using different customer email addresses and profiles, retrieved from databases chosen by the agency.

There are four methods for database capture: (1) shared exploration, that is, buying an international database already created by another company; (2) sponsoring, by using "Fill out this form and gain an offer" options in games or contests' websites (Figure 1); (3) vertical portal, when the user needs to fill the form to access web portal contents (Figure 2); or (4) by running campaigns with the sole purpose of capturing contacts, such as when companies use

current promotional campaigns to acquire information about their customers, like coupons or promotions (Figure 3).

Figure 1 - Sponsoring method.

Figure 2 - Vertical Portal method.

Figure 3 - Exclusive Capturing Campaign method.

1.3 Research Methods

To achieve this dissertation's purpose, it is essential to develop some empirical research. This was done in order to better understand online advertising concepts and the way that email marketing is developed by the agencies, as well as to know why the companies invest on this online channel. To answer the research questions above, some secondary campaign data was first statistically analysed. To this end, it was important to cooperate with one Digital Agency, Revshare. A number of email marketing campaigns conducted by Revshare was studied, in

order to assess the impact of database capturing methods on different email marketing performance metrics, both technical and financial.

In a second stage, it became be interesting to conduct an A/B test campaign to collect primary campaign data under controlled conditions. This was done in order to achieve more definite conclusions about the best method of database capturing presently available for email marketing campaigns in Portugal.

1.4 Relevance

The success of digital advertising campaigns is greatly dependent on customer database quality, because the main purpose of advertising is to interact directly with the consumer. Due to this, the creation of a database is essential for all online advertising industry players. Hence, agencies and brands need to have access to a vast number of consumers, willing to share their personal information with the purpose of receiving information and advertising.

Database marketing is a strategy that every small business should and can implement, in order to increase customer loyalty, attract new business, boost revenue and increase referrals (Deveney, 2004). A good database is vital to capture new audiences and qualified customer leads. In other words, Database Marketing means to gather information about your customers and potential customers, to gain a better understanding of them and their needs. This enables the communication with those people in ways that are more relevant and useful today, such as by email, social media, phone, post or in person.

It is thus important for both brands, marketing agencies and customer database providers to investigate what is the best way to engage and maintain contact with potential customers, and get their permission to store information about them for future campaign purposes.

1.5 Dissertation Outline

Chapter 2 presents the results of a review of extant literature on digital advertising, email marketing, performance metrics, database marketing and customer relationship management. Based on this, research hypotheses about the effectiveness and efficient of different database capturing methods are formulated for further statistical testing. Chapter 3 describes the methodology employed for the collection, analysis and interpretation of quantitative data enabling the test of research hypotheses, whereas chapter 4 presents and discusses the main statistical results obtained. Finally, chapter 5 highlights the main conclusions and limitations of the present dissertations, derives relevant academic and managerial implications and proposes future research studies.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Digital Marketing

Digital marketing can be simply defined as using the World Wide Web to market products or services (Thomas, 2011). In 2013, 5.7 million of Portuguese people surfed the Internet. This implies that nowadays most Portuguese consumers see digital media as key to instant information and need fulfilment.

Due to the increasing use of the Internet, many of the traditional marketing opportunities have either completely disappeared or changed dramatically. To achieve desired results, traditional advertising tools (Television, Print, Radio and Outdoor) must now be combined with digital media. As Chao et al. (2012) defends, traditional media advertisement will continue to lose importance, despite the growth of the global advertising markets, to give way to online advertising (Figure 4). However, in conjunction with the new digital marketing tools, they can still generate a great increases in marketing effectiveness (Karimova, 2011) (Figure 4).

Source: eMarketer, 2012
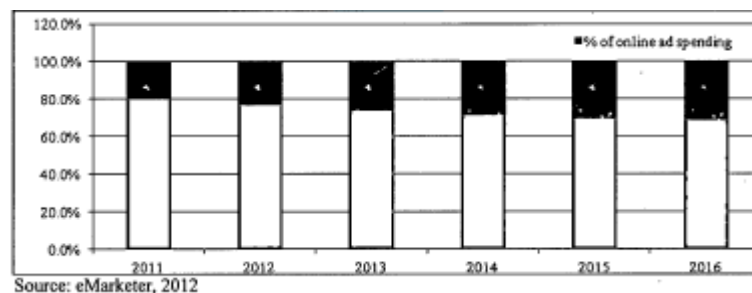
Figure 4 - Trends in online vs. traditional media advertising spending (in billion $US).

2.2 Digital marketing media

There are three main types of digital marketing communication channels: paid, owned and earned media (Edelman & Salsberg, 2010). Paid media is when one company pays for space or for a third party to promote its products, whereas owned media consists of web sites or channels owned by the company that uses them for marketing purposes. Earned media is generated when the quality or uniqueness of a company's products and content compel consumers to promote the company at no cost to itself, through their "own media". Two additional new forms of advertising can also be considered: sold and hijacked media (Edelman & Salsberg, 2010).Sold media is the owned media whose traffic is so strong that other organizations place their content or e-commerce engines within that environment. Hijacked media is the opposite of earned media: an asset or campaign becomes hostage to consumers, other stakeholders, or activists

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who make negative allegations about a brand or a product (Edelman & Salsberg, 2010). Examples of these different types of media are provided in Figures 5, while Figure 6 show their impact on brand's marketing budgets and revenue flows.

Media type	Definition	Examples
Paid	Your company pays for media space or for a third party to promote its products	Television commercials, magazine and newspaper ads, billboards, product placements, Web banners, search-engine marketing
Owned	Your company uses or creates its own new channels to advertise	Catalogs, Web sites, Facebook fan pages, e-mail and customer databases, company-owned retail stores
Earned	Consumers create media and/or share media your company created	Organic search[1] placement, forwarding a popular commercial to friends, consumer ratings and reviews, rankings on community sites
Sold	Your company invites other marketers to place their content on its owned media	An e-commerce retailer selling ad space on its Web site, a consumer marketer creating an online community and selling ad space
Hijacked	Your company's asset or campaign is taken hostage by those who oppose it	Consumers rallying opposition to a company on Facebook, consumers creating and distributing their own negative versions of ads

Figure 5 – Types of digital marketing communication media (Edelman & Salsberg, 2010).
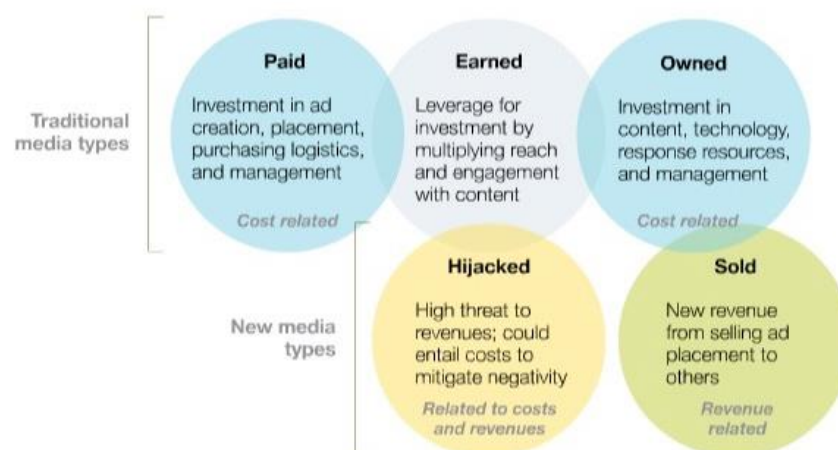
Figure 6 - Effects of different media types on marketing communication budgets and revenue flows (Edelman & Salsberg, 2010).

The large range of different digital marketing communication channels currently available can be aggregated into four main groups: Display Advertising, Search Engine Marketing (Organic and Paid Search), Email Marketing and Social Media Marketing (Land, 2014). As such, a brand has many different ways to raise its audience and create value online, but it is important to know exactly which channels brings more added-value for a particular marketing goal. If a B2C company wants to get the largest number of visits possible to their website, the best strategy is to invest in email and organic search. However, if the main objective is to drive sales, then

display advertising and paid search are more effective. Still, the channels with the highest ROI are organic search and email, because of their relatively low costs (Land, 2014).

2.3 The online advertising industry

Figure 7 shows the online advertising industry, including the relevant players and their inter-relationships.
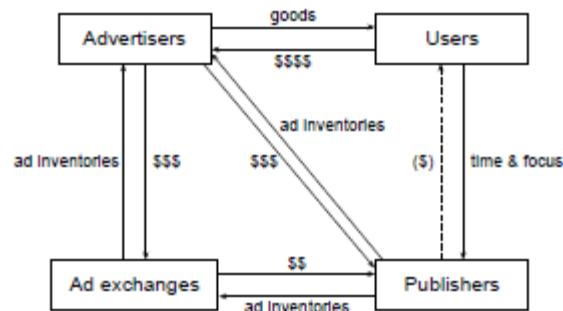
Four major players can be here identified (Yuan, et al., 2012):

1) *Advertisers* - the persons, organizations or companies that plan advertisements, in order to target customers. They search and buy ad space to show information about their offers to users. Their goals are to create sales, as well as improve awareness and engagement with their brands.

2) *Users* - customers that use the web to find information, enjoy entertainment or purchase products, by browsing websites and performing e-commerce activities. Users often have the opportunity to access the content for free, or for a small amount of money. However, the cost appears when the users "pay" with ad exposure.

3) *Publishers* - The host websites that keep space for display advertisement placement. Their function is to sell remnant ad space inventory through an ad exchange, with the other inventory being negotiated directly with advertisers. They can have additional roles in the advertising industry, like managing sites, generating traffic and relocating traffic when necessary. Their long term relationships with advertisers are essential to guarantee the best use of available ad space inventory.

4) *Ad Exchange*s - Manage contract negotiation between advertisers and content publishers that want to sell advertising spaces. They usually offer an advertising service that provided the mechanism allowing advertisers to promote their products to targeted user

groups. Ad Exchanges usually act through as an auction service that sells keywords to advertisers.

Transactions begin with the advertiser that creates campaigns and searches the market for ad space. The market can then deal with the advertisements and impressions, to balance the demand and supply for a better efficiency. Subsequently, the publisher records performance campaign data to charge advertisers (Yuan, et al., 2012).

2.4 Online advertising pricing

Per definition, "the price is a component of an exchange or transaction that takes place between two parties and refers to what must be given up by one party in order to obtain something offered by the other" (Marketing, 1998). As in all the other marketing areas, online advertising transactions are subject to a pre-agreed pricing model, where the advertisers pay according to particular performance criteria. In cost-per-click models (CPC), the publisher receives payment for each click-through that has occurred in a particular ad campaign. The CPA (Cost-per-action) is in somewhat different because the publisher only receives a payment for each lead, registration or purchase that has occurred, and that can be traced to advertisements delivered by the publisher (Hu, 2004). The choice between CPC or CPA is a dilemma for the actual online players: if by one hand, CPA can better incentivise the publisher to make efforts that can improve the purchase rate, it can also cause an adverse selection problem - the advertiser tends to have a lower profit margin under CPA model than under CPC model (Hu, et al., 2013)

2.5 Email Marketing

As Rettie and Chittenden (2003) defend, email marketing is increasingly recognized as a cost-effective Internet marketing instrument. Different authors have documented the multiple advantages of email marketing. Wreden (1999) defends that email marketing is becoming an important part of many business marketing programs, complementing web sites and providing an effective tool to adapt messages to specific interests. On the other hand, Thomas (2011) states that email marketing is one of web marketing's most powerful channels, taping both mass marketing and niche targeting power, depending on its application.

2.5.1 Email marketing advantages and disadvantages

Email marketing has numerous advantages. It reduces time and effort in the moment of developing email advertising, due to the fact that there are already email templates that only

need to be approved and adapted to campaign goals. It can be easily personalised and hence has the power to be user segmented. It an excellent way to acquire customer database information. Also, when compared to other forms of marketing, the cost of an email marketing campaign is quite low. Since an advertiser can contact with many former customers via email, it is able to increase interest in its product in a highly efficient and quick manner (McCormick, s.d.). Furthermore, the email marketing works well since it has the advantages of having targeted audiences, being driven by data (demographics, targeted audiences, email composition, etc), enabling direct sales and building customer relationships, based on trust and loyalty (Academy, 2011).

Despite having many advantages, the disadvantages of email marketing also have to be taken into consideration. "Spam" is the name given to the "unwelcome" email, which nowadays can be easily blocked by users. It is for this reason that advertisers need to request permission ahead of mailing their customer databases. Lack of engagement is another concern, as publishers need to work continuously on message content and design, to keep readers from unsubscribing the database. There are multiple consumers and the publisher has to have the power to create a design that has an excellent content for all of them. It must deliver the perfect message, generate impact and avoid a misconstrued or possibly messy appearance (Forneris, s.d.).

2.5.2 Types of email marketing

There are three different main types of Email Marketing:

1) *Email Newsletter:* content-rich emails that are sent to a list of subscribers, who have chosen to receive regular updates from a company. The idea is to build a relationship between the customer and the brand. Often contain news and information that will be interesting to the customer (Marketing-Schools, s.d.). However, some studies defend that 55% of subscribers to promotional emails and newsletters delete the material without even looking at them (Academy, 2011).

2) *Transactional Emails:* emails that are sent out to confirm certain transactions with users, like when a customer buys a product or makes a reservation and this type of emails are sent out confirming the transaction (Marketing-Schools, s.d.).

3) *Direct Emails:* emails used to inform customers about new products, sales and special offers, providing them with direct marketing triggers to customers (*aka*, calls-to-action). They are similar to the coupons, catalogues and sales fliers of traditional marketing (Marketing-Schools, s.d.). These are typically sent to high-potential customers, in the hope of enticing them to make a purchase based on a temporary deal (Academy, 2011).

2.5.3. Email marketing campaigns

The effectiveness of email marketing depends on the targeting, the nature of the offer, the creative, the timing and the amount of communication (Rettie & Chittenden, 2003). Vriens et al. (1998) developed a theoretical framework for the response process in direct mail distinguishing between factors that affect the three stages: opening the envelope, paying attention to the contents and the response (Figure 8). This can be also applied to email marketing.
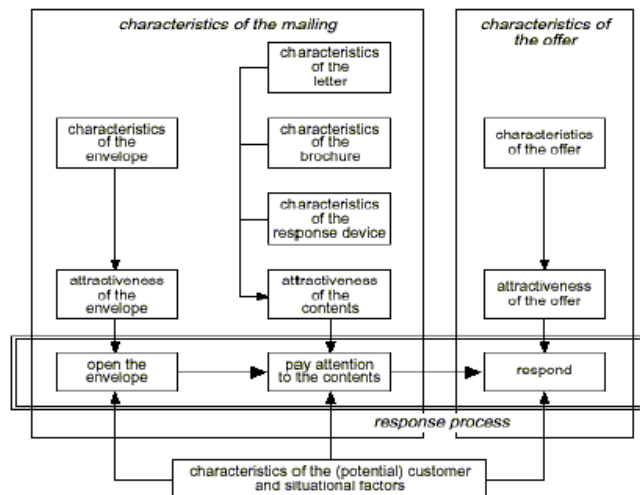
Figure 8 - Basic email marketing response process (Vriens et al., 1998).

Email marketing campaign need hence to take three decisive factors into consideration: the structure, the format and the source of the message. The first thing a customer sees when opening an email is the email header. This needs to contain condensed, but pertinent information (Academy, 2011). The following design tactics must then implemented, in order to avoid the click on the "delete" button (Thomas, 2011):

- *Create a compelling subject line* - the subject line is the first thing to create impact on readers. We should never forget that "web surfers scan, they don't read" (Thomas, 2011). The first step is thus to convince the consumer to open the e-mail and not automatically delete it. An effective "subject" line gets its point across in few words, stating something general but valuable. Its text conveys a sense of urgency, making sure that customers want to open and read the email immediately. Subject lines should always be subject to A/B testing (Academy, 2011).
- *Use a descriptive "From" address*: the recognition of an entity is always a plus that makes the reader open the email. The consumer wants to recognize the entities that he or she knows,

likes and trusts, so that the next step will be the email opening. This is the email component that helps to construct trust between the brand and a customer, and that promotes familiarity with its customer. Some factors could be present in the "From" line are the organisation's name, the company founder's name, the website's domain name and the email address (Academy, 2011).

- *Set up HTML emails with text-only mode backup:* it is important to make sure to include alt text on the graphics that repeats the deal offered. Put the best and most engaging offer at the beginning of the email because readers usually read nothing else but the first few words.
- *Use a Spam evaluator:* there are some service providers that have a spam content evaluator, which determines the likelihood that they will be labelled as spam by filters or users.
- *Do internal testing before the real send:* send an email to a select group of internal people and make them open on different browsers, to make sure that all the links and buttons are working properly and the copy is spelled correctly.

After the opening moment, it is important to create an email content that is valuable and relevant to the customer. Regarding email content, the first important dilemma is whether to use images, text or both. Accordingly to Sibley (2012), marketers are seeing higher returns in terms of more readers, leads and customers when the advertising includes visual content, asides from text. The answer for this is the fact that 90% of information transmitted to the brain is visual and 40% of people respond better to visual information than to plain text (Zabisco, 2014). There are a few important aspects that brands must take into account when it comes to email content (Academy, 2011):

- *Branding:* Brand use in email marketing should reflect organization personality, use logos, use logo/organization colours and keep written and visual elements consistent (Academy, 2011).
- *Layout:* buyers "read" the layout of an email, from left to right, and from top to bottom, as a whole before they read the actual written content. It is thus important to put the logo in the top left corner of the message, place the headline close to the top of the email, include a call to action near the headline in the top left corner that contains more information about the special offer, display visual anchors at the top of the email and carefully size images relatively to text take note of the following (Academy, 2011).
- *Text:* The advertiser should set equilibrium between the amount of text and the design elements in an email, due to the fact that too much text intimidates the reader, while too many images become quickly annoying. The headlines need to create the sense of

urgency, but also should keep the branding in mind. Paragraphs should not be too long, but still be the place where the brand lays out the finer offer details. Finally, links are essential so that the customer is able to react to that call action that the brand hoped for (Academy, 2011).

- *Linking:* The brand wants customers to become more involved by going to its organization's website, so the links are essential as part of the layout. This part of the email should be clear and specific.

2.5.4 Customer Relationship Management (CRM) and email marketing

One-to-one communication plays a central role in CRM positions email as an important strategic tool (Tezinde, et al., 2002). CRM has its origins in relationship marketing, which improves long run profitability by shifting transaction-based marketing to customer retention, through the effective management of customer relationships (Ryals & Knox, 2001). For Couldwell (1998), CRM is defined as a combination of business process and technology that looks for the understanding of a company's customers from the perspective of who they are, what they do and how they are like.

CRM is essentially a marketing tool for retaining customers, which makes use of tactics, such as promotional incentives and recurring communications, to increase the likelihood of a re-purchase, thereby increasing brand trust and customer loyalty. When enough customers are successfully retained and managed, the total ROI of CRM programs can be quite high (Academy, 2011).

Customization turns email marketing into a very personal conversation, yielding both important information and customer enrolment in CRM programs. Its targeted messages are specific to a potential customer's wants and needs. Today's consumers are empowered, busy and want information that is specific to them and this is the advertisers' work, to create customer profiles that go beyond segmentation. While customization may seem like very expensive back-end information building, the payoff can be huge (Thomas, 2011).

CRM begins when the brand is able to capture critical customer data, and it needs to collect it consistently in order to develop new rules of engagement for future communications. There are some steps that brand needs to pay attention, in order to optimally develop its process of capture (Kollas, 2007):

- *Strategy:* after deciding the data to capture, is crucial to define the value offer, what the customer will gain in return for giving its information. If the brand asks for many things

from the customer, the risk of abandoning is too high. The ideal is to ask only what the brand needs and wants to use, coordinated with the customer side.

- *Customer Preferences:* the customer should be allowed to identify the information that he wants to receive and how he or she wants to receive it. With this type of permissions in-house, the brand has the power to deliver relevant messages that addresses the customers' needs and desires.

- *Expectation Setting:* not also the brand will be collecting pertinent information, but also needs to inform the customer about what he or she will be getting from that activity. The discloser of this information should happen in the moment of sign-up, as well as sent in a confirmation email, due to the fact that the second phase should reconfirm expectations.

- *Reliability and Accessibility:* as the brand is collecting data, it needs to put controls in place to ensure that critical information was entered correctly. An easy way to verify this is at the double opt-in step.

As reported by Gibson (2014), only 25 percent of businesses are currently putting their own data-related insights into practice, and the most valuable data that business executives worldwide are still unable to use in their email marketing programs is the web behaviour. Some additional details need to be taken into consideration when setting up an email advertisement campaign with the goal of feeding a CRM program (Hughes, 2012):

- *Recognition:* customers like to be recognized as individuals and addressed by their names.

- *Service:* customers wish to be provided with a service done by knowledgeable people, who know their wants and needs, and have access to their personal information.

- *Convenience:* people are always very busy, so what they want is to do business and transactions from home, using the web and companies that remember their personal information (name, addresses, credit card number, and purchase history).

- *Helpfulness:* brands need to develop a daily routine of thinking how they can be more helpful to their customers.

- *Information:* customers like theirs and company's information to be up to date.

- *Identification:* emails' readers like to be identified with their products and their suppliers. For that reasons, brands should offer customers warm, friendly and helpful information.

2.5.5 Email marketing performance metrics

Key performance metrics' analyses are crucial for the optimisation of digital marketing campaigns. The following metrics are important to the evaluation of promotional email marketing campaigns (HubSpot, 2012):

- *Bounce Rate:* this metric is used to uncover potential problems with email sending. There are two kinds of bounces that must be monitored: hard bounces and soft bounces. The first refer to invalid email addresses, which need to be immediately removed from the database, as having too many hard bounces make the organization look like a "spammer" in the eyes of Internet Service Providers (ISP). Soft bounces are the result of a temporary problem with a valid email address, such as a full inbox or a problem with the recipient's server.

- *Delivery Rate:* the percentage of emails that were actually delivered to recipients' inboxes. This is the variable that sets the stage for email success or failure; the benchmark objective is to achieve for a delivery rate of 95%, or higher.

- *Growth Rate:* this measures how fast an email address database is growing. It is important to continually refresh an email marketing program with new names, because many of addresses on the email list will naturally "go bad" over time.

- *Click-through Rate (CTR):* the proportion of the email readers who clicked on one or more links contained in the message, expressed as a percentage. It indicates whether the message was relevant and the offer compelling enough to encourage recipients to action.

- *Conversion Rate (CR):* this measures the proportion of email message clicks that led to the completion of a desired action, such as filling out a lead generation form or purchasing a product, expressed as a percentage. High conversion rates indicate that the offers containing in the message were very relevant and compelling to recipients.

- *Revenue per email sent:* a measure of the ROI of a particular email campaign. This metric is ideal for e-commerce marketers who generate a lot of direct sales from email campaigns.

- *Open Rate:* a measure of the targeting of email sending and hence of the success of a campaign. The email is only counted as "opened" if the recipient also receives the images embedded in that message. The problem here is that a large percentage of email users might have an image blocker on their account.

- *Unsubscribe Rate:* a measure of the amount of email recipients that use the campaign as an opportunity to unsubscribe from a database or email list. Many subscribers who are tired of receiving email messages from a certain brand will not bother to go through the formal unsubscribing process. They will just stop opening, reading and clicking on the email messages.

2.5.6 Permission Marketing

Permission Marketing is defined by Tezinde et al. (2002) as promotional email sent to recipients who previously consented to receive commercial messages from the sender. Typically, it begins with the approval to receive commercial messages and always give consumers the possibility to stop receiving messages at any time. Relationship marketing proposes that marketers must focus on long-term relationships with customers rather than single transactions. The main idea of one-to-one marketing is that marketers must think of a segment of size one and customize the marketing mix to each customer. Permission marketing builds on relationship and one-to-one marketing by adding a new twist – customer initiated targeting (Mishra, 2000).

Sometimes, Permission Marketing is called "Opt-in" marketing, that is, getting the okay from individuals to market to them (Smith, 2004). Consumers are pricklier than ever about intrusions and privacy, so securing permission is in the best interest of marketers as well. Opt-in is different from opt-out, since marketers have to ask for permission to send messages, rather consumers having to ask not to receive them. Having opted-in, the only way consumers can get away from marketing is to opt-out. Smith (2004) defends that Permission alone does not make marketing more empowering or more reciprocal. The shift that is long overdue is not a shift to permission marketing, but one to a two-way model in which consumers can state the terms and in which marketers must earn the right to be heard.

In order to obtain the permission to send the emails to customers, it is important to develop opt-in points. These are online places where a potential customer grants permission to receive emails from the organization. If the majority of the population are likely to be on the internet, it could be interesting to have opt-in options for people to gain access to the brand's emails in the company website, in the social media profile and even in its blogs (Academy, 2011). It is important to identify and test which are the best opt-in points for different brands and audiences. Example are popular pages of the company's website, email signatures, landing page of a campaign, purchase confirmation emails and social media profiles (Academy, 2011).

Nevertheless, one of the best strategies is still to gain customers sign ups at the moment of an online purchase. Here, the brand needs to create this opt-in option with a message like "We have something to offer you; Would you like to receive it?" After form completion, the company is provided with the email address that later can be used to send information about offers (Academy, 2011). Another good option to implement opt-in points is to combine them with offline, point-of-purchase marketing activities or sales, as well as with brand events. At events, the company can encourage their invitees to deliver their emails, in order to receive

more information related with the present or future events, and/or brand information at a late stage (Academy, 2011).

Meanwhile, the *double opt-in* approach is emerging as the advertising industry standard for subscription management, as it protects the user from being unduly subscribed to a service by an organization. Here, users must first opt-in when the brand requests a subscription via email or web form, and then confirm their opt-in status when the system replies with a verification message, requesting an affirmative reply to the message. Only when the latter is received, is the user's subscription completed (Dictionary, 2007). There are both pros and cons to double opt-in approaches. If, on one hand, the response rate of these emails is low and they can take longer to get the customer to sign up, on the other hand, the customers who want to complete the permission transaction are much more likely to read the email. They are also more likely to later engage in the content of email messages, so they become much more involved with the brand (Academy, 2011).

2.6 Database marketing

Jackson and Decormier (1999) recognize that email provided marketers with a communication channel that enables relationship building and real time interaction with customers. In order to develop successful email marketing campaigns, it is important thus to evaluate email database access options, to better integrate them with offline communication efforts and segment audiences (Deveney, 2004). For Chachko (2004), a perfect life is when the marketers would always be able to distribute the right products to the right customers at the right time. Database marketing is thus the process by which marketers, using an in-house or purchased customer list of profiles, time and tailor offers sent to current customers or prospects.

A database maintains a central archive of message-related information to support conversation threading of current and future messages, downloaded from the server to client. Customer databases are used to support efficient management of conversations and includes data fields, to assist in providing more efficient and timely operations of retrieving and threading conversations (Kennedy, 2001). Nowadays, a huge amount of information on customers is kept in databases, and data mining can be very effective for direct marketing. Regularities and patterns for customers can be discovered from the database to predict and select worthy consumers for promotion (Ling & Li, 1998). Hugues (2006) states that database marketing sets companies to build customers relationships via email, telephone, web sites and other service vehicles. Database marketing lets the company identify the customers, and provides what they

want and need. When the brand gives customers personal attention, warmth and excellence, and a consistent service, they will buy from that company over and over (Hughes, 2006). There are two main types of databases - operational and marketing (Hughes, 2012) (Figure 9).
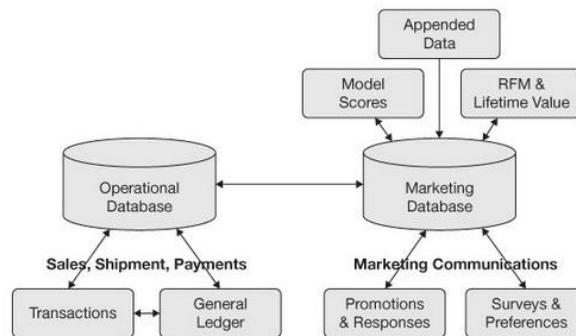
Figure 9 - Operational and the Marketing Databases.

The Operational Database is used to process transactions, take orders and fulfil them. On the other hand, a marketing database is based on the customers. Its purpose is to keep track of each customer and what that customer has purchased, the communications sent to the customer, and his or her feedback from it (Hugues, 2011). The aim of a marketing database is to build customer loyalty or increase sales, due to the fact that customers can in this way be divided into segments, based on behaviour or demographics. With this type of segmentation, different campaigns can be effectively deployed to different target audiences, and their return on investment analysed. These metrics are then used to forecast the Lifetime Value of different customers (Hugues, 2011).

Advertisers, agencies and publishers must access customer databases to be able to deploy email marketing campaigns. The simplest way to do this is to buy a database from a List Broker (Academy, 2011), which specifically collect email contacts and sell them to other companies. The majority of them follow regional spam compliancy law provisions, getting the customers' contact through its permission. The disadvantage of this method is that the user who has admitted permission is receiving emails from some brand or organisation he or she may have never heard of, leading to spam complaints (Academy, 2011).

Shared Exploration refers to when an agency asks other organisation, namely other agencies, to share their databases, in order to explore them in different countries, for instance. These agencies could have these databases for several reasons and now they do not know what to do with them. In exchange, they are given part of the revenues of future campaigns performed with their databases. It is important to know that these databases need to be obtained legally and that no more information can be legally added to them (Revshare, 2013).

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Another method of capturing databases is through Vertical Portals. These are content-rich portals or blogs that require subscription for access. This subscription implies an email capture. Advertising and/or database capturing are the main sources of revenue for Vertical Portals (Revshare, 2013).

The Sponsoring Method entails the capture of email contacts through affiliate websites and organisations. In this case, the user that fills out the form is not aware about the end use of the information being provided. The registration forms employed are quite generic, they do not have a specific theme or goal. Hence, the affiliate that is trying to capture customers for its database may be acquiring some of them that do not fit the defined target for the campaign.

The last capturing method is the Exclusive Client Campaign. This method is equal to the previous, but where Sponsoring is done by only by one entity (Revshare, 2013).

2.7 Conclusions

Parsons et al. (1998) defend that digital media represent both a tremendous opportunity and a serious threat for marketers today. Digital Marketing represents an important opportunity, but for most of the companies, the best way to program and organize the range of digital channels and its budgets is still a dilemma. Aside from dealing with tracking, measurement and targeted tools, the actual advertisers should know where their strategic path lies, in order to be in forefront of both market and societal trends. It becomes thus crucial to create new forms of interactions and transactions between consumers and marketer, by adequately integrating digital media with other elements of the marketing mix (Parsons, et al., 1996).

Niall (2000) refers to email marketing as one of the most effective online marketing tools, due to its high response rate, while Wreden (1999) states that email marketing is the Internet's killer application, because of the accuracy with which email campaigns can be tailored, targeted and tracked. A good email marketing strategy, in terms of reach and effectiveness, is highly dependent on the quality of available customer databases (Deveney, 2004). There are two hypotheses to access such databases: to build them internally or to buy them. Most B2C companies operating in Portugal today "hire" customer database access when they contract email marketing campaigns with digital agencies, leaving them with the choice of making or buying databases (Revshare, 2014).

Based on the results of the literature review performed and interviews conducted with Revshare's management, testable research hypotheses about the effectiveness and efficiency of database capturing methods were put forward. Namely:

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- **H1**: Vertical Portal has higher effectiveness than other database capture methods

Based on the Revshare interview, the intuition behind this hypothesis is that the Vertical Portal Method is the one with which the companies extract more value added out of the email marketing. This means that the companies that invest in this method have a bigger CTR and higher number of conversions per number of clicks, when comparing to the ones that invest in the other methods.

- **H2.1**: Shared Exploration is the least cost effective database capture method

Knowing that the Shared Exploration method is the one where companies need to buy the rights to access a database, to use a pre-captured database and that the profits of the campaigns are divided with the owner of that database, the return on investment of this method should be lower than all the other methods.

- **H2.2**: Vertical Portal has higher cost efficiency than other database capture methods

The intuition behind this hypothesis is that, considering that all the methods have the same costs per email sent, the method that can extract a higher payout should have a higher return on investment. This means that the most effective method should be the one with the highest CTR and Conversion Rates, leading to a higher profit for the Agency.

CHAPTER 3: METHODOLOGY

This chapter presents detailed information regarding the methodology applied, in order to reach the wanted conclusions about the research hypotheses proposed in chapter 2.

3.1 Research approach

Three main types of research approaches are commonly considered: exploratory, descriptive and explanatory. Exploratory approaches are useful when a scientific problem has not yet been clearly defined. There are three main ways of conducting exploratory research, such as a search of the literature, interviewing "experts" on the subject, or conducting focus group interviews. Exploratory research has the advantages of being flexible and adaptable to changes. It allows for the possibility to change its direction as a result of the new data that appear and the new insights that emerge (Saunders et al., 2009).

Descriptive research approaches, on the other hand, are often used to describe the characteristics of a population. To this end, it is crucial to have a clear representation about the phenomenon under study, prior to data collection and analysis. In this type of approach, there is noimmediate purpose of studying cause-effect phenomenon (Saunders, et al., 2009). Conversely, explanatory research approaches attempt to establish causal relationships between variables (Saunders, et al., 2009). Their purpose is to investigate the effect of a particular factor, and/or its influence in a certain phenomenon after experimental manipulation.

The main goal of this dissertation is to define which is the most effective and efficient method of database capturing for promotional email marketing campaigns. With this in mind, the first step is to implement the second approach discussed, that is, descriptive research. This enables the use of secondary data to investigate the performance of past advertising campaigns run for different clients, with different methods of database capturing. After this, some conclusions will be drawn related with the generated click-through-rates (CTRs) and the costs of each campaign for the digital advertising agency.

The second step of the dissertation entails implementing an explanatory approach. This type of research will be done in order to explore a comparison between all the different models, as well as test further the results obtained with the descriptive research step. The main difference in this case is that this test will be done to the same client, for a same number of email sent. In a field experiment, there will be a strategy to test a new advertising campaign in order to make a direct comparison between the different methods of database capturing.

All the data and advertising campaigns tested were assembled after extensive analysis and discussion with Revshare, the online advertising agency that sustained all the research accomplished for this dissertation.

3.2 Secondary Data

3.2.1 Population

The population of interest for this stage of the dissertation was defined as follows:

- *Email advertising campaigns launched in the Portuguese B2C market in the second half of 2014, conducted by different methods of database capturing.*

Portugal is still a country in expansion when talking about Digital Advertising, so the number of digital agencies in this country is quite small. Nowadays, there are 15 agencies working the advertising area, but only 3 of them work exclusively in the digital media, including Revshare. However, it is important to consider that most of the Digital Advertising works conjointly with traditional advertising channels (Revshare, 2013).

The campaigns studied were ran for different clients of seven B2C industries: Travel and Leisure, Education, Financial and Insurance, Healthcare, Media and Publishing, Manufacturing and Services; and Retail. These different industries were further grouped according to the Maslow's hierarchy of consumer needs perspective, into three main areas of industry: Self-Achievement Needs (includes the Media & Publishing, Travel & Leisure, and Education sectors), Basic Needs (entails the Financial & Insurance and the Healthcare industries) and Consumer Goods (comprises the Manufacturing & Services, and the Retail industries). This was done to increase the number of observations per type of industry, for subsequent statistical analysis.

3.2.2 Data Collection

The email campaigns analysed belonged to the Portuguese B2C markets and involved at least 2 methods of capture database. Even if originating from several different industries, the main marketing goal of all these campaigns was similar – the submission of a properly filled-in registration form by users, which can be considered a lead conversion. All campaigns were priced according to performance-based models, namely CPL. This means that Revshare was paid by the advertiser per each conversion (registration) occurring at the campaign's landing page. All the landing pages are designed and are property of Revshare and, for that reason, the main goal of each campaign is to generate the maximum number of leads as possible at the lowest cost, in a precise period of time.

Due to the performance-based pricing model, Revshare provides a dataset from different types of campaign, made in different platforms with different times and different budgets. The first step is to define the budget and the number of conversions/clicks to be accomplished. Then, in a second stage, the duration of each campaign with these two factors in the decision-base is established. In each method of capturing, there were different types of campaigns employed in different industries. Table 1 shows the periods of time that where each method of database capturing was employed.

Table 1 – Length of the email advertising campaigns per database capture method, supplying the secondary data set.

	Length
Sponsoring Method	July to October of 2014
Vertical Portal	June to October of 2014

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Shared Exploration	September to October of 2014
Campaign	July and September of 2014

3.2.3 Data Analysis

Revshare supplied data for a total of 148 campaigns conducted in Portugal in 2014. The data received was preliminarily analysed, to exclude severe outliers and missing values, and initially organized per day, advertiser, campaign and database capturing method. A descriptive statistical analysis of the values of the metrics recorded per method was then conducted, and the significance of differences of mean values across methods was assessed by non-parametric Kruskal-Wallis tests.

Three methods of database capturing of comparable size were then formed: Vertical Portal (n=34); Sponsoring (n=76); Shared Exploration (n=38). The Sponsoring group included the 6 campaigns from the Exclusive Campaign method, as both methods were similar in essence. Campaign performance metrics supplied included email Delivery Rates (DR), Open Rates (OR), Click-Through-Rates (CTR), Lead Conversion Rates (LCR, calculated as Lead Conversions/Clicks*100), Cost Per Lead (CPL; calculated on a CPM basis, as paid by Revshare to its affiliates) and Revenue Per Lead (RPL; calculated as Total Conversions * Lead Price paid to Revshare, with total conversions on an equivalent basis for different types of performance pricing models negotiated with clients – per impressions, clicks or registrations). CPL and RPL were used to calculate campaign profit and ROI, in order to evaluate the efficiency of the campaign for the agency.

Annex 2 shows the results of the Kolmogorov-Smirnov tests of normal distribution applied to the performance metrics' data. In all cases, the null hypotheses of normal distribution was rejected at $p<.05$. As the estimation of OLS linear regression models implies normally distributed variables, the values of all performance metrics were linearly transformed, by applying the natural logarithm function prior to model estimation. Multivariate linear regression models were subsequently estimated, to reach a conclusion about which database capturing method impacted campaign performance the most. Annex 3 describes the dependent, independent and the control variables for each regression model estimated.

3.3 Primary Data

In sequence of the secondary research, the second and last step of the empirical research conducted in this dissertation was to choose a sector within which a new campaign could be launched randomly resorting to different database capturing methods, while controlling for other performance-impacting variables. This campaign took place in the early days of December 2014.

3.3.1 Data Collection

Campaign performance data was compiled from different tracking platforms and tallied by database capture method.

3.3.2 Data Analysis

The performance of a field experiment was essential to analyse the impact of different database capturing methods on performance metrics, while controlling for campaign and industry characteristics. To this end, Revshare created and launched a promotional campaign (giving away discount coupons for offline purchases in exchange for registration on a website) for a database of 20000 emails from each different capturing method. This campaign was conducted for a FMCG brand between the 8th and the 12th of December 2014. It is important to keep in mind that the results of an email marketing campaign are defined in the first three to four days of campaign, so this why this short campaign period was considered sufficient to test the intended effects. FMCG industries often concern low risk and low involvement offers, but users are expected to respond positively if adequate incentives are provided, given that not a lot of personal information is typically required for registration.

CHAPTER 4: RESULTS AND DISCUSSION

This chapter presents and discusses the results of the empirical studies performed, involving primary and secondary campaign data, to test the research hypotheses developed in chapter 2.

4.1 Secondary Data

4.1.1 Descriptive statistics analysis

Table 2 presents the means and standard deviations of the campaign performance metrics studied, per database capturing method, whereas Table 3 shows the results of the non-parametric Kruskal-Wallis tests conducted to assess the significance of metric means' differences across methods.

Table 2 - Means and standard deviations of campaign performance metrics per method.

Variables Description		Method of Database Capturing		
		Sponsoring	Shared Exploration	Vertical Portal
Open Rate	Mean	7,619	9,545	5,521
	St Deviation	3,339	7,659	2,816
CTR	Mean	10,594	13,255	24,543
	St Deviation	8,945	11,625	26,065
Conversion Rate	Mean	19,383	18,063	35,929
	St Deviation	20,431	22,446	45,606
CPL	Mean	8,469	12,379	2,864
	St Deviation	8,212	17,099	1,709
RPL	Mean	4,219	3,673	2,707
	St Deviation	5,013	3,833	4,816

Table 3 - Test results of the significance of campaign metric means' differences across methods.

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of OR is the same across categories of Method3.	Independent-Samples Kruskal-Wallis Test	,037	Reject the null hypothesis.
2	The distribution of CTR is the same across categories of Method3.	Independent-Samples Kruskal-Wallis Test	,001	Reject the null hypothesis.
3	The distribution of %CR_C_O is the same across categories of Method3.	Independent-Samples Kruskal-Wallis Test	,032	Reject the null hypothesis.
4	The distribution of CPL is the same across categories of Method3.	Independent-Samples Kruskal-Wallis Test	,000	Reject the null hypothesis.
5	The distribution of RPL is the same across categories of Method3.	Independent-Samples Kruskal-Wallis Test	,028	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is ,05.

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The hypotheses that campaign metric means were not significantly different across methods was rejected a p<.05 in all cases. Bigger differences in metrics' means were observed for CTR and RPL.

On average, Vertical Portal was the most effective database capture method of the three examined in all metrics related to campaign effectiveness, except for OR. It was also the method that showed the lowest mean CPL. Nevertheless, is RPL was the lowest of the three, which could be due to the low OR observed and/or the lead prices charged by Revshare to advertisers whose campaigns are run using this method. Sponsoring performed, on average, the worst in terms of CTR (although not much worse than Shared Exploration), but performed relatively well in terms of OR and LCR (and not much differently than Shared Exploration). Its CPL was also lower than that of Shared Exploration, probably contributing to the fact that Sponsoring exhibited the highest RPL of the three methods studied. Shared Exploration, in turn, performed on average worse than other methods in all effectiveness metrics, with the exception of OR and CTR. Again, effectiveness metrics of early campaign steps seem decisive to ensure a good campaign return, as Revshare is paid per lead conversion, and conversions are naturally highly dependent on CR and CTR campaign values.

The use of databases collected by other companies or through affiliate websites seemed thus to guarantee better OR than the agency's vertical portals. The latter yield however lower costs per lead and because they offer highly specific and targeted content, they seem to generate, on average, better CTR and CR for the email messages sent to its users.

4.1.2 Regression Analysis

Table 4 shows the results of all the OLS linear regression models estimated, in terms of model fit and predictive power. Dependent, independent and industry control variables for each model are depicted in Annex 3.

Table 4 - Regression models' fit and predictive power.

Dependent Variable	R^2	R^2 Adj	F_{cha}	P_value
Ln OR	0,306	0,068	3,688	0,007
Ln CTR	0,533	0,264	14,191	0,000
Lead CR	0,322	0,078	4,126	0,003
Ln Profit [(RPL-CPL)*# Lead Conversions]	0,299	0,064	3,519	0,009
Ln ROI [Profit/(CPL*# Lead Conversions)]	0,193	0,010	1,388	0,241

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All models estimated were significant at p<.05, except for ROI as dependent variable, which indicates that database method and campaign industry dummies are good predictors of part of email campaign results, except in the case of ROI. Predictions seem to be better in the case of CTR and Profit, that with other metrics.

Table 5 shows the parameter estimates for the OR regression model. As could also be seen from Table 3, these estimates show that using Shared Exploration and Sponsoring methods yield significantly higher OR than using the Vertical Portal method. Campaign industry is not relevant in explaining OR.

Table 5 - Parameter estimates for OR regression model.

Model	*Beta*	*Significance*
Shared Exploration	0,216	0,027
Sponsoring	0,369	0,000
Basic Needs	-,063	0,484
Self-Achievement Needs	0,058	0,512

Table 6 shows the parameter estimates for the CTR regression model. As could also be seen from Table 3, these estimates show that using Shared Exploration and Sponsoring methods yield significantly lower CTR than using the Vertical Portal method. Campaign industry is partially relevant in explaining CTR values, with offers related to Basic Needs (Financial & Insurance, and Healthcare Companies) performing significantly worse than those related to FMCG. This is expectable, as FMCG online offers are typically related to promotional offers in the form of product gifts or discounts, not future contracting of services, and also involve less purchase risk and online exchange of personal information, than offers from the Financial or HealthCare sector.

Table 7 shows the parameter estimates for the Lead CR regression model. As could also be seen from Table 3, these estimates show that using Shared Exploration and Sponsoring methods yield significantly lower conversion rates than using the Vertical Portal method. Campaign industry is not relevant in explaining Lead CR.

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Table 6 - Parameter estimates for CTR regression model.

Model	Beta	Significance
Shared Exploration Model	-,207	0,018
Sponsoring Model	-,418	0,000
Basic Needs	-,378	0,000
Self-Achievement Needs	-,063	0,424

Table 7 - Parameter estimates for Lead CR regression model.

Model	Beta	Significance
Shared Exploration Model	-,318	0,001
Sponsoring Model	-,318	0,001
Basic Needs	-,030	0,730
Self-Achievement Needs	-,088	0,323

Table 8 shows the parameter estimates for the Profit regression model.

Table 8 - Parameter estimates for the Profit regression model.

Model	Beta	Significance
Shared Exploration Model	0,234	0,017
Sponsoring Model	0,364	0,000
Basic Needs	0,029	0,740
Self-Achievement Needs	-,061	0,500

These results show that using Shared Exploration and Sponsoring methods increases profit more than using the Vertical Portal method. This is agreement with results shown in Table 3,

where it can be seen that CPL and RPL are about the same for the Vertical Portal, whereas RPL is fairly higher than CPL for the other two database capture methods. Regression results confirm thus that Vertical Portal campaigns are not yet yielding good revenues for Revshare, even though they also present the lowest costs per lead. This could be due to the low OR observed for this method, but also to issues related with pricing leads to advertisers. Campaign industry is not relevant in explaining Profit. This indicates that campaigns could be better priced by Revshare according to the industry of the client advertiser, as this seem to have a very important impact on campaign CTR and hence indirectly on CR.

Given that the quality of the regression model with ROI as dependent variable was not satisfactory, parameter estimates for this model are not presented, as they were all not significant at $p<.05$. This indicates that ROI is better explained by other issues related to campaign performance and pricing, than by database capture method or industry.

4.2 Primary Data

Table 10 shows the performance metrics for the FMCG campaign ran to test the effects of database capture method under controlled conditions, namely removing the effects of different campaign costs and lead pricing (the cost side of the profit equation). This allows us to study the effect of effectiveness metrics alone on campaign global financial performance, helping to clarify some of the results obtained from the secondary data analyses.

Table 9 - Performance metrics of primary data campaign per database capture method.

Method	Plataform	Sent	Impressions	Open Rate	CTR	Conversion Rate	Cost	Payout	Revenues	Profit	ROI
Vertical Portal	Convertik	20000	7569	38%	15%	20,20%	56	0,67	152,09	96,09	1,71
Sponsoring	MediaMail	20000	13689	68%	12%	25,33%	56	0,67	278,72	222,72	3,98
Shared Exploration	Daily+Wippy	20000	9658	48%	10%	21,75%	56	0,67	138,02	82,02	1,46

Making a direct comparison between the results of the secondary data and the present data, primary data, the conclusions that can be taken are almost the same: the Vertical Portal is the worst Method in the moment of persuading the reader to open the email, but in the targeting moment this can be the Model which reaches the best results. However, in the moment of the

conversion, the Vertical Portal is the worst method and this result affects the ROI and the Profit results. The reason behind these results in efficiency could be the fact that this campaign was developed in the Consumer Goods Industry. The Secondary Research analysis presented that this type of industry generates a higher level of conversion due to the fact that this is a low level of involvement industry. Nevertheless, the fact that this campaign is a promotional campaign with discounts, launched by a well-known and big brand, has a different power of consumer persuasion.

This was a similar campaign for all the three methods, the cost and the payout were equal for all the different methods which results in a better ROI and profit for the Vertical Portal than the results of the secondary data, due to the fact that in this campaign the number of conversions were higher. The Sponsoring Method continues being the leader in Open Rate and Conversion Rate having a relatively good CTR. The justification to this could be the fact that this Model presents a better list of contacts and a better database, since this is a Method with an experience in affiliates and an intrinsic capacity of targeting, and this generates the good effectiveness. Another reason to this could be the fact that Revshare uses this Method a much longer time ago, has more experience in it and the campaigns have better results.

CHAPTER 5: CONCLUSIONS AND LIMITATIONS

After the research done using the results of the three models of database capturing – Shared Exploration, Sponsoring and Vertical Portal – it is important to draw important conclusions about the concerning for the brand's campaigns results and the investment made by the Agency. The success of an email marketing campaign depends on different variables. Due to this there is not a unique best strategy. The success depends on several email marketing process steps (Figure 10):
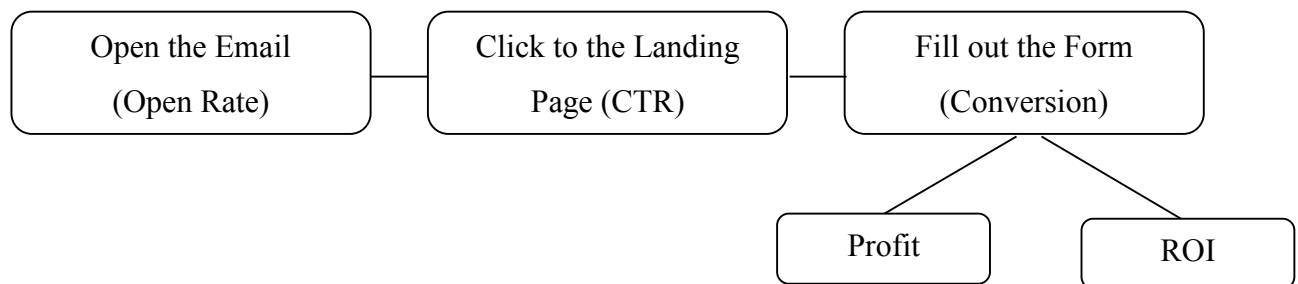
```
┌──────────────────┐   ┌──────────────────┐   ┌──────────────────┐
│  Open the Email  │───│ Click to the Landing │ │  Fill out the Form │
│   (Open Rate)    │   │   Page (CTR)     │   │   (Conversion)   │
└──────────────────┘   └──────────────────┘   └──────────────────┘
                                                  ╱          ╲
                                        ┌──────────────┐  ┌──────────────┐
                                        │    Profit    │  │     ROI      │
                                        └──────────────┘  └──────────────┘
```

Figure 10 - Email marketing process

These steps can be used to draw conclusions from the work done in this dissertation:

1. Persuade the consumer to open the campaign email: is important to have an appealing subject and message to achieve a higher engagement. The Shared Exploration Method is the one that achieves a higher Open Rate.

2. Persuade the consumer to click to go to the landing page: the targeting step is achieved when the message is interesting to the consumers and makes "the click". In this case, the Vertical Portal Method generates the highest values of performance, the higher CTR.

3. The "Selling": after the targeting process the consumer shows his interest in having more information about that and the Vertical Portal continues to be the one.

4. The Company's Results: The Vertical Portal is the method with worst profit and the reason may be the fact that the payout is higher in the campaigns in this method. The Companies studied may have less historic in the Agency.

Answering the Research Question 1, the most effective method is the Vertical Portal, even if the Shared Exploration has higher opens. The Shared Exploration result in the first step may happen due to the fact that if people do not know what they are receiving, they need to open to see the content. But the results for the next step are not the same because the consumer that receives that email does not have interest in opening; the target phase is not done in the

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beginning of the process. The first hypothesis can be considered right because the dissertation research showed that the Vertical Portal generates better results in effectiveness even if these values could change across industries.

The Results for the Agency are seen in the Research Question 2 and in terms of Profit, the Vertical Portal is worst, maybe due to the payout defined by the Agency. The ROI cannot be analyzed due to the insignificant results of the Regression. The hypothesis defined as 2.1 and 2.2 are not completely correct due to the fact that the Vertical Portal even with better results in terms of effectiveness, is the Method which generates worst results in terms of efficiency.

The Primary Data showed that the results can differ with the industry, when the test is done for only one brand the results can change. To the Consumer Goods Industry the results show that the Sponsoring Method is the best. So, with an equal number of emails sent, the conclusions are influenced by the type of industry.

During the development of the thesis there were shortcomings that may have brought some difficulties on particular topics:

- *Literature Review*: In the Literature Review Topic there were some areas where the information provided was limited and where was too difficult to do research. The main difficult topic was the theme of this dissertation, the different types of capturing method. The solution to this problem was the cooperation with the Digital Agency Revshare which provided availability to answer some questions allowing the progress of the topic.

- *Measure of Success of Email Marketing Campaign*: There are several metrics that can affect the success of an email marketing campaign

    o *Message*: the message sent in the email can have multiple differences and changes, and this can affect the success of the campaign due to the fact that one type of message can be more appealing than the other.

    o *Choice of the Channel*: the marketing campaigns can be sent through different types of channels: email, social media, google, etc. And the audience of each channel is different and that can affect the success of the campaign.

    o *The type of Campaign*: the campaign can be promotional or informational, and the type of consumer per each one is different.

    In addition to these three metrics, there is the database effect, the purpose of this dissertation. With this, it can be affirmed that this dissertation cannot be taken as an isolated case in the moment of analyzing the success of one marketing campaign.

- *Method of Exclusive Campaign Capturing*: This method of capturing databases was difficult to analyse due to the fact that during the study's length the number of

campaigns made by the Agency were too small to draw truthful conclusions. Revshare advocates that this type of Capturing did not provide plausible results for further investments.

- *Database*: The data that is available to study is a little bit scarce due to the fact that only after June Revshare starts the organization of the information and the results per campaign in order to have divided them by types of database capturing. Thus, the data analysis' time was too short.

The results founded in this thesis could be useful for the Agency in the moment of deciding which type of Method in each campaign could choose; this means that for each campaign there are different variables that need to be taken into account, in order to get the best database possible, achieving the goals defined by the Client. Revshare, in the future, should continue to invest in Affiliates, because this is a Method which brings higher results in Open Rate and, if the goal is the conversion, generates higher level of profit. However, the Vertical Portal is the one that generates higher Conversions and Clicks, so the solution for Revshare is to study the campaign that will be launched, because the type of industry could influence more or less the Method and with this, achieve better or worst results.

On the other hand, the Advertiser should define well its goal in that campaign and after this Revshare should choose, based on its goals, the Method which could present better results, based on the definition and analysis presented in this dissertation.

To further studies about this theme, the advice is to have a much better dataset, with a large sample of similar campaigns across all the methods, in order to have a better base comparison and take conclusions with similar "rules", as was done in the primary research with the A/B Test. Furthermore, will be interesting to talk with other digital agencies to have a better literature review of the Methods which was impossible in this dissertation.

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ANNEXES:

Annex 1 – Comparison between Direct and Indirect Marketing Techniques

Table 1: Comparison of Direct and Internet Marketing Techniques					
	Direct Mail	**Telemarketing**	**Email**	**SMS**	**Internet Advertising**
Reach	All households	Most households	Internet users	Mobile users	Internet users
Response rate	Approx 2%	10% –20%	3.5% – 10%	10% – 20%	0.3%
Cost per message	Medium 60p	High £6	Very Low 3p	Low 6p	Very Low 1p/impression
Time to organise	Slowest	Slow	Quick	Quick	Medium
List availability	Very good	Good	Limited	Very low	N/a
Response time	Slow	Quick	Quick	Quickest	Quick
Materials	visual, objects	Voice only	Multimedia	Short text	Text, visuals
Personalisation	Yes	One to One	Yes	Yes	No
Consistency	Consistent	Variable	Consistent	Consistent	Consistent
Persuasive impact	Medium	High	Low	Low	Low
Interactivity	No	Yes	Yes	Yes	Yes
Access	Home	Home	Home/work	Everywhere	Home/work
Intrusive	Low	High	Medium	Med/high	Very low
Immediacy	No	No	No	Yes	No
Location Targeting	No	No	No	Yes	No

Sources: Authors, Stone (1990); Yeshin (1998); Roberts (2001); Niall (2000); Peppers and Rodgers (2000); Rask and Dholakia (2000) and Industry sources.

Annex 2 – Descriptive Analysis, Tests of Normality for the Dependent Variables

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Open Rate	,189	155	,000	,832	155	,000
CTR	,192	155	,000	,724	155	,000
Conversion_Rate	,211	155	,000	,778	155	,000
Profit	,232	155	,000	,665	155	,000
ROI	,219	155	,000	,669	155	,000

a. Lilliefors Significance Correction

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Annex 3 - Variables Description considered in the secondary research analysis and their operationalization

Variables Description				
Method	Y1			Independent
Group 1 – Vertical Portal	Y2	1	Yes	Independent
		0	No	
Group 2 – Sponsoring	Y3	1	Yes	Independent
		0	No	
Group 3 – Shared Exploration	Y4	1	Yes	Independent
		0	No	
Industry	X1			Control
Group 1 – Self-Achievement Needs	X2	1	Yes	Control
		0	No	
Group 2 – Basic Needs	X3	1	Yes	Control
		0	No	
Group 3 - FMCG	X4	1	Yes	Control
		0	No	
Open Rate	X5	[Min (0,73) ; Max (26,30)]		Dependent
Ln Open Rate	X6	[Min (-0,31) ; Max (3,27)]		Dependent
CTR	X7	[Min (0,82) ; Max (95,12)]		Dependent
Ln of CTR	Ln (X7)	[Min (-0,20) ; Max (4,56)]		Dependent
Conversion Rate	X8	[Min (0,68) ; Max (249,40)]		Dependent
Ln Conversion Rate	Ln (X8)	[Min (-0,38) ; Max (5,52)]		Dependent
Profit	X9	[Min (0,05) ; Max (580,63)]		Dependent
Ln of Profit	Ln (X9)	[Min (-3,09) ; Max (6,36)]		Dependent
ROI	X10	[Min (0,01) ; Max (82,99)]		Dependent
Ln ROI	Ln (X10)	[Min (-4,80) ; Max (4,42)]		Dependent

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