

The audience commerce guide to email:

How retailers and brands are rethinking newsletters for revenue

 | **DIGIDAY**



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With the surge of e-commerce and the fall of the third-party cookie, the email newsletter has become a powerful channel for reaching people, collecting first-party data — an essential monetization tool for brands and retailers.

As a driver for incremental revenue, the email newsletter starts from a particular position of strength — its ubiquity and the access it creates to recipients that are inherently opted-in and engaged.

“When you’re in your inbox, it’s you and the content that you’ve asked to be sent to you,” said Kerel Cooper, Chief Marketing Officer at LiveIntent. “You are much more engaged at that point, and for marketers, the chance to grab the

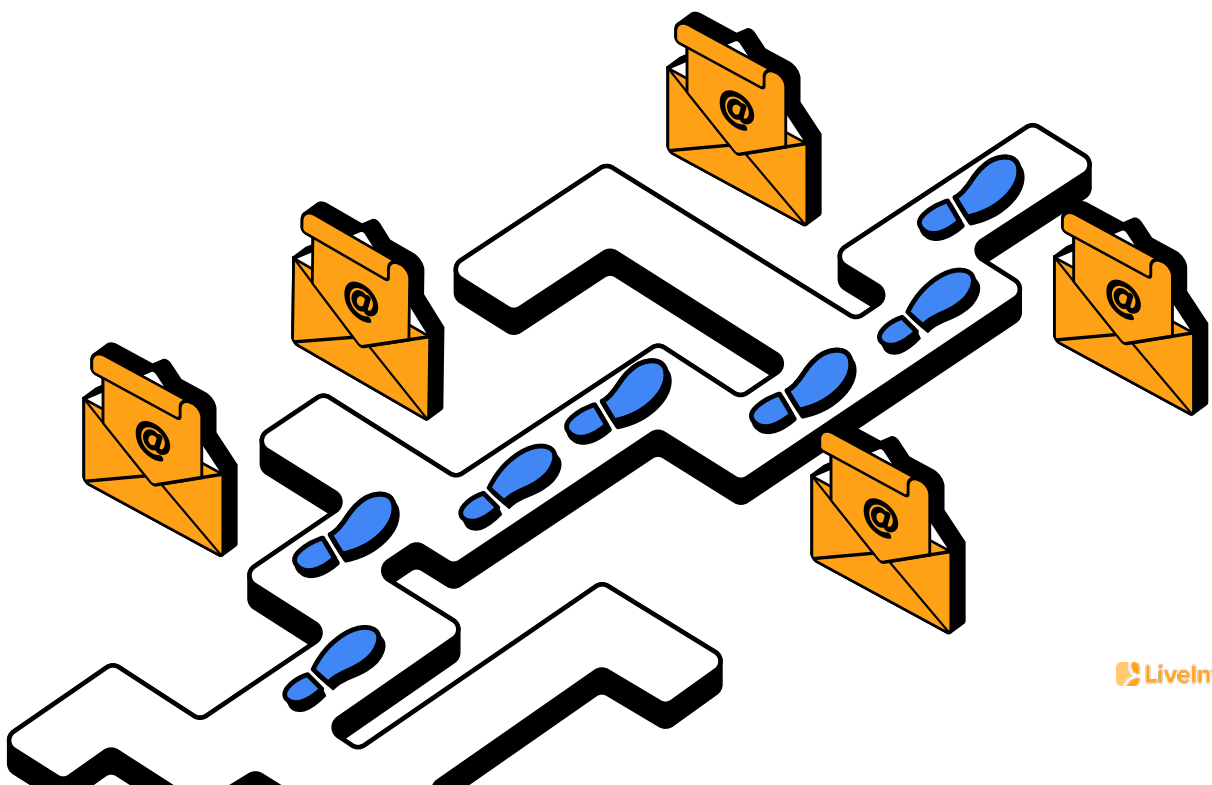
attention of a focused reader is valuable.”

Email is also fairly future-proofed from industry-wide shifts such as the “[cookiepocalypse](#)” — the death of the third-party cookie — and from privacy regulations that continue to reshape the digital landscape. Email newsletters are privacy safe because they are opt-in, and they are also inherently cookieless, and so, issues pertaining to the third-party cookie’s deprecation is not an issue when it comes to advertising on and monetizing email newsletters.

“What we do in the inbox is essentially what the browsers are attempting to do on the web today,” Cooper said in a [September 2020 podcast interview](#) with

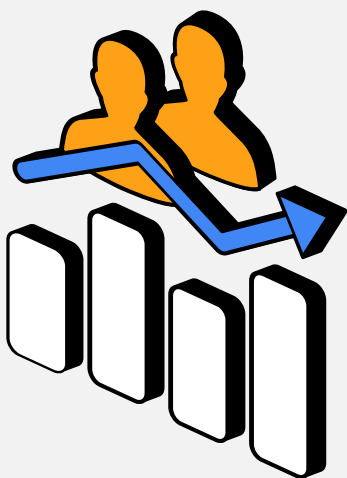
eMarketer. “We operate in a channel where there are no cookies ... where you have to get consent from the user in order to send them content, ... where there are really tight rules and regulations around privacy.”

In this micro-report, second in a series of three from LiveIntent and Digiday, the spotlight is on the value of email newsletters as a monetization tool. Featuring case examples from Groupon, General Mills and more, this report will also highlight successful tactics that brands and retailers — who in this case are working in a way much like publishers — are deploying to capture the positive outcomes from this monetization approach.



Email newsletter and audience commerce

Monetizing email newsletters is one tactic within the framework of audience commerce. This is the process in which brands and retailers utilize first-party audience data to determine if an interaction results in more value to them or another brand, such as an advertiser. In more detail, general audience commerce tactics are discussed in [‘The Retailer’s Guide to Audience Commerce,’](#) published in April 2021.



How Groupon is balancing monetization with reader experience and brand integrity

Monetizing email newsletters is not simply throwing a bunch of ads into a template and hitting send. It’s a strategic process that, when done well, is based on rigorous data and testing, and the process requires regular monitoring to ensure that external brand ads do not negatively impact the retailer’s customer experience or image.

Jon Nolz, global director of ads at Groupon, explained the balancing act that monetization demands: “We need to demonstrate, based on data, that it’s not impacting the customer experience, that it’s actually augmenting or complementing the customer experience.”

With that goal in mind and working with LiveIntent, Nolz helped unpack three tactics that Groupon put into play.

Tactic: Testing price floors for competitive bidding

The price floor is the minimum CPM that an advertiser can bid on an ad impression. By setting a lower threshold, the retailer encourages greater bid competition. When it comes to email newsletter campaigns, Nolz at Groupon talked about the role of testing and dynamic pricing.

“We’ve tested some things to see if we lower it, do we get a higher fill rate and drive better revenue?” he said. “And we’ve found that isn’t the case.

We get a higher fill rate, but the CPM gets diluted, so there wasn’t really a gain.”

By testing to find the optimal price floor, low-paying advertisers are filtered out, but the price is still high enough to encourage competition. Furthermore, in contrast to other advertising channels, lower price floors for email newsletter ad inventory do not necessarily correlate with lower quality ads.

Tactic: Utilizing audience segmentation to uncover targeted ad opportunities

The targeting mechanism that email newsletters leverage is the hashed email. This is a unique string of numbers and letters that result when an email address is run through a hashing algorithm. Anonymous and secure, yet persistent, the hashed email from one company can be matched to the hashed email data at another company and neither can reverse the hashes back to the original email address. However, the result still allows marketers to target segments of their audience with relevant content.

With these capabilities, Groupon is tracking an individual's activity through a web tag — code that allows the collection of certain and controlled kinds of data associated with a unique customer's hashed

email — which are layered on the retailer's site. Activity elsewhere can also be associated with a hashed email and matched back to CRM. With these steps in place, Groupon has created audience segments based on shared characteristics, interests, or behaviors.

Nolz explained that Groupon segments in a number of ways to determine the ad inventory in different newsletters, including by customer value. The highest value shoppers, Groupon has decided, do not receive ads — and that keeps their focus on Groupon's offerings. It's a matter of tactics matching mission: To Groupon, putting as many offers as possible in front of them is more valuable than any ad revenue they'd make from that particular impression.



Topical tactics for marketers

Even without the nuanced data collection and tracking through email and web tags, retailers can still take advantage of targeted audiences through other means. In the media space, there has been [a recent trend of topical email newsletters](#) being added in addition to the normal daily or weekly roundup versions. Newsletters that focus on a niche topic inherently have an at least somewhat targeted audience and, therefore, can make ads more effective. For example, The Economist offers at least six topical newsletters. Compared to its weekly and daily emails, the niche newsletters have shown open rates of 20% more and double the click-throughs.

Tactic: Dynamic approaches to block lists and allow lists

For Groupon, the email newsletter put control at the core of its monetization strategy. With block lists — domains or advertisers that are not allowed to advertise in the newsletter inventory — and allow lists of others that are approved, brand safety and suitability were squarely in the retailer’s hands.

Nolz explained that, for Groupon, “the advertisers on the block list are probably not the ones that violate the bid floor.” Instead, they include “categories like tobacco or gambling, that would be good on a CPM perspective, but would be potentially detrimental to the user experience.”

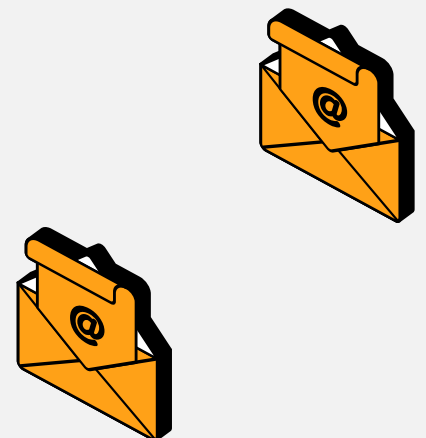
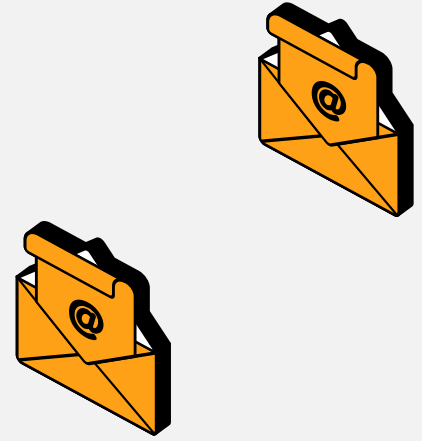
However, Groupon still works with partners to shape these lists in dynamic ways; blocked and approved can fluctuate across campaigns. “The team comes to me frequently, and they’ll say, ‘These three advertisers want to advertise on your inventory, and you have them blocked,’” Nolz said. “They’re willing to pay us this type of money or this type of CPM. Are you OK with doing that?’ And oftentimes, we’ll evaluate it.”

When the price is right, and the match looks suitable, Groupon’s dynamic approach to these lists is paying returns.

Brand story: How General Mills revisited email design for revenue lift

The tactics covered so far have focused on bidding and targeting and segmentation. Another critical consideration for the email marketer (and also the editorial team)? Design.

“Way too often, people focus on the audience they want to target, the environment that they’re in, so on and so forth, and the creative is last,” said Cooper at LiveIntent, speaking to eMarketer. “You can put the right message in front of the right user, in the right platform, but if the creative stinks and it’s not a good strategy, then it’s going to be all for naught.”



In one case example of the criticality of design — and the outcomes that come from successful ones — to increase its revenue from its many email newsletters, [General Mills](#) turned to its templates. The consumer-food brand's ad slots tended to be on the bottom of its newsletters. In the redesign, moving

them above the fold and making them collapsible if there was no demand for a particular slot created significant results.

Upon testing these changes, General Mills found that the new ad slot placements had no detrimental impact on subscription rates, but CPM

and fill rates turned out higher than anticipated. With these outcomes, the redesign in partnership with LiveIntent was expanded to all the company's newsletters, resulting in a 26% increase in revenue year over year.

Case example: Horoscope.com — flexibility as a monetization tactic

Making a newsletter template design that allows for ad inventory flexibility can be leveraged to increase revenue.

For example, [Horoscope.com](#) increased revenue and demand for its newsletter ad inventory by adding some dynamic steps to its process.

The site's newsletter templates were redesigned into a single-column format, which looked good and — adding

ad tags into the template — allowed for ad-slot flexibility when it came to compatible ad sizes.

Given that its ad slots were made available to multiple ad sizes with the redesign, its bid density increased as a result. The company saw a 44% increase in CPMs and a 55% increase in revenue from its email newsletters post-redesign, even though there was only a 7% increase in impressions.

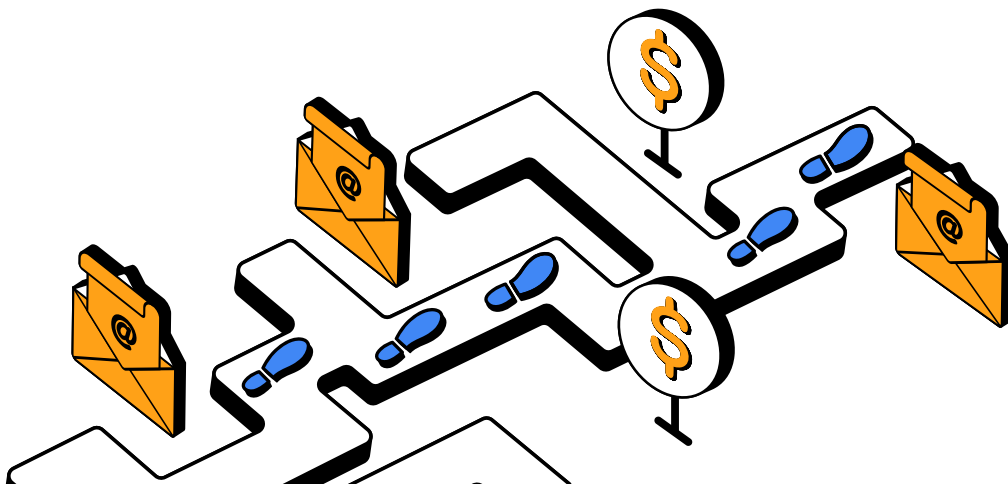
The results of the well-crafted experience

When approached strategically and iteratively, monetizing email newsletters has become a dynamic source of revenue for retailers and brands — and then other brands that win conversions through them.

However, as an effective channel for advertisers, brands and retailers must do their due diligence to ensure that their readers' experience and brand's integrity are not negatively impacted.

For those retailers and brands with the resources to do so, working with a partner can make this balancing act easier to achieve.

As our examples highlight, for monetization teams that have partnered with audience commerce experts and turned to the tactics in this report, revenue resulted from a message well sent.



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