



What is CPA?

... and what is the best way to describe
how it works?

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- **What is CPA? And What's the best way to describe how it works?**

CPA stands for Cost Per Acquisition or Cost Per Action.

CPA campaigns typically attract no media costs from the publisher. Payment is made only when a member of the target audience responds or acts in the way that the advertiser has defined in an arrangement with the publisher or network of publishers.

An action can be but is not limited to:

- ⇒ A completed survey
- ⇒ A purchase
- ⇒ A newsletter or panel signup
- ⇒ A download
- ⇒ A click or website visit

Terms also associated with CPA are:

- ⇒ CPC—Cost Per Click
- ⇒ CPR—Cost Per Response
- ⇒ CPL—Cost Per Lead.

- **So, you are telling me that all I pay for is the result... how does that work?**

Usually, though not always, CPA campaigns are tracked entirely online using a post-click tracking pixel.

A pixel is a small piece of code, provided by your publisher or network partner, that will need to be placed on the website page that loads immediately after the desired user action has taken place.

Let's take the example of a newsletter signup...

A piece of code will be placed on the page that says "thank you for your subscription" or something to that effect. These pages are often referred to as "Thank you", "Confirmation" or "Success" pages.

This piece of code allows the publisher to see the effect of their campaign in real time. With live tracking a publisher is able to optimise your campaign to the most effective ad positions in real time.

The pixel also allows a publisher network to associate actions and remunerations accurately to the publishers placements and ad units that have provided the responses to the campaign.

- **Why would I want to run a CPA campaign?**

CPA campaigns allow advertisers to run their campaigns with no risk of wasting media budget on unsuccessful placements—for most advertisers this is a no-brainer.



- **Why would a publisher run CPA campaigns instead of selling media space?**

Selling media is a tough business. A publisher must convince advertisers that there is a strong value proposition in buying a placement. Lead times are long, sales people are expensive, the volume of unsold inventory in even the most highly prized properties can be staggeringly high.

With CPA media the value proposition is stronger and the risk is lower for the advertiser. Therefore the publisher can monetise their inventory fully and more rapidly.

A CPA campaign should be a win-win scenario for both publisher and advertiser.

- **Yeah, great, but what's the catch?**

CPA media is sought after for obvious reasons. Publishers are not obliged to run your campaign if they don't feel it has a strong enough offer or call to action. In many ways a CPA campaign will give you some real time feedback about your marketing efforts. When the audience doesn't share your enthusiasm for your product it can be a blow to the ego.

Although discussion is always open, CPA publishers decide at their discretion what runs and where.

- **Are there things I should consider before I get started?**

Before considering a CPA campaign you will need to know something about your marketing metrics already. You can expect to be asked by a CPA provider, questions that media sales people typically don't ask—including:

- ⇒ What is a customer worth to you?
- ⇒ What is a qualified lead worth to you?
- ⇒ What volume of leads per month are you equipped to sustain?

- **What about the creative, what formats are being used/supported?**

HTML email is a must for CPA campaigns. Most CPA networks drive strong volumes from permission email partners. Additionally you should provide image creatives in .gif or .jpeg formats. Your CPA network partner will provide you a list of required creative sizes.

Don't spend money on flash creative—many providers won't run it. There are speed, tracking and compatibility issues with flash. As boring as it may seem—animated image creatives perform better and are more stable.



- **How much control do I have over budgets and quantity of responses?**

You can dictate your budget and quantity of responses in terms of maximums. If you require a certain volume per day or a particular demographic disposition you may experience difficulty finding publishers that can monitor and control these factors. It doesn't hurt to ask though.

- **What offers work the best and is it better for some products over others?**

Campaigns targeted to the household decision maker fare well in the CPA space. The people who respond most readily to online surveys, offers and promotions are typically the same people who buy the groceries, pay the insurance and have the most influence over the discretionary spend in the household. Young males are notoriously difficult to motivate online. Over 55's are low in volume but those who are available do tend to respond well.

- **Top 10 "Do's"**

1. Have a strong offer and call to action.
2. Keep the offer simple.
3. Know what your competition is offering and don't be second best.
4. Make the entire transaction or interaction online (people online want to respond online).
5. Ask where your campaign is going to be placed and why (you might learn something).
6. Negotiate a point in the campaign where you can analyse the quality of your leads and re-negotiate if need be.
7. Listen to publisher feedback. These guys run a lot of campaigns and can tell you what works.
8. Implement your own tracking system so that you can compare with and back up the CPA network stats.
9. Have several text versions of your offer—on site and newsletter text is some of the most effective and undervalued media available.
10. Test and Optimise.

- **Top 10 "Don'ts"**

1. Get sucked into a CPM-A deal. In these deals you are supposed to pay for the media but the publisher asserts that they will work towards your CPA goal. They probably will, however it will happen in their time—not yours. CPA campaigns tend to get optimised daily whereas a CPM-A deal will get optimised monthly and no so aggressively.
2. Mistake a 10% discount for an offer. It may technically be an offer but the online audience is not motivated by it.
3. Sign an exclusive agreement with a network for longer than 90 days.
4. Judge the sites your campaign is being run on until you see the metrics.



5. Pay for post impression leads. What you want is post click leads. With post impression leads you may pay for people who found you on Google just because your ad loaded when they were on another site. In short—if they didn't click the ad then the site should not get paid. Post impression leads are not so common on CPA networks but are quite common on banner networks.
6. Drive traffic to your home page and hope that the end user will navigate your site to the place of transaction. Build a campaign specific landing page with the offer and instructions on one page.
7. Expect the CPA network or publisher to come up with ideas, creative's and strategies. This is the job of agencies. It is a good idea to talk to the publishers about what works prior to engaging your agency so that you can be more prescriptive with your brief.
8. Spend large amounts of money on rich media creative—there is no need for flash movies. CPA publishers are not big fans of rich media.
9. Give up if your first campaign doesn't work as you expect—if you ask the publishers the right questions you will get the answers you need to create the right campaign.
10. Wait to see if the idea catches on. With the economic downturn CPA campaigns are attracting increasing budgets from the big advertisers. Relationships with the publishers is the key to success. You do not want to be the last in your field to get started.

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