



White Paper

Third-party email list rental and third-party lead generation



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About this document

Best practices are based on the collective experience of the industry and this is not meant as a definitive guide as to what email list rental or lead generation is or how it should be used. There are many variations and ways to use this type of marketing, depending on the type of business you have, what you are trying to achieve and which partner or organisation you are using. This activity can therefore range from a fantastic success, a waste of money or worse still be detrimental to your business. The aim of this document is to give you a few guidelines and tips. Whether you are new to this type of marketing or are just trying to re-evaluate what you are currently doing. It is only through testing, being creative and refining your own procedure will you be able to put together your own best practices that work effectively for your organisation.

This white paper on email list rental and lead generation is one in a series of white papers published by the legal, data and best practice hub of the DMA Email Marketing Council. They are designed to help make best practice more readily understandable, so that you can implement them within your organisation.

Whether you follow these guidelines or not it is important to comply with all of the necessary legal requirements (principally those contained in the Privacy and Electronic Communications Regulations 2003 (PCR) as amended) and with the relevant provisions of the CAP UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing which is enforced by the Advertising Standards Authority. This means taking full responsibility to carry out due diligence on any organisation you are partnering with and ensuring you know where the data you are using has come from. You should also ensure that the individuals whose email addresses are being made available have, to use the wording of the PCRs at 22 (2), “previously notified the sender that [they] consent for the time being to such communications being sent by, or at the instigation of, the sender”. See the [ICO's Guide to Privacy and Electronic Communications](#). You should ensure you and any organisation you are partnering with take account of all legal and code requirements right from the initial planning stage of any activity, and not just something you quickly bolt on at the end.



About the authors

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Aim of this White Paper

This paper aims to identify what third-party list rental and lead generation is and to highlight the areas to consider when integrating this activity into your marketing and communications strategy.

Third-party lists

Third-party list rental is when an organisation (“data user”) rents data from another organisation (“data owner”) with the intention of the data user sending a marketing message to that list.

You must ensure that the data owner has obtained the consent of the individuals on the list for their email addresses to be passed on to data users so that they can send them unsolicited email marketing communications. This type of rental can be arranged directly with the data owner or through a list broker who will work with you to ensure the most effective data is used and that all the legal/contractual issues are covered. There are several ways you can pay for this activity but it is normally a payment per 1,000 emails (CPM), or by response, (CPA) cost per acquisition, or a hybrid payment which involves an upfront cost and then an additional payment per acquisition or sale.

Examples of types of business-to-business and business-to-consumer email campaigns which **third-party list rental** can be used for:

- A customer acquisition campaign
- Special introductory offers
- To enter into new markets
- Viral campaigns
- To kick start a social media campaign
- Send out a customer services message.

With all email addresses bought in from third-party organisations remember to check against your own in-house “do not email” list. In certain types of campaign, for example customer acquisition or special introductory offers, you should also check to find out whether they are existing customers of your organisation to ensure that you are not sending out a special offer for new customers to your existing customers.

A viral campaign is one which has an offer which users will be compelled to send on to friends and colleagues. In the majority of cases third-party data is normally used for marketing purposes, but in certain instances it might be useful for service messages where there is a responsibility to inform customers or users who are not on your database e.g. car recall (where the manufacturer has a legal responsibility to communicate with as many owners of the car that are affected. Please see the [DMA Email Marketing Council best practice guidelines](#) for information as to the difference between a customer service and a marketing email.

1. The two main types of third-party list rental

1.1 List rental type one: where you send the email and the email comes from you

In this case you need to:

- Ensure that the data owner has obtained the consent of the individuals on the list to pass their email addresses on to third parties
- Have a clear, easy to use and free of charge subscribe and unsubscribe process so that recipients of the email can:
 1. Subscribe to receiving further unsolicited marketing communications from your organisation and/or
 2. Unsubscribe from receiving further unsolicited marketing communications from your organisation and/or the data owner's list
- Ensure all data transfer is done securely. Please see the [DMA \(UK\) Best Practice in Information Security Guidelines](#) for further information
- De-dupe against your own in-house "do not email" list. You may also need to de-dupe against your existing customer database depending on the nature of the campaign, for example in the case of customer acquisition or special introductory offers to ensure that you are not contacting existing customers or prospects who are already on your list
- You should retain the data you have used for a limited period once the campaign has finished so that you can deal with any questions from recipients as to how you obtained their email addresses and measure the results. After this period, you should delete all data obtained from the third party relating to non-respondents to the campaign. Data relating to respondents to the campaign becomes your organisation's data. This is all subject to the terms of your agreement with the data owner. All the above is subject to the terms of the licence which the Data Owner has granted you to use the data, so these should be checked before taking any of these steps
- Consider using a different IP address when sending the data so you don't damage your email reputation. It only takes a few people to mark the data as spam for all your deliverability to be affected

1.2 List rental type two: where the data owner sends the email to its own database but the majority (nearly all) of the email message is promoting your organisation

There are benefits if the data owner sends the emails as they already have an existing relationship with the customers so the deliverability should be better. You should ensure that you have asked the data owner all the relevant questions outlined in Section 6 below, which is entitled "Questions to ask before undertaking activity".

In this case you need to ensure that your organisation has a link in the email which takes recipients of the email who are interested in your organisation's products and services to a landing page where they can sign up to receive further unsolicited email marketing communications from your organisation.

- Ensure that the mailing list is de-duped against your existing database so that:
 1. the data owner does not send the email to people who have already unsubscribed from receiving email marketing communications from your organisation and
 2. you are not sending an acquisition email to your existing customers, particularly if you are including a new customer offer in the acquisition email.

2. Third-party lead generation

This is when another organisation collects leads on your behalf, the contact details, correct profiles and specific permission to be contacted by you for a particular reason or persuading the leads to sign up to your regular email communications. This type of activity is normally paid for per lead (cost per lead). This activity is also known as co-registration as organisations are often registering users to your website at the same time as undertaking other activity.

To clarify, “co-registration” occurs when a person opts in to receive unsolicited email marketing communications from you without having to visit your website. This other organisation can either be a lead generation organisation or a partner who offers a complimentary product or service. An example of this might be a fitness organisation offering sign-ups to an organisation offering healthy foods or a car insurance organisation offering sign-ups to a breakdown organisation. For further information on testing please refer to the [DMA white paper on split testing](#)

Only work with reputable lead generation organisations. Your compliance with legal obligations and reputation in terms of brand and email deliverability depends on ensuring that the lead generation organisation obtains the consent of registrants to pass their email addresses on to your organisation and that your organisation is named. A co-registration procedure can vary from a simple check box, for example *“Please tick if you are happy for us to pass your contact details (including your email address) to [insert name of organisation] so that they can contact you with further information about their products and services”* to a more advanced form where the lead generation organisation will ask sponsored questions to help you build a closer relationship more quickly.

You should be aware that there are special rules for lead generation organisations working in the financial services, claims management and debt advice fields.

An ongoing communication plan should be included in the initial plan. Always have a welcome email going out from your organisation as soon up as possible after a third-party lead generation has taken place. This will maximise your ROI and increase the chances of a successful ongoing relationship. You must include an appropriate mechanism which is free of charge and easy to use, by which recipients can unsubscribe from receiving further unsolicited marketing messages from your organisation.

The overall benefits of third-party lead generation are the speed at which you can grow your customer database and therefore your business.

Examples of when third-party lead generation can be used:

- To gain more people with a similar profile to your existing users
- To break into new markets
- To promote a new product
- To promote an event
- To gain new business prospects
- To kick start a social media campaign

2.1 Third-party list-rental or lead generation

When deciding which format to use (third-party list-rental or lead generation), it is important to consider what you want to achieve and take into account both the positive and negative impact this activity could have. Third-party list-rental and third-party lead generation should only be considered once you have maximised your own in house data capture and email marketing list activity. Not only is it a cheaper option to utilise your own data but an analysis of it will allow you to be confident on the profile of data you want to collect and/or rent.

Third-party lead generation generally has a higher upfront cost than third-party list rental because you are paying to have an individual’s consent to receive unsolicited marketing information via email as opposed to third-party list rental where you are purchasing the right to send one unsolicited marketing communication via email to individuals who have previously consented to receive unsolicited email marketing communications from third-party organisations.

With third-party lead generation you have consent to send them unsolicited marketing messages for the time being as sought at acquisition. You can hopefully have a longer period of time, provided the recipient does not unsubscribe from receiving unsolicited marketing messages from your organisation, to get the return on the initial investment in the lead generation activity organisation.

3. Own site data capture and use of data

As mentioned above, it is really important to maximise your own data capture and email activity prior to investing in data collected from external organisations. Even when the most experienced organisations undertake data capture or list rental campaigns for you, data collected internally nearly always performs better, is cheaper and brings in a better return on investment (ROI). 3rd Party List Rental and data capture is an effective way to market but it makes sense to maximise what you have in-house first.

You should ensure there are data capture points at every appropriate touch point with the customer/prospect and have a compelling value proposition. The most obvious is on your website – don't request irrelevant information, just what's required. The more information you ask for the less people will sign up, also users like to understand and see the relevance of what information they are giving. The best position for registration is the top of the landing (home) page so that it is clearly visible; however, don't forget to integrate sign-up opportunities throughout the website, particularly in high traffic areas and content lead pages. You must collect the appropriate permissions and let your users know what their data will be used for.

You should not overlook offline data collection opportunities, many organisations have huge databases of customers but no email addresses (consider [data appending](#) to get this missing information) but also review all data collection points and request the email address at every opportunity. You must tell the registrant what you will use their email address for in the future. You should also explain to staff the reasons why you are collecting the registrant's email address and the legal requirements when collecting the email addresses if using offline methods. You will also have to comply with the Privacy and Electronic Communications Regulations 2011 Amendments if you are using cookie technology in your emails.

You should use the data sensibly in accordance with the legal requirements under the Data Protection Act and the Privacy and Electronic Communications Regulations, and ideally in a way which benefits your customers. You should monitor responses to email communication, change your email campaigns if you are not getting a good response and continually test to make improvements to regular communications and one-off campaigns.

You should understand the value of your data, and subsequently your customer value. What are your conversion rates of prospect to customer, how long does it take to convert, what is the lifetime value? What uplift does an email campaign have on other marketing activity in sales and retention? A well put together email campaign can have nearly double the value of the initial responses, due to people coming directly to the site, or responding through another format. You should consider segmenting the data by source and profiles when looking at this information. The more you know about your own data and how customers and prospects react to campaigns the more knowledge you will have when calculating what you can pay for third-party list rental campaigns and lead generation. Remember though, the conversions are likely to be lower on external data, so you will need to test this source separately.

Calculate the value of sending out a reminder email as this can often increase the response.

4. Pros and cons of list rental and pros and cons of third-party data capture

Things to consider when undertaking these activities:

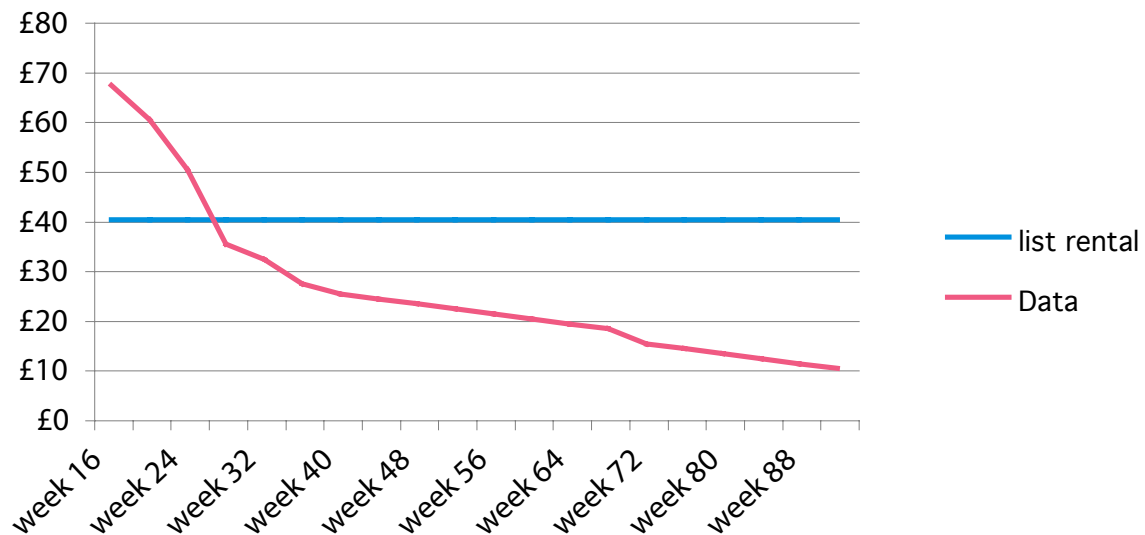
- Is the organisation you are renting data from reputable? Check for information like trade association memberships, privacy and data security policies and procedures and referrals from other clients of the organisation
- Check with the list owner if the data has been collected just for you or if the user has been asked to sign up for multiple offers from other third-party organisation at the same time. Both types of activity can work but if the data has been collected just for you, it will typically provide a better return on investment. This will be reflected in the price you pay
- Is the price too good to be true? If an organisation is offering 1 million emails for £200, they are likely to be either illegally obtained, overused or both. You should avoid. If you have any concerns please contact the DMA
- Premium data is sold at a cost per 1,000 rate, this helps ensure that the data is only used by relevant organisations. If data is available on a cost per acquisition basis there is a tendency not to profile as well. If profiling is not done, there is a risk that multiple untargeted emails will be sent to the same person. This reduces quality and responses and can even have a negative brand impact. Buying data cheaply or on a CPA model (cost per acquisition) may be a lower risk option but make sure you ask lots of questions as it may end up being false economy. If the organisation only rents the data on a cost per 1,000 basis, this will help to reduce over use and the possibility of multiple emails being sent to people who are not interested which can have a negative brand impact. If an offer seems too good to be true then it probably is
- When renting data ensure that the list has not been used for a similar campaign ie you have not rented a file of non-responders as list fatigue will generate complaints, brand damage and unwanted social media conversations
- Make sure that the file is recent. You should check when the data was collected and when the recipient last responded to emails. If the rented file is not fit for purpose is there any form of refund?
- With lead generation, ensure you go through the process of how your data will be collected. Some organisations sign users up to multiple offers at the same time, and others incentivise the user to sign up. Unincentivised single sign-ups will offer you the best results. Other methods can work, but ensure you are clear what you are purchasing
- When undertaking lead generation you need to consider the ongoing unsolicited email marketing communications you will have with the recipient. If you only have one email campaign planned you might as well use list rental as this will be more cost effective. However if you plan in advance, a communication strategy can build a great relationship with prospects who then turn into valuable customers and advocates
- Once a customer has signed up with you, work out a contact strategy, i.e. how many times you would contact the same customer each year
- Consider cross media campaigns. Lead generation can be used to collect postal address, telephone numbers as well as emails. A campaign using multiple channels of communication and linked to any off line activity is likely to produce excellent results and brand awareness. With list rental ensure that the list is appropriate for the product/message that you propose to send
- On the first communication after collecting data via lead generation, it is worth declaring the source of the data upfront. This will stop subsequent questions on where the data was obtained during the campaign e.g. you are receiving this email as a result of signing up to XXXX programme
- On all email communications provide a good return address ie not Sales@xxxxx or info@yyyyyyyy

5. Chart plotting return on investment

Data acquisition has a higher upfront cost (as you pay per lead as opposed to per 1,000) but the returns continue over a longer period of time as you can communicate with the individual on more than one occasion (as they have given permission for you to communicate with them until they say otherwise, unsubscribe or until they stop engaging with you). If you continue to make the marketing message effective and the volume and timing of the email sends appropriate, then you will continue to see a more intense return on investment over a longer period of time.

The chart below is based on a (theoretical) organisation that pays £80 per 1,000 for list rental and £1 per record for data acquisition. With open rates of 30%, bounce rate of 1% and a conversion rate of 2%. It is emailing the data acquisition customers weekly.

This shows that the cost per sale from list rental is £40 per 1,000. The cost per sale from data acquisition starts above a £100 but by week 14 has decreased to £61, and at week 25 it crosses the line with list rental at £40 per 1,000. By the end of the year the cost per sale has dropped to below £20.



This hypothetical example shows that data acquisition incurs a higher upfront cost which takes a longer time to pay for itself, however over a longer period of time the value is greater.

This means that some organisations, particularly those which need a quick return on investment or where the product or service will be either relevant to an individual or not (and this will not change over time), will be better off using list rental. When using list rental, make sure that the landing page you are sending the recipient to has a clear option to sign up to receive more unsolicited information from you via email even if they don't want what you have to offer right now.

For other organisations where the return does not need to be so immediate and customers are more likely to buy into the product or service once a relationship is built up, data acquisition is going to be more effective.

6. Questions to ask before undertaking activity

6.1 Questions to ask the organisations you are purchasing lead generation from

- **Please can you provide me a copy of your privacy statement/policy?**
(You need to check that this is displayed clearly and that it allows the data capture to take place, the information collected by the lead generation organisation to be passed to you and that you can send registrants unsolicited email marketing communications)
- **Please can you tell me how the data will be collected?**
(Ensure you are happy for your brand to capture (question block) will be associated with where the data is collected) n.b. A Question block is the terminology used to define a question or series of questions displayed to the registrant to collect the information you require
- **Can you confirm what checks are in place to ensure that registrants are giving the correct information?**
(You need to check that the data is been screened against correct email address files (e.g. Path or similar) and that registrants are prevented from giving incorrect information. Look at what the registrant is initially signing up for, is there a reason why they would give their information to start with?)
- **Can you show me how the data capture (question blocks) will be presented to the registrant?**
(You need to be happy that this represents your brand in a positive light and that it is clear to the registrant what they are doing). Is it clear what the registrant is giving permission for and that they will start to receive unsolicited marketing communications from your organisation
- **How is the data stored and transferred to my database?**
(You need to check that the data is stored securely and that a secure means is used to transfer the data. Please see the [DMA best practice in information security guidelines](#))

6.2 Once the campaign is live

- Go through the registrant experience yourself and sign up for your own product or service.
(Ensure you are happy with the registrant experience)
- Ask how many people who view the question sign up for your product or service.
(If this figure is too high it can indicate that the registrants are signing up without really understanding what they are doing. If the figure is too low you might want to consider further prospect profiling/segmentation, or review of the copy or creative, presenting your brand. Or even try some multi-variant testing)
- Send out an initial test to see if the results match the predictions/original plan.

6.3 Questions to ask the organisations you are purchasing third-party list rental from

- **Please can you provide me a copy of your privacy statement?**
(You need to check that this is displayed clearly and that it allows the data capture to take place, the information collected by the list owner organisation to be passed to you and that you can send registrants unsolicited email marketing communications)
- **Please can you tell me how the data was collected?**
(Ensure you are happy for your brand to be associated with how the data was collected)
- **Can you confirm what checks are in place to ensure that people are giving the correct information?**
(You need to check that the data is being screened against correct address files (e.g. Path or similar) that registrants are prevented from giving incorrect information. Look at what the registrant is initially signing up for, is there a reason why they would give their information to start with?)
- **Ask how old the data is and when it was collected?**
(The data should be less than a year old and have been shown to be responsive in the last 3 months.)
- **How often is the data used for third-party mailings? What other types of organisations have rented the list recently?**
(You need to be looking for data which is used to receiving some third-party communications, but targeted and well received so not over used or the response rate will be low.)

7. Testing

Testing is crucial not just by channel but by source and especially with lead generation, not just for the first communication. Many organisations have a set value for all email activity. If you look at the source of the data there will be vast differences in response rates; looking at this will allow you to work out where to spend your budget and what works for different activities. For further information on testing please refer to the [DMA white paper on split testing](#)

7.1 What to test

In order to understand what to test, it is important you are clear on the objective of the campaign. If you are looking to sell more products then you need to test which products suit the profile of the data. If you are looking to raise awareness then you need to test awareness. Too many organisations fall into the trap of only relying on open rate, click through etc. These are sometimes good indicators and are useful for comparisons, but the main focus should be on testing against the objective of the campaign.

7.2 Return on investment

Looking at open rates, click rates can be a useful measure, but if you get a low click rate but everyone who clicks purchases goods and services from you this is much better than a high click-through rate but no one purchasing anything.

- The importance of testing activity not just by channel but by source
- What to test
- How to test it
- How to gauge if it is a success or not
- Track all the testing that is done – particularly to websites.

For further information on testing please read the [white paper on split testing](#)



8. Profiling and data selection

When renting data or acquiring data, it is important to think about the type of people you want to target. This can be done by either analysing your existing customer base and targeting the same type of people or identifying a new target audience and selecting data based on this profile. For further information on analytics please refer to the [DMA white paper on data analysis and segmentation](#)



9. Analytics

Always be sure to apply some form of analytics tags to this form of activity so the results can be measured. If the analytics includes the use of “Cookies” be sure to declare the type of “Cookies” and their use on the email. The use of the cookies should be explained in the privacy wording link on the email.



10. Summary

The most important thing is to explore all internal options regarding collecting customer and prospect data first. Once this is working, if you want to further increase the size of your email marketing database, using third-party email lists and third-party data capture can be an effective way to do this.

However you need to proceed with caution. Be clear of your objectives, check out thoroughly the organisations you are using, and be clear with the people you are communicating with, why and how you have obtained their details. What you communicate also needs to be tailored differently and appropriately until you have them engaging directly with your organisation.

Continually test and break down tests by data source so any good or bad results are not masked by grouping all email activity together. Be clear of your objective so you are testing appropriate things.

About the DMA

The Direct Marketing Association (DMA) is Europe's largest professional body representing the direct marketing industry. With a large in-house team of specialists offering everything from free legal advice and government lobbying on direct marketing issues to research papers and best practice, it is always at the forefront of developments in the industry.

The DMA protects the direct marketing industry and consumers. It promotes the highest standards through self-regulation and lobbies against over-regulation. The DM Code of Practice sits at the heart of everything we do – and all members are required to adhere to it. It sets out the industry's standards of ethical conduct and best practice.

Our 10 DMA Councils/Board Committees cover the whole marketing spectrum – from the digital world of social media and mobile marketing to the 'real' world channels of door drops and inserts. The Councils are made up of DMA members and regularly produce best practice and how to guides for our members.

We also have a packed calendar of conferences, workshops and discussions on the latest topics and best practice, and 80% of them are free for members and their staff.

As the industry moves on so do we, which is why we've recently launched a number of new services for our members – a VAT helpline, a Social Media Helpdesk and an IP Protection Service.

Visit www.dma.org.uk regularly to keep up to date with all our services.

