Best Practices: What You Need to Know to Successfully Launch a Call Tracking Program

White Paper

Executive Summary:

Call tracking and pay per call services deliver on a simple promise: make your advertisers' phones ring and prove it across all channels from online directories to print.

Services like eStara's Track the Call℠ allow yellow pages and online directory publishers, search engine companies and marketers to create new revenue generation opportunities.

However, these programs are not "one size fits all."

Choosing the right service provider and determining the right revenue model are the two most important steps in making phone-based lead generation programs work.

In this white paper you will learn "best practices" based on real-world call tracking implementations, including:

1. The key technology advances you need to make your local call tracking campaign a success.
2. The three different revenue generation models that can make call tracking programs work for you.
3. The "six key questions" you should ask any call tracking or pay per call service provider.

The sponsor of this free white paper, eStara, also invites you to contact a call tracking expert for a free consultation at **1-866-4ESTARA** to see why Track the Call clients call eStara:

"A new kind of call tracking vendor and a clear competitive advantage for our advertisers."

- Todd Walrath, CEO, Leads.com

Table of Contents

White Paper

Overview: Call Tracking and Pay for Performance

Call tracking services offer new opportunities for yellow pages and directory publishers, search engines and marketers to create new advertising products or prove ROI from existing ones for small-to-medium sized enterprise (SME) advertisers.

There is no "one size fits all" revenue model for call tracking. The right program depends on your business – the nature of your advertiser base, the breadth of your sales efforts (local/regional/national) and your existing revenue streams (subscription, pay for performance, online only, offline only, hybrid).

Your business objectives will determine which call tracking service provider is right for you and which vendor has the best technology to meet yourneeds.

While some promote a single revenue generation model, others, like eStara, offer flexibility with proven revenue models that drive results.

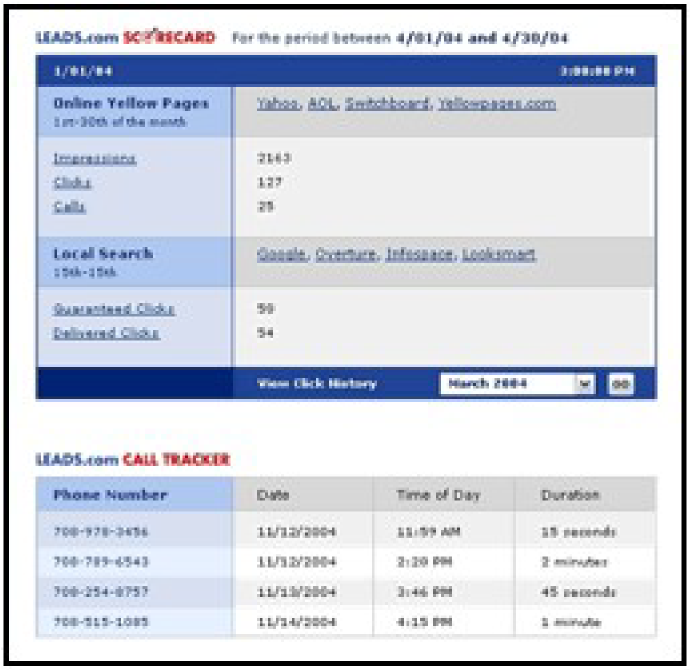

Figure 1: Leads.com CALL TRACKER provides call details as part of a Leads.com advertiser campaign. Leads.com call tracking is powered by eStara's Track the Call.

Deployment Spotlight: Generating Real-World Results

Publishers with successful revenue models and a long-standing advertiser base look to new call tracking or pay for performance programs to quantify advertiser ROI and institute incremental pricing increases or revenue model changes.

To successfully launch a call tracking advertising program, publishers and directory companies must have either direct channels for their clients' ads or the means to deploy advertisements on third-party networks.

LEADS.COM, an online advertising agency dedicated to helping businesses reach local consumers online, has implemented a call tracking program to validate the impact of its cross-channel advertising campaigns for SME advertisers.

The use of call tracking numbers enables Leads.coms' SME advertisers, with or without a web presence, to generate phone based leads from online advertisements.

Leads.com creates landing pages for its advertisers that enable them to offer call tracking numbers.

For example, Pedro Fernandez who runs Pilsen Auto Glass in Chicago, now tracks all of the call activity from his listing on Leads.com. "These calls translate directly into sales for my business. My ad appears on local search results and I get one report showing me that this type of advertising works."

Gaining credibility with SME advertisers is a crucial first step in building a pay for performance call tracking program, according to Leads.com CEO Todd Walrath:

" Our customers tend to be service rather than transaction oriented. A local business typically converts 40%-50% of these phone leads into a sale. eStara tracks each call and allows us to prove the ROI to each customer."

> "My ad appears on local search results and I get one report showing me that this type of [call tracking] advertising works."
>
> \- Pilsen Auto Glass
> a Leads.com advertiser.

SpaFinder, a leading spa travel and marketing company connecting consumers with the spa experience via publishing, travel, Internet, and corporate incentive services, has introduced the service to enhance their ability to determine ROIfor advertisers. The company has initially offered call tracking as a value, added service to print and online advertisers at no additional cost, and intends to use results from its initial deployment to over 200 advertisers to guide its potential development of new pricing and advertising mechanisms.

According to SpaFinder CEO Pete Ellis:

" We have been very pleased with the information regarding our call volume to our destination/resort spa properties, which number close to 200... We are now able to convert call volume to dollars of revenue generated for our spa partners…by taking their own traditional phone closing ratios and multiplying the average booking. I think we have found we are undercharging for our product. GOOD NEWS!"

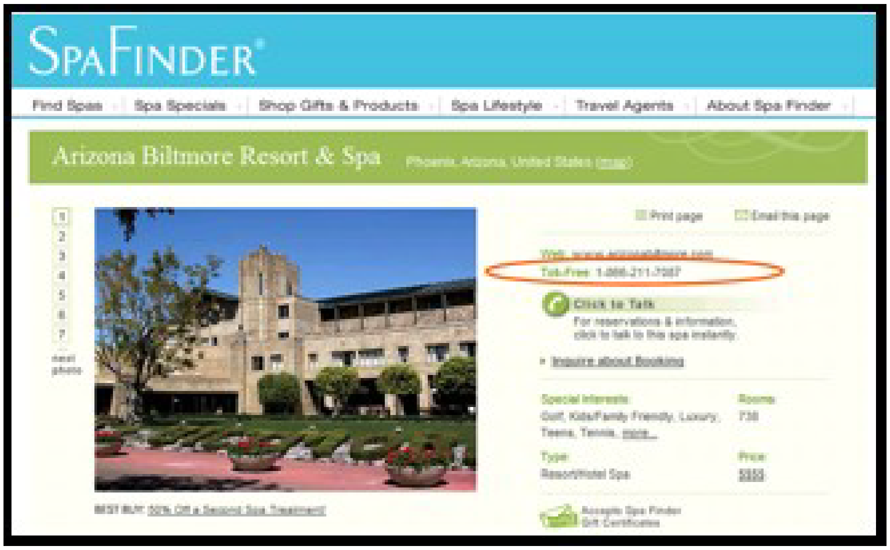

Figure 2: SpaFinder the leading spa travel and marketing company connecting consumers with the spa experience, uses Track the Call™, to prove value to advertisers and generate more revenue from each spa advertiser.

Cross-channel lead generators like SpaFinder use eStara's Track the Call℠ service to "get credit" for all phone leads from their online and print directories and prove ROI.

You Make the Call: Choosing the Right Call Tracking Revenue Model

Publishers, search engine companies and marketing firms can apply a variety of different pricing strategies to call tracking and phone-based lead generation depending on their goals, constraints and advertiser profiles.

Pay Per Call – The pay per call business model enables publishers to charge for cross-channel leads on a pay per phone call basis. The pricing model for pay per call can be a flat rate charge per call or based on an auction or keyword bidding system similar to Pay per Click advertising offered by Google and Yahoo.

The revenue generated via pay per call is typically split between the publisher or search engine, the call tracking provider and, if applicable, the advertising network which placed the ad. Pay per Call programs can be developed for both online and offline channels.

Publishers and search engines with existing bidding or auction engines should be able to seamlessly integrate pay per call local or toll-free tracking numbers into their current operations without requiring a separate bidding or auction engine for the new call tracking program. They do not have to "reinvent the wheel."

The benefits to incorporating pay per call lead generation programs into an existing bidding engine are three-fold:

- Integrated sign-up and reporting creates a seamless user experience for your online advertiser.
- You maintain the exclusive billing relationship with your advertisers without any third-party intervention.
- You keep more of the gross revenue generated by each call.

"With eStara Track The Call, Spa Finder has been able to demonstrate exceptional ROI for our directory and print advertisers."

- Pete Ellis
Chairman and CEO
SpaFinder

eStara Track the Call™ service has been designed to serve publishers and search engine companies who already have bidding engines for pay for performance programs.

Other call tracking service providers offer bidding or auction engines in addition to the phone-lead connection. These vendors can help new entrants who lack existing pay per click or auction engines build pay per call programs from scratch.

Call Volume Guarantees - Directory and search companies can set guaranteed minimum call volume levels. With Call Volume Guarantees, publishers do not charge per call but may charge per "buckets" of calls – up to 10 calls per month, for example. By tracking and reporting on phone leads from online and print advertising mediums, publishers and search engine companies can prove out the value of their offerings and charge based on a minimum number of phone leads per day, week, month or year.

Like pay per call, this hybrid model appeals to advertisers that prefer to buy phone calls rather than clicks. Plus it is often easier to implement. A Call Volume Guarantee model can maximize publisher revenue and demonstrate advertiser ROI without supplanting or cannibalizing existing revenue streams.

Subscription/Value Added Service - This business model offers local or toll-free call tracking numbers as part of your online or offline advertising packages to prove value to advertisers. This model has been popular with publishers and search engine companies that are intent on adding more features and options for advertisers for free, or as part of regular annual package pricing increases known as "rate-ups."

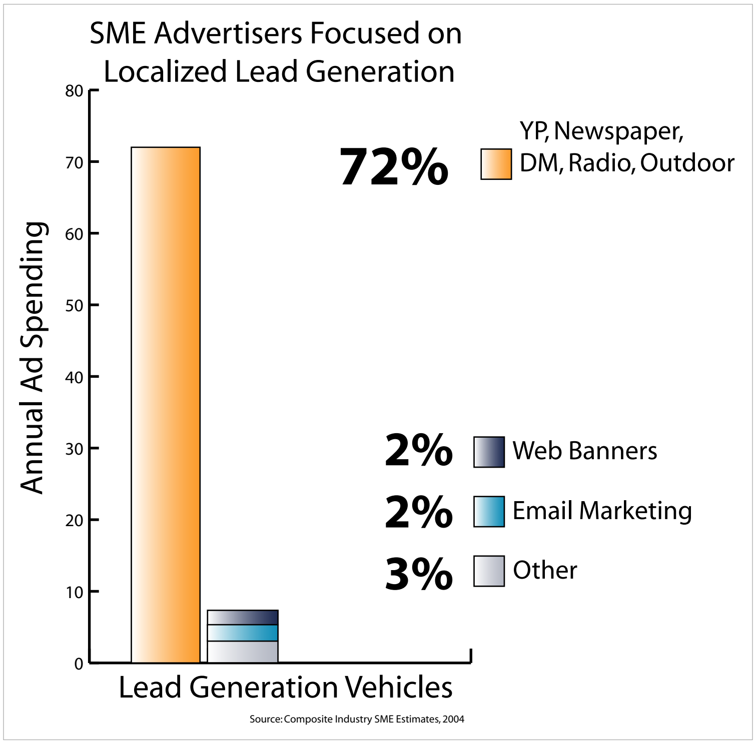

Figure 2: $15.4 billion of the $22 billion spent on advertising by SME in 2004 was focused on local outreach.To be commercially successful in the SME market, call tracking and Pay Per Call programs mustbe able to provide local call tracking numbers to these coveted targets.

This model has also been proven out by publishers driving phone-based calls from the web using click to call services like eStara's Push to Talk.

Switching to VoIP: For Local Tracking Numbers, Service Reliability and Speed

Technology advances are making call tracking relevant and cost effective for publishers and lead generation marketers who want to target SME advertisers. SME advertisers traditionally budget for and focus on local advertising channels like the yellow pages, newspapers, direct mail, and online search engines and directories.

In 2004, SME advertisers spent over $15.4 billion on local advertising and lead generation, which constituted about 72% of their overall advertising budget. SMEs focus on local advertisements because their customers are local and the vast majority of their revenue is generated locally.

In terms of call tracking and pay per call programs, SMEs want local telephone numbers in their advertisements to distinguish them as a neighborhood business.

> "There is no one size fits all in the call tracking business. Choose the pricing and sales model that makes the most sense for your business goals."

The lack of local number availability for call tracking purposes across North America has slowed the adoption of call tracking and pay per call programs by SMEs and limited the ability of publishers and lead generators to offer national programs for phone based lead generation using local numbers.

The barriers that had previously made call tracking advertising impractical for large scale sales to SME advertisers - high cost, lack of widespread local number coverage, lack of real-time provisioning and lack of value added features - have been overcome by new VoIP (Voice over Internet Protocol) technologies.

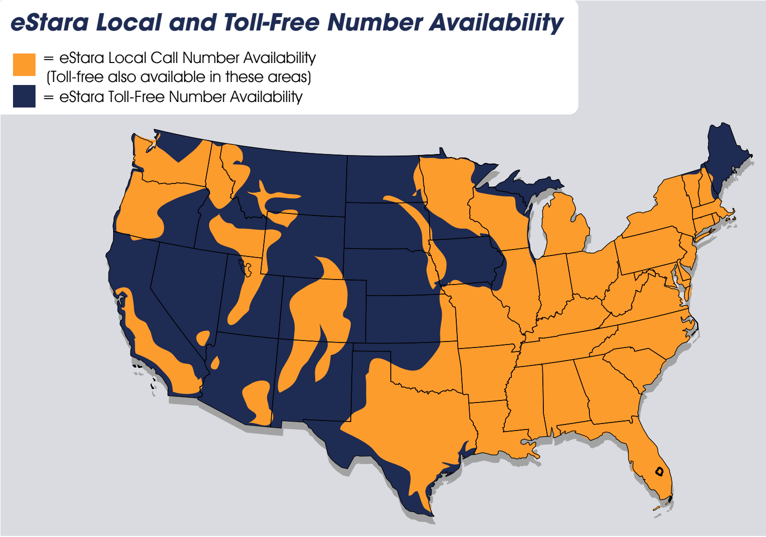

Figure 3: VoIP-based call tracking services have lower cost and stronger ability to create local call tracking inventories thanks to new Internet and telecommunications advances. For example, eStara Track the Call has robust local number inventory in over 3,500 U.S. cities and 4,200 NPA-NXX rate centers..

Legacy Telecom Switches Versus VoIP Technology

Traditional call tracking services are hardware based and rely on legacy switches to connect prospects with advertisers over the phone. VoIP-based call tracking services do not rely on legacy hardware but rather on software systems that can use Internet-centric signaling like SIP (Session Initiation Protocol) for call delivery.

The difference between a traditional hardware or switch-based call tracking or pay per call provider and a VoIP provider can be seen most dramatically in: (1) availability of local numbers, (2) the cost of providing and delivering the service, (3) and in the stability and reliability of VoIP-based services.

The ability to provide local numbers for call tracking on a national or super-regional basis has been prohibitively expensive for hardware (switch) based call tracking service providers.

That's because in order for a call tracking number to be equivalent to an SME's traditional phone number it has to have the same or equivalent rate center and most SMEs require the area code match too. There are over 12,386 rate centers in the United States divided into 211 LATAs (Local Access and Transport Areas) or telephone markets.

Legacy call tracking providers have two options if they want to offer local numbers with the right NPA-NXX designation for use by SME advertisers:

(i) They can choose to physically install expensive telecom switches in multiple LATAs. This practice is rare due to the high costs associated with this type of infrastructure set-up and maintenance.

(ii) Or, the more popular option is to back-haul numbers from each LATA to a central hardware switch. Both processes are expensive and require significant lead time.

In contrast, the ability of VoIP-based call tracking services like eStara's Track the Call℠ to carry local number call traffic is not geographically dependent, but rather uses Internet-based technology and protocols to connect local calls with local SME advertisers.

"The difference between VoIP-based call tracking and legacy switch-based systems is most dramatic in terms of the cost of the service, availability of local numbers and reliability."

Choosing The Right Call Tracking Pay per Call Partner: Six Questions You Should Ask:

Questions to ask your prospective call tracking or pay per call provider when considering a search engine, yellow pages or directory call tracking program:

1. How broad and how deep is your local call tracking coverage area and local number inventory?
Can you provide local call tracking numbers coast-to-coast? How many numbers do you have available per LATA for real-time deployment?

When it comes to making local call tracking numbers available coast- to-coast, it is a very easy claim to make, but much more complex to achieve. Drill down into the details and confirm that your provider truly has national coverage with a substantial amount of local numbers which are available in real-time or within 24 hours?

To achieve this, you will need to ask providers :

- Do you offer local numbers, or toll-free only?
- Do you purchase your local numbers from LECs (Local Exchange Carriers) or from another call tracking provider? (This is important to ask because various degrees of separation from the original supplier source may slow down provisioning and create room for error as the requests are passed from hand to hand.)
- In how many rate centers do you have local numbers available for immediate (real-time) provisioning?
- How many unique NPA-NXX combinations do you currently have in inventory and how many are currently in use?
- Do you offer real-time local number provisioning? (This is particularly important in an online environment, where provisioning delays constitute lost revenue.)
- How quickly and at what cost can you LNP (Local Number Portability) a number?

eStara's Track the Call℠ Answer: eStara's service is VoIP-based and thereby offers more local number coverage with greater depth of numbers per LATA than ever before. eStara has local call numbers in over 3,500 U.S. cities and 4,300 rate centers, which cover more than 80% of the U.S. available for immediate usage. You can see for yourself at www.trackthecall.com

2. What happens if your hardware/switch fails? What is your redundancy or survivability plan?

Traditional call tracking providers rely on hardware (telco switches) in order to connect advertisers and customers via the phone. These hardware switches are expensive to deploy and thus, most legacy providers "back haul" local and toll-free numbers from different LATAs or markets in the U.S. to one central switch. If that switch fails, what's the back-up? And what happens to your advertisers' ability to receive their phone calls?

> "With the emergence of VoIP-based service offers, call tracking services are truly "local" and ready for a broad SME market."

eStara's Track the Call℠ Answer: As a VoIP-based provider, eStara does not have to rely on switches at all, but rather software and servers which are less expensive and interchangeable in real-time. If one server goes down, calls are simply migrated to alternate servers. If one data center goes down, eStara has four additional data centers globally, each able to handle 10X the normal daily call traffic.

3. What is your process for ensuring high quality control in terms of your call tracking number inventory to ensure your toll-free and local numbers are clean?

Some call tracking service providers do not engage in sufficient testing and quality control over their call tracking number inventory. Both toll-free and local numbers can be recycled. This process generates phone leads that are not intended for the advertiser who has that number. These "false calls" are akin to click fraud in the pay per click arena and negatively distort call tracking results.

eStara's Track the Call℠ Answer: eStara quarantines and tests toll-free and local numbers for 60 days to make sure its numbers are clean before provisioning them to its partners. This sixty-day period is 15 days longer than the industry average, and ensures a higher quality number inventory.

4. What is the turn-around time for provisioning call tracking numbers?

Traditional switch-based service providers require an average of 72-hours to one week to provision call tracking numbers. This affects the ability of their partners to provision call tracking or pay per call campaigns.

Publishers, search engine companies and lead generation marketers whose primary focus is in the online market strongly prefer real-time provisioning to facilitate pay per call and performance based call tracking campaigns. Their customers have come to expect near real-time provisioning for their pay for performance advertising purchases, and want to enjoy the same responsiveness in new pay per call or assured call programs. New technology makes this formerly challenging requirement feasible to achieve in most cases.

eStara's Track the Call℠ Answer: Track the Call℠ offers real-time provisioning for toll-free and local numbers thanks to its VoIP infrastructure and Internet-based WebCare customer dashboard.

5. What are the options for provisioning and receiving call tracking results and reporting? Can call tracking or pay per call reports be viewed in real-time; is the reporting available by email, online and by fax?

Depending on your call tracking offering, real-time reporting may be a critical component of your billing system. For example, if you are offering a pay per call service, only through real-time reporting can you debit the advertiser's account at the very moment that a call is completed. What happens if the advertiser has hit their monthly cap, and you are still channeling calls to them because your reports are "a day late?" You end up "a dollar short." Delayed debits may mean lost revenue for your company.

With most call tracking programs, publishers choose to share the results with their advertisers. Many of your SME clients may not be comfortable with complex online reporting portals or even email reports. Often fax may be the only/best answer for your advertisers. To maximize the reach of your call tracking program, you will need reporting flexibility. Make sure your provider can meet your needs.

> "Features like Track the Call's "Lost Lead" reporting can give you advertisers a second shot to make a sale."

eStara's Track the Call℠ Answer: Track the Call℠ offers reporting tools that work for all kinds of clients in real-world settings. eStara reports can be obtained by fax, phone, email, regular mail and online. Reports can be sent in real-time, daily, weekly or monthly at your option. XML-RPC scripts are available for real-time data integration with your existing reporting tools. In addition, Track the Call ℠ offers "Lost Lead" reports in real-time.

These reports include caller information and return telephone numbers for customers who did not speak with a sales or SME representative. "Lost Lead" reports give advertisers a second chance to make a sale.

A final question to ask your call tracking partner:

6. Does your call tracking service offer the flexibility to support the business model?

In order to be the right partner, your call tracking service provider must not only offer the needed communications and reporting capabilities, but must also be willing to support your intended business model. For example, does your call tracking service provider sign up SME advertisers directly and will they ultimately be competing with you for pay per call program participation and revenue? Several call tracking and pay per call service providers sign-up SME advertisers directly. Call tracking vendors who operate both on the retail level – selling to SMEs directly – and on a wholesale level – enabling call tracking services for publishers and search engines may have an inherent conflict of interest. For yellow pages publishers and search engine companies, such activity may directly compete with their own advertiser acquisition programs.

eStara's Track the Call℠ Answer: eStara focuses exclusively on enabling existing online and yellow page directories and publishers to add VoIP-based call tracking services to their current advertising mix. eStara does not sign-up SME advertisers directly, nor does the company offer a stand-alone bidding engine or auction service. eStara will never be in competition with its partners.

Conclusion

The Kelsey Group has estimated the market for pay per call services at $4 billion dollars by 2009, which would represent about 20% of the overall advertising spending by SMEs.

Call tracking technology, pay for performance and pay per call pricing services offer publishers, search engines and lead generation marketers promising new ways to demonstrate value and generate revenue.With a host of new vendors offering such services and promoting different pricing models, companies looking to deploy this technology and consider these revenue models should choose technology vendors which offer flexibility and best-of-breed services to ensure success.

eStara, the leading cross-channel communications technology provider to over 350 global enterprise clients with 14 million current deployments, invites recipients of this white paper to a free call tracking and pricing model consultation. To learn more about the potential of call tracking and pay for performance pricing models contact eStara at 1-866-4ESTARA or visit:

www.trackthecall.com