



Napster Partners with The Search Agency to Grow Membership Base and Reduce Cost Per Acquisition

Background

Napster (www.napster.com) is one of the most iconic brands in digital music. The company offers a variety of interactive music experiences including a subscription-based music streaming service. In addition, it offers Napster Mobile, one of the industry's fastest growing mobile music platforms.

The subscription streaming service is the primary revenue driver for the company. New members are offered a seven-day free trial in which they can listen to unlimited songs from the Napster library. Unlimited on-demand streaming music allows subscribers to listen to any track as often as they like, or choose from over 60 commercial-free radio stations and more than 1,200 expertly programmed playlists. At the end of the trial period, subscribers pay \$12.95 per month to maintain access to their playlists and the online catalog.

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– Rob Talbot, VP, Marketing, Napster

Challenge

Online marketing has been a foundation of Napster's membership growth. The company has deep experience in multi-media advertising, search engine optimization, affiliate marketing, e-mail marketing, and paid search. Early on, the company was managing a relatively small paid search campaign exclusively on Google using free tools and internal resources. As the campaigns proved successful, the marketing team felt like they had taken the program as far as they could and wanted to increase volume and effectiveness. “We had always managed our AdWords campaigns internally and could not hit our target acquisition metrics on a consistent basis,” explains Rob Talbot, Vice President, Marketing at Napster.

By the summer of 2008, competition on their high-volume keywords was growing fiercer, and minimum bids were increasing dramatically. Driving clickthroughs to their site was not a challenge, but converting free trials was becoming more difficult, particularly on long-tail category terms, hit songs, and popular artists. The team decided to look for a professional SEM agency to lower their average cost per acquisition (CPA) and drive continued growth.

Solution

Napster partnered with The Search Agency (TSA) to overhaul its paid search program and improve results across its key metrics. “Other SEM firms talked at length about their bid optimization platform and client lists,” explains Talbot. “TSA demonstrated a thorough understanding of our revenue model and business challenges and could provide deep integration into our back-end systems to really dig into the quality of customers we were acquiring through search.”

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TSA followed a systematic approach to re-build the account structure, implement more effective bid optimization, and increase volume on high-performing keywords:

Focused Implementation

When the TSA account team reviewed the existing account, they found that few of the campaigns were organized according to a coherent structure. For example, ad groups contained a mix of brand terms, competitor terms and category terms. In addition, there were a number of keywords marked as negative terms that had the potential for high conversions. The team separated the branded and category-level keywords into specific ad groups. Reviewing their past performance data, the team also identified 30 high-performing category terms that were placed into even smaller campaigns to enable more granular bid and creative optimization.

Optimization Strategy

After re-organizing the account and completing the backend data integration, the account team enabled TSA's AdMax™ bid optimization platform. For each keyword, the team set Napster's cost

per registration target and began tracking each campaign's performance. With a few months of performance data in place, the team was able to apply higher targets on selected terms in order to drive higher volumes.

The team then began an iterative process to isolate, test, and measure each aspect of the campaign creative. The editors created three versions per ad and measured effectiveness based on conversion rate. Through this process, the team found that messaging focused on the credibility of the Napster brand name as well as the breadth of their music catalog yielded the best results.

The account team also tested new landing pages on key campaigns. Initially, all paid search ads were being directed to the same overview page. The account team worked with Napster's web development group to create targeted landing pages that drove visitors down a more narrow conversion path to take the 7-day free trial.

Driving Volume

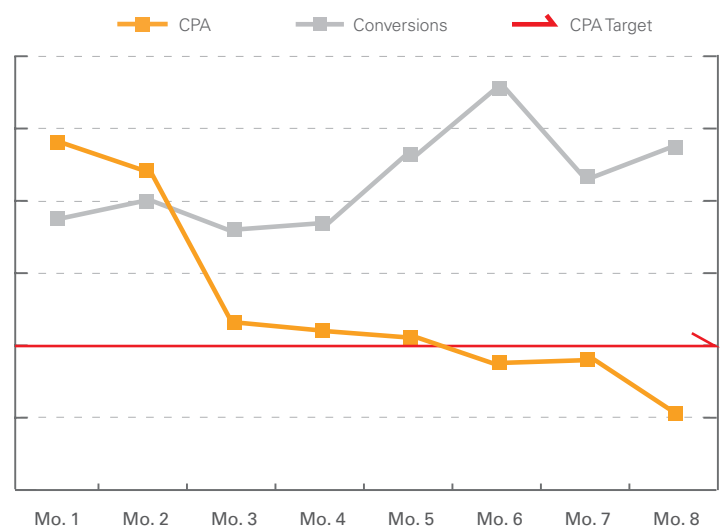
With a solid account structure and efficient campaign optimization in place, the account team focused on increasing conversions at or below the target CPA. While brand terms and high-level category terms were performing very well, costs on long-tail terms were increasing with steadily declining conversion rates. After testing various creatives and adjusting landing pages, the account team decided to pause the poor-performing music campaigns.

The TSA account team analyzed the account's performance by day of week and optimized efforts to capitalize on daily behavioral fluctuations. TSA's AdMax™ bid optimization platform can incorporate not just historical conversion data into its algorithm, but historical conversion data by day of week. The team invoked AdMax's week-parting feature and increased the bid caps to drive more volume within Napster's CPA target.

Results†

In less than a year, TSA has been able to drive significant improvements in Napster's key customer acquisition metrics. In the first eight months, the team was able to increase monthly conversions by 28% while reducing the CPA by 55%. CPA is now trending consistently below their target metrics.

“We have been absolutely amazed by these results. Our account team has really put forth the effort required to get our costs under control while continuing to drive quality subscriber growth,” said Talbot. “They have consistently shown both initiative and insight and have been a pleasure to work with.” Napster and TSA intend to continue this growth with a number of new strategies in the coming months including conversion path optimization and search re-targeting with display media.



†: Monthly conversion and CPA metrics are confidential.



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