

How 7-Figure Newsletters Make Money: Part 1

JAN 21, 2023 | by Ethan Brooks



Trends

Welcome to chapter four of our guide the newsletter industry.

In this section, we'll be breaking down the business model that powers all media companies, and diving deep into the mechanics on how free newsletters make money.

We've talked to leaders across the industry, including deep dives with our team here at *The Hustle*, early hires at *Morning Brew*, and the teams behind third-party products like Substack, Pico, Sparkloop, and more.

We've distilled their advice into a few simple frameworks — things to guide your decision-making. We'll unpack them here, including:

Latest Research



Eight Lessons From Co-Founding a Sports Nutrition Brand



How Successful Newsletters Grow



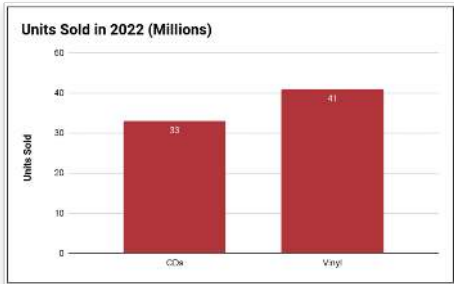
How Two Trendsters Launched a Beverage Company From Scratch in 12 Months



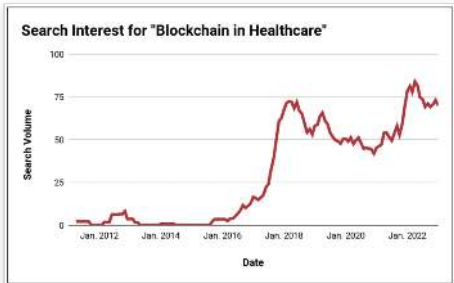
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Recent Signals



What's Old Is New Again



- How and when to grow your ad inventory
- How and when to choose affiliate deals
- And more...

When you finish here, you will have a better idea of where your newsletter currently fits in your overall business model, how to monetize it, and what you might want to add to increase earning potential. You'll also be equipped with hands-on tips and scripts for client prospecting, overcoming objections, and selling ads via phone or email!

See More

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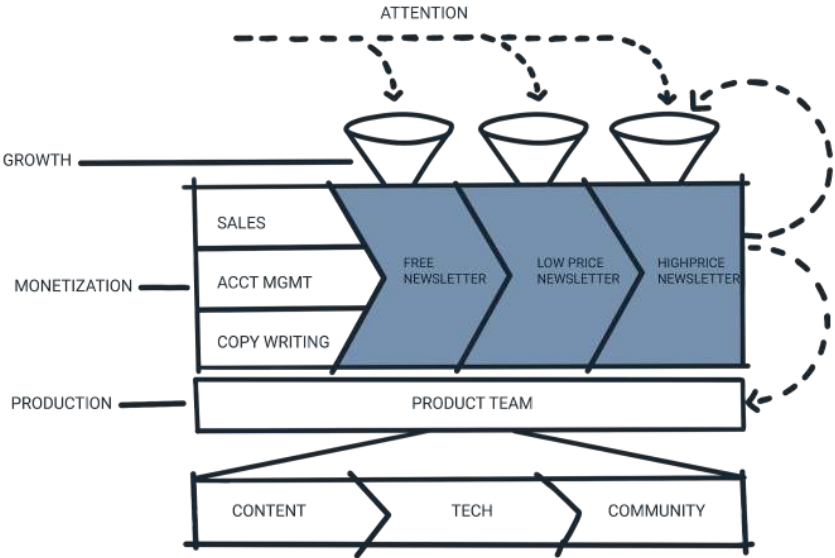


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All right, here it is — the chapter you’ve been waiting for. You know how to build both a newsletter and the underlying community — now, let’s look at how these things actually make money.

There are three ways to make money from newsletters:

- **Free subscriptions**, which make money through ads or affiliate deals
- **Low-price paid subscriptions** known as “front-end newsletters”
- **High-price niche subscriptions** known as ”back-end newsletters”

All successful newsletter companies are built using some combination of these, and the most successful ultimately draw on all three.

It takes time to build a company that can operate and sustain free, front- and back-end products, but it’s worth the effort. These models are worth far more together than they are on their own.

Here’s how they work together to grow your revenue...

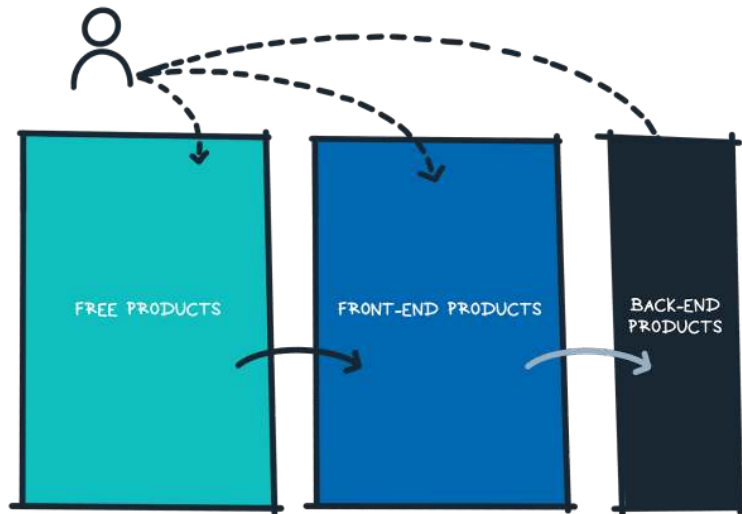
You start by growing your free newsletter audience. Free newsletters have the lowest barrier to entry for readers, and your audience there will always be much larger than for any paid newsletter. You make money here through ads (which we’ll discuss in detail).

Once you’ve built enough trust with your free audience and understand what they want, you create paid front- and back-end newsletters that serve those needs.

Your free list is the main way you sell your paid newsletters.

newsletter(s).

Once someone buys (and enjoys) a low-cost subscription, they're much more likely to buy a high-priced one. In this way, readers move deeper and deeper into your world, becoming more valuable and more engaged.



Starting with a free newsletter doesn't mean you need to wait years to make money. In fact, that can happen much faster if you find the right niche and offer the right product. In this section, we'll show you:

- How to find advertisers and price ads
- How top sellers use cold outreach to convert new customers
- How and when to grow your ad inventory
- How and when to choose affiliate deals
- And more...

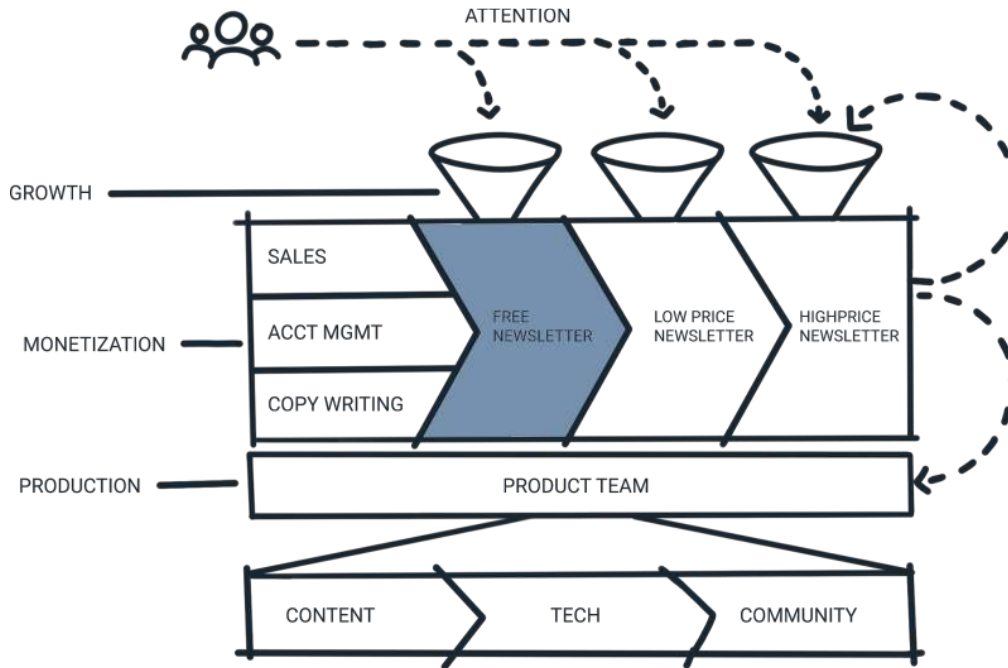
As for paid newsletters, they don't just add *more* revenue to your bottom line...

... They add *recurring* revenue, which is special.

We'll show you how to sell paid newsletters, with insights on:

- Best practices for retaining readers
- Step-by-step sales flows

Free Newsletters



Free newsletters can produce solid financial returns. In 2020, for example, *Morning Brew* only offered free newsletters, yet their revenue reportedly topped \$20m.

You don't even need a huge audience. In 2020, *Business Insider* reported that *The Newsette* had an audience of ~500k, roughly one-sixth the size of *Morning Brew's*, yet was still raking in ~\$1.1m per month.

The trick is knowing how to monetize well.

In this section, we'll look at two of the most popular ways to make money from free newsletters — affiliate deals and ads — which are used by dozens of successful media teams.

With both affiliate deals and ads, you're being paid to put someone else's product in front of your audience — but they differ in a few key ways.

Let's look at three crucial concepts that apply to both...

1. The Golden Rule

Here's the most important thing you need to know about ads and affiliate deals:

When your audience comes first, everyone wins.

As our former *Hustle* colleague Adam Ryan liked to say, a newsletter is an attention-based product — the most important thing you cultivate is the trust and attention of readers.

Trust is what gets people to:

- Open your emails
- Click through to your advertisers
- Recommend you to friends

So, in a very real way, trust and attention are what get you paid.

Overwhelm people with a tidal wave of ads or confusing affiliate links in your newsletter, and you'll lose people's trust, attention, and (eventually) revenue.

2. When to Start Monetizing

The author Neil Gaiman once said that people who succeed as artists do so because:

1. ... they do good work
2. ... they deliver the work on time
3. ... they're easy to get along with

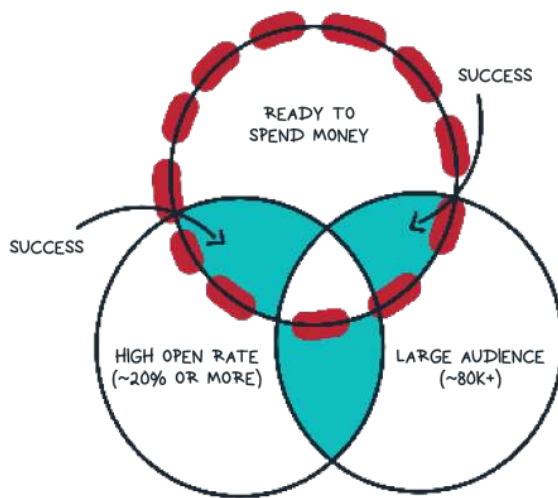
“And you don't even need all three,” he joked. “Two out of three is fine.”

- Large
- Highly engaged
- Ready to spend money

We'll get into the specifics of audience size and spending soon, but for now, know that your revenue is directly related to these three elements.

If you've got at least two, you're ready to monetize.

Before that, you're better off improving your newsletter, understanding your audience, and building a relationship with them that keeps them coming back.



3. Build a Valuable Audience

For both ads and affiliate deals, the amount you can charge is driven by how much your readers are worth to advertisers.

If your readers are leaders at major tech startups, and control \$1m+ budgets, each could be worth hundreds or even thousands of dollars to an advertiser, and your rates will reflect that.

your products or those of your advertisers.

Make sure you focus on an audience that has money to spend. Otherwise, your revenue will suffer.

Making Money with Affiliate Deals

We're exploring affiliate deals first because, compared to ads, they're simpler to set up and don't require a large audience, but can still be extremely lucrative.

In an affiliate deal, rather than being paid to place an ad, you have a standing partnership with another company, and are paid a commission any time you sell their product.

One of James Altucher's newsletters — *Altucher Confidential* (owned by Agora), which earned millions of dollars in commissions last year — is fueled by affiliate deals that sell other Agora products. So are publications like:

- *NerdWallet* (\$150m+ per year)
- *Bankrate* (\$434m+ in 2016)
- And many more...

When Affiliate Deals Make Sense

One of the beauties of monetizing through affiliate programs is that you can do so with a very small audience.

Affiliate deals are typically structured on either a CPL or CPA basis (see below).

Both of these are performance-based metrics, so there's less risk for advertisers — advertisers only pay for results — and they're willing to work with smaller publications:

- **Cost Per Lead (CPL):** In this model, you're paid a fixed fee for each lead you drive. Advertisers have a simple landing page with a sign-up form and pay a flat



- **Cost Per Acquisition (CPA):** In this model, you're paid for each *sale* you drive, typically either a flat price for each customer, or a percentage of the overall sale. Amazon, for example, offers anywhere from **1%–10%** of a customer's overall purchase to affiliates.

If you have a very small but specialized subscriber base, affiliate deals can be a great option.

Affiliate deals can also be a good idea when you're confident that you can sell a lot of product. You may make more through an affiliate deal than an advertiser would be willing to pay you to place an ad.

How to Find Affiliate Deals

There are two ways to find affiliate deals:

- Affiliate networks
- Direct outreach

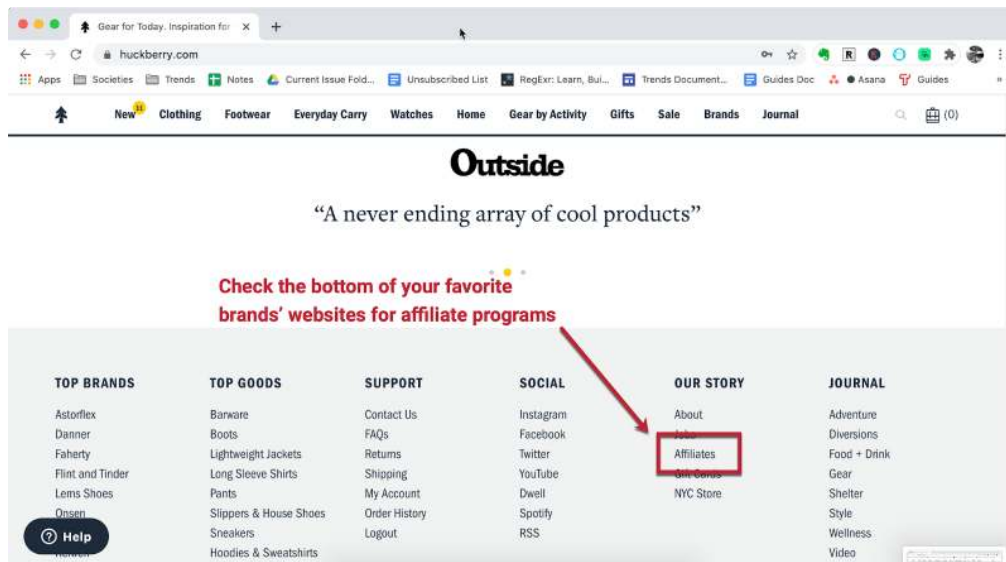
Affiliate Networks

Marketplaces like **Amazon**, **eBay**, and **Etsy** all have affiliate programs that you can sign up for with little to no prerequisites. There are also affiliate networks like:

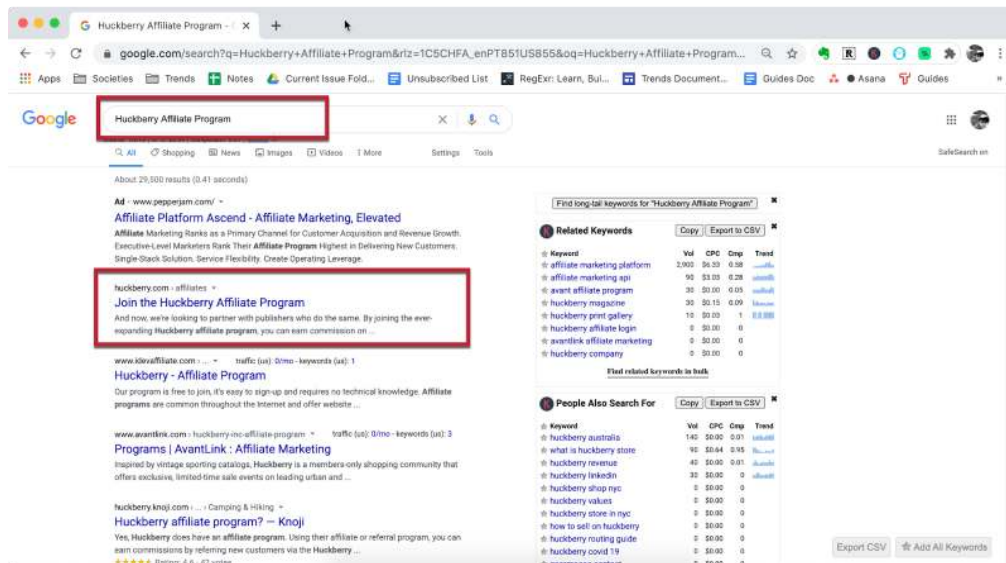
- **ShareASale**
- **Commission Junction**
- **Rakuten**

These networks collect and curate high-quality affiliate programs for all sorts of products.

You can also make a list of the companies you and your readers love, then check their websites to see if they have affiliate programs.



Short of that, a quick Google search will also typically work.



Direct Outreach

If all else fails, and a company you love doesn't have an affiliate program, you can always try reaching out to them directly.

Improve your odds by mentioning their product in your newsletter for free...

... Then track how many people click the link.

Show that data to the company when you make your approach. There are few

WHICH IS BETTER?

Direct outreach typically offers higher commissions because there's no middleman and you can negotiate with the company you're promoting.

But an affiliate network allows you to come up to speed quickly, and already has all of the technology in place to make tracking easy.

So a common approach is to find companies through an affiliate network first, and work with them there until you're creating serious sales volume. Then approach those companies directly, sales data in hand, to negotiate a better deal.

Making Money with Advertising

Selling ads involved three main steps: sales, account management, and copywriting.

Sales: The sales team is responsible for bringing in the green. They prospect, contact, and sign clients, then introduce them to an account manager who takes care of the relationship going forward.

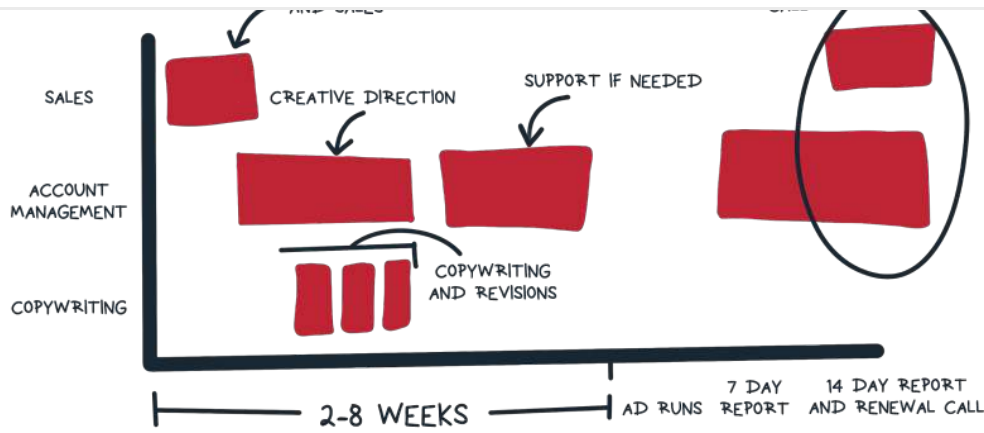
Account Management: Account managers are like angels with a broken halo. They keep clients happy, but are quick to rain hell if someone steps too far out of line.

Their three main responsibilities:

- Helping define creative direction
- Supporting, and corralling, clients (no small task)
- Reporting on campaign outcomes

Copywriting: Copywriters are smarter and more talented than editorial writers (at least according to copywriters). They work with clients, and their job is to write stuff that makes your audience click on ads — a profession that's 50% art, 50% science, and 50% childhood trauma.

From beginning to end, the lifecycle of a newsletter ad looks something like this:



In the following section, we'll break down the ad-selling process from beginning to end, including:

- How to identify potential advertisers
- Tips for cold outreach and sales calls
- Different types of ads, and how/when to grow your ad inventory

But first, let's look at the basics of how ads are actually priced...

How Ads Are Priced: Introducing the CPM

When you talk about the price of ads, you will typically be talking about something called a CPM.

It stands for "Cost Per Mile," a latin term meaning the cost of 1k of something.

For example, if you charge an advertiser one cent for each person who opens your email, then your CPM is \$10, as you can see below:

$$1,000 \times \$0.01 = \$10$$

It doesn't matter whether you charge based on the number of emails opened, sent, clicked, etc.; pricing in terms of CPM just keeps the numbers simple.



\$0.02	x	1000	=	\$20.00
\$0.03	x	1000	=	\$30.00
\$0.04	x	1000	=	\$40.00
\$0.05	x	1000	=	\$50.00
\$0.10	x	1000	=	\$100.00
\$0.25	x	1000	=	\$250.00

Different Types of Ad Pricing

There are a few different types of ad pricing that work well for emails. Most newsletters start with a flat rate ad, then develop more nuanced pricing models as their list, revenue, and team grow.

Flat Rate or Price Per Send (PPS): One of the most basic pricing models, this is where you charge clients a set price, typically based on the number of people you’re emailing.

As you can see from the chart below, one of the major upsides to this model is reliable income. You know how many people you’re going to email, and get paid the same no matter how many of them open.

The downside? Clients don’t always like paying to send an email to your entire list if only half your readers ever open it.

CPM = \$50									
List Size	Open Rate								
	10%	20%	30%	40%	50%	60%	70%	80%	90%
1,000	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
10,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
50,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
100,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
250,000	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500	\$12,500
500,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
1,000,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
1,500,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000

Price Per Click (PPC): In this model, you charge advertisers based solely on the number of clicks their ad gets.

Customers love this model, since they only pay for performance.



your link.

CPM = \$50		CLICK RATE = 10%								
List Size	Open Rate									
	10%	20%	30%	40%	50%	60%	70%	80%	90%	
	1,000	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50
	10,000	\$5	\$10	\$15	\$20	\$25	\$30	\$35	\$40	\$45
	50,000	\$25	\$50	\$75	\$100	\$125	\$150	\$175	\$200	\$225
	100,000	\$50	\$100	\$150	\$200	\$250	\$300	\$350	\$400	\$450
	250,000	\$125	\$250	\$375	\$500	\$625	\$750	\$875	\$1,000	\$1,125
	500,000	\$250	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,750	\$2,000	\$2,250
	1,000,000	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500
	1,500,000	\$750	\$1,500	\$2,250	\$3,000	\$3,750	\$4,500	\$5,250	\$6,000	\$6,750

Price Per Open (PPO): In this case, you set a price per thousand opens and give your client an estimate (based on past data) of how much it will cost them based on how many people you expect to open the email.

Clients benefit because they don’t pay for subscribers who never see their ad. If you have a low-open day, it sucks for your business, but your client relationship is still intact.

Downside for the client? If you get above-average opens one day, the ad can end up costing them more than they expected.

CPM = \$50		Open Rate								
List Size	10%	20%	30%	40%	50%	60%	70%	80%	90%	
1,000	\$5.00	\$10.00	\$15.00	\$20.00	\$25.00	\$30.00	\$35.00	\$40.00	\$45.00	
10,000	\$50	\$100	\$150	\$200	\$250	\$300	\$350	\$400	\$450	
50,000	\$250	\$500	\$750	\$1,000	\$1,250	\$1,500	\$1,750	\$2,000	\$2,250	
100,000	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	
250,000	\$1,250	\$2,500	\$3,750	\$5,000	\$6,250	\$7,500	\$8,750	\$10,000	\$11,250	
500,000	\$2,500	\$5,000	\$7,500	\$10,000	\$12,500	\$15,000	\$17,500	\$20,000	\$22,500	
1,000,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	
1,500,000	\$7,500	\$15,000	\$22,500	\$30,000	\$37,500	\$45,000	\$52,500	\$60,000	\$67,500	

How to Sell Ads

Ad sales can basically be broken down into three steps:

1. Lead prospecting
2. Outreach
3. Sales calls

Over the next few sections, we’ll explore each step, with expert insights from real

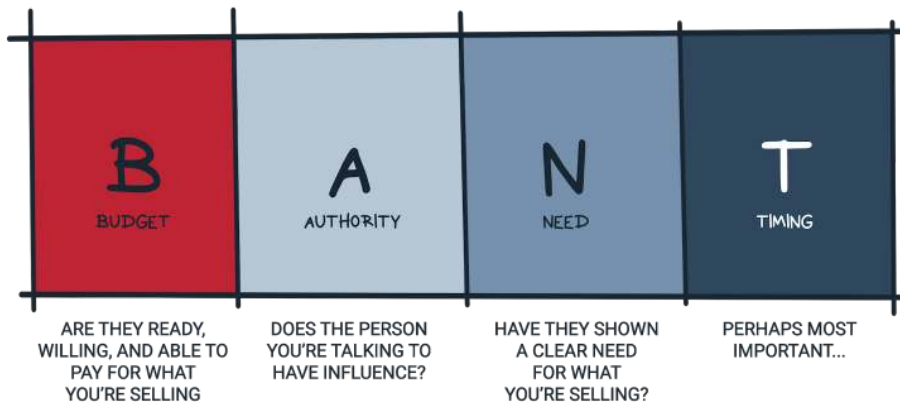
Step 1: Lead Prospecting

The big thing to know about lead prospecting is that, on its own, it doesn't pay a dime. You make money by closing sales, not opening them.

A great seller spends ~2-3 hours per week (30 to 45 minutes every day or so) identifying leads. But they don't settle for just anyone.

The best leads are from companies that need to reach your audience *now*. They can afford your ads and have the power to take action.

The B.A.N.T. acronym can help you in your search:



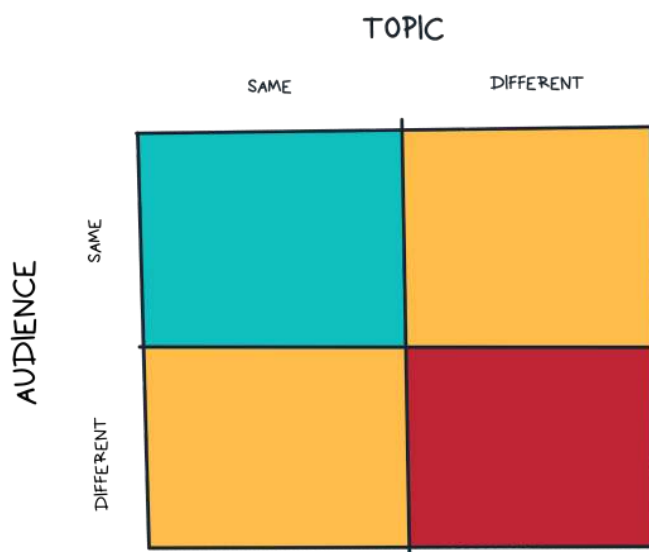
The most reliable ways to find new advertisers are:

1. Ads in Competing Newsletters:

Probably the highest signal that a company is ready to buy advertising for a newsletter like yours is if they buy from one of your competitors.



You can think about other newsletters in terms of a 2×2 matrix, comparing your audience and content topic to theirs:



Scan direct competitors (those with the same audience and topic as you), as well as indirect competitors (those with the same topic but a different audience, or vice versa).

2. Recent Funding Reports:

Another great place to look is at companies that have recently landed a round of venture capital funding. Funding rounds usually come just before a big push for growth, and those teams might be looking to get in front of an audience like yours.

Best resources for learning about recent funding rounds include:

- *TechCrunch*

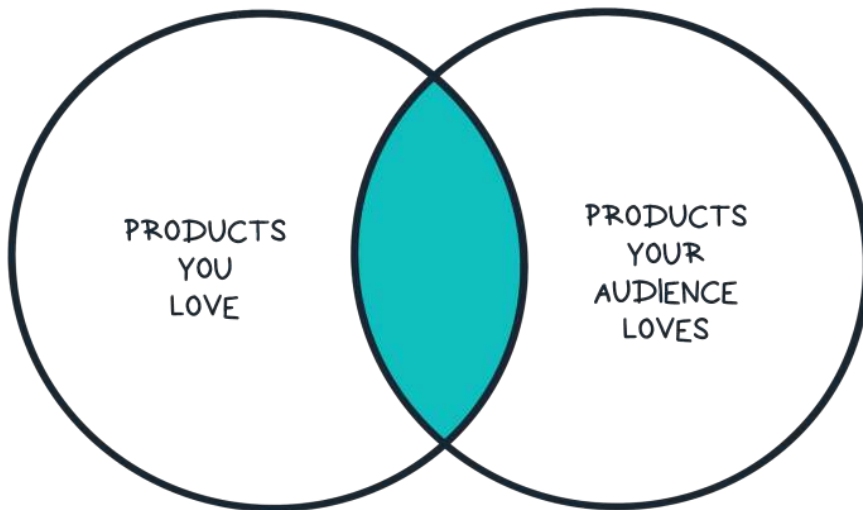
3. Companies You (or Your Audience) Like:

If you like a product, chances are the readers of your newsletter will like it, too.

Make it a regular exercise to review the products or services you use and love.

Kolby Hatch, a product owner here at *The Hustle* (and the guy who helped make this guide a reality) says it's also a good practice to survey your audience from time to time about brands they love and use.

The feedback can point your sales team toward new clients, and can be compiled into your media deck to show advertisers more about your audience.



Step 2: Outreach

There's one goal for outreach: to land a meeting.

Not to sell ads. Not to tell the person everything about your company. You're not trying to get married here, you're just trying to open a dialogue.

In order to do this, you need to:

- Follow up properly

Katy Huff is a top ad seller here at *The Hustle*.

Her cold email outreach wins her a meeting ~80% of the time on the first or second touch. She's sold millions of dollars in ads to top-name brands like Microsoft, Amazon, Goldman Sachs, HBO, and Salesforce.

In this section, we'll break down the principles behind her process, sharing tips and templates she loves.

Contacting the Right Person

Once you've identified a company with the budget and appetite to reach your audience, it's time to figure out who to contact. In the video below, Katy walks us through the tools and tactics she uses to quickly identify high-promise prospects.



Key takeaways:

- **Narrow the search:** Look up the company's employees on LinkedIn, then narrow the results to people who likely manage the ad budget.

- **Message everyone with authority:** After narrowing the list, you might end up with five or six potential contacts. Send messages to all of them. Even if senior-level people won't schedule a call with you, they may connect you with junior team members who are more likely to pay attention if the connection comes from their supervisor.

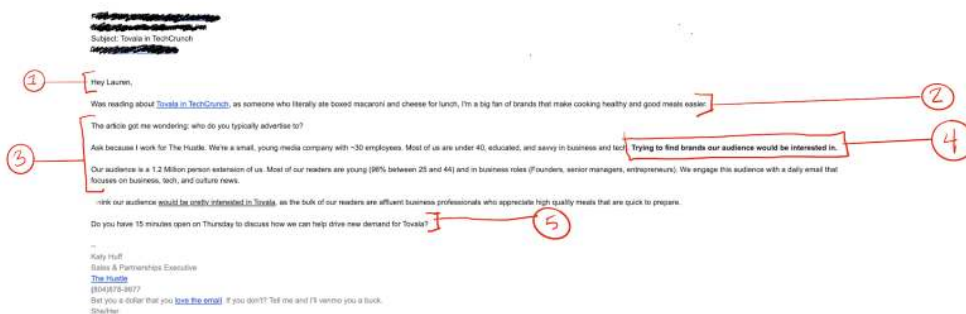
Catching Their Attention: Katy's Cold Email Template

"If you just kiss ass and don't say anything remarkable, I think you're going to lower your chances of response."

— **Katy Huff, *Hustle ad slinger***

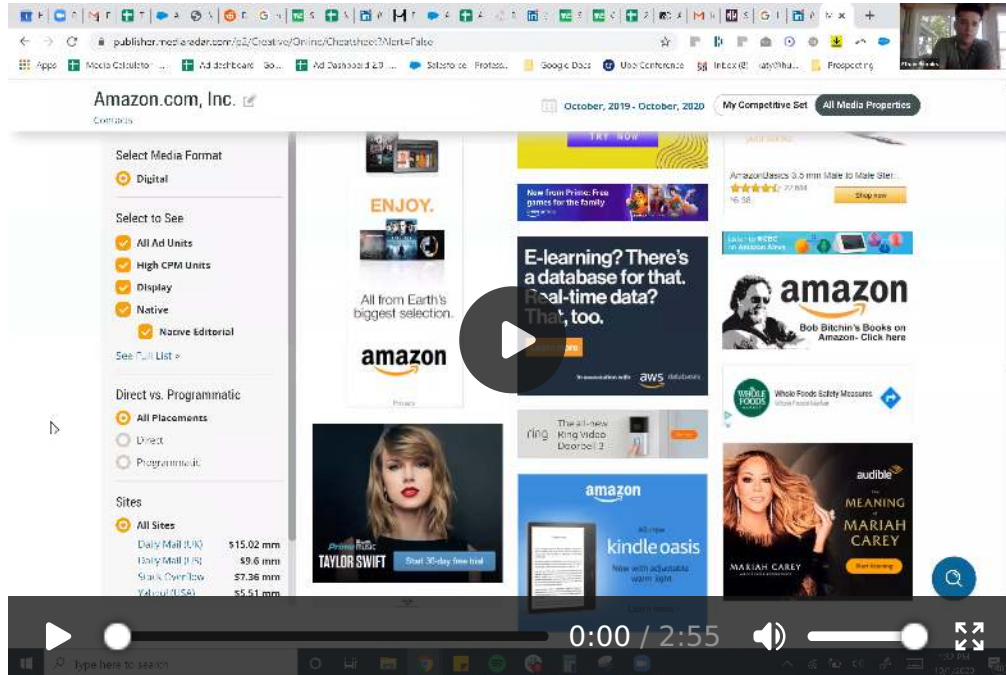
Katy is an expert at catching people's attention and getting them to reply.

Below is a real sample email that landed her a meeting. Let's break down the principles at work here so you can write your own.



1. Greetings matter. People have been trained to be suspicious of overly formal greetings, so keep it informal, and if you can, catch their attention by figuring out the name their friends call them.

2. Customize the subject and lead line for each outreach. And be prepared to say something remarkable. Katy leans toward humor that makes it clear she's both familiar with the client's brand, and doesn't take herself too seriously.



3. Templatize the rest. The bulk of the email is a template — a few solid sentences on who you are, which you can send to every prospective client.

4. Make something else stand out. This carefully bolded sentence is designed to catch the reader's attention. If they're skimming, the idea is that they'll see this, get interested, and go back to the top to read more closely.

5. Be respectful of their time — minimize the back-and-forth. Suggest a day, and let them know that the call won't take a lot of their time.



Following Up Properly

You won't always get a response, so here are a few best practices for follow-up:



- **Keep it Simple:** Katy’s follow-up email is a single sentence, reiterating the main question from her first outreach: “Is an audience like ours, looking for a product like yours, interesting to you?”
- **Tool Tip — Boomerang:** Boomerang is a Gmail plugin that automatically reminds you to follow up on emails after a certain period of time.

For more on how to succeed through cold emails, [check out this live workshop](#) our CEO Sam Parr did for members of our Trends community.

Step 3: Sales Calls

If your outreach is successful, you’re going to end up on a call with a prospective client.

In this section, we’ll go over the concrete questions to discuss on client calls. But first, a word for the uninitiated.

If you’ve never sold ads before, just remember...

... selling has nothing to do with coercing people or convincing them to do something.

You don’t need a silver tongue. All those used-car salesman tricks from the ‘50s? Throw them out.

Your job is to do two things:

1. **Understand what your prospect truly needs** by asking them questions and listening carefully to their answers.
2. **If they need what you sell, offer it** in a way that makes it easy for them to understand and gets their boss to say yes.

If someone doesn't truly need what you sell, then your job is to point them in a better direction. This will pay much higher dividends than convincing them to buy what they don't need.

Five Questions for the First Call

According to Katy, there are five things you want to establish during a preliminary sales call:

1. Audience fit
2. Promotion goals
3. What success looks like
4. Urgency
5. Decision-making process

Here's a closer look at how and why to dig for this information...

... with favorite questions straight from Katy.

Audience Fit

Katy's Question: *"I'm trying to figure out if the people you're trying to sell to align with the people who read our newsletter. I've gone through your site, I think I have a general idea, but if you don't mind, will you give me a quick overview of what you guys do, and who you typically advertise to?"*

Audience is the most important thing — an immediate deal breaker if they're trying to reach a segment your newsletter doesn't cater to.

Open the meeting by letting the client spend a few minutes telling you about their company and target audience.

... never the other way around.

It will keep them engaged in the meeting, and give you important info when it comes time to show the value of your newsletter and handle any objections (see below).

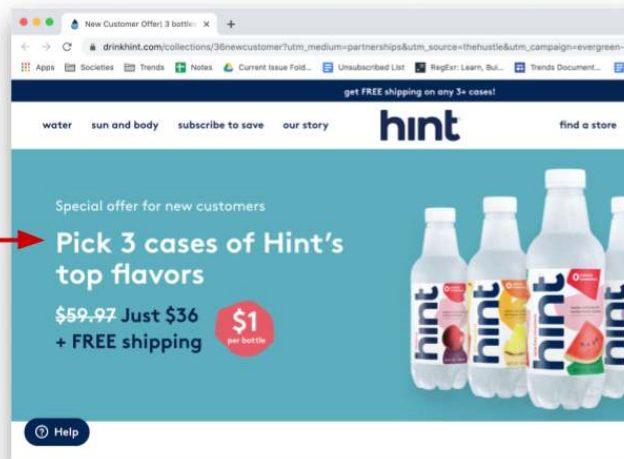
Promotion Goals

Advertisers don't just promote their brand. They typically promote a specific asset or landing page, designed to capture leads.

Some of these work better with certain audiences, so it's important to understand what your prospect needs to promote.

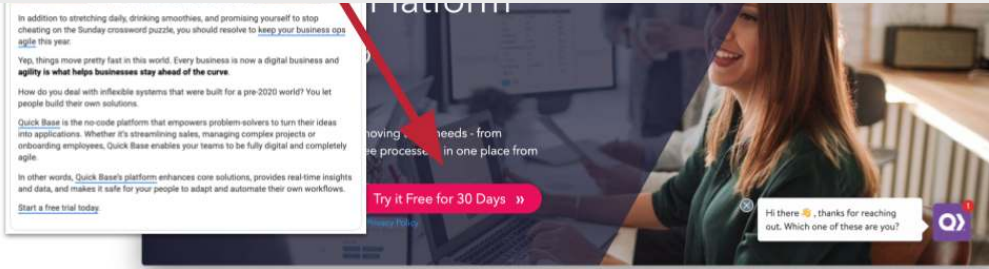
Things advertisers will typically promote include:

1. **Trial / Discount:** A common promo item, this is when advertisers send readers to a page in hopes of getting them to sign up for a (typically free) trial of their product, or a discounted rate.

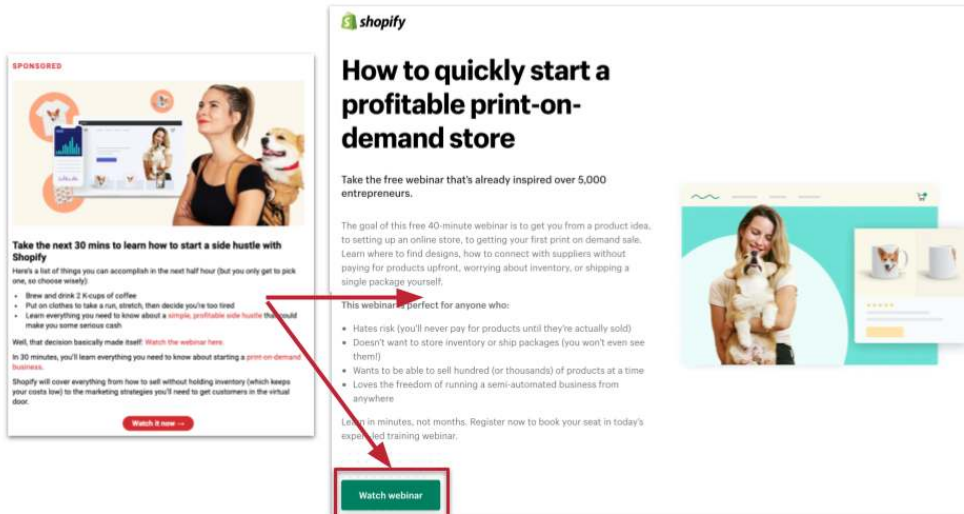


2. **Demo:** Usually reserved for more B2B clients, this is where an advertiser's landing page is designed to get visitors to book a product demo.

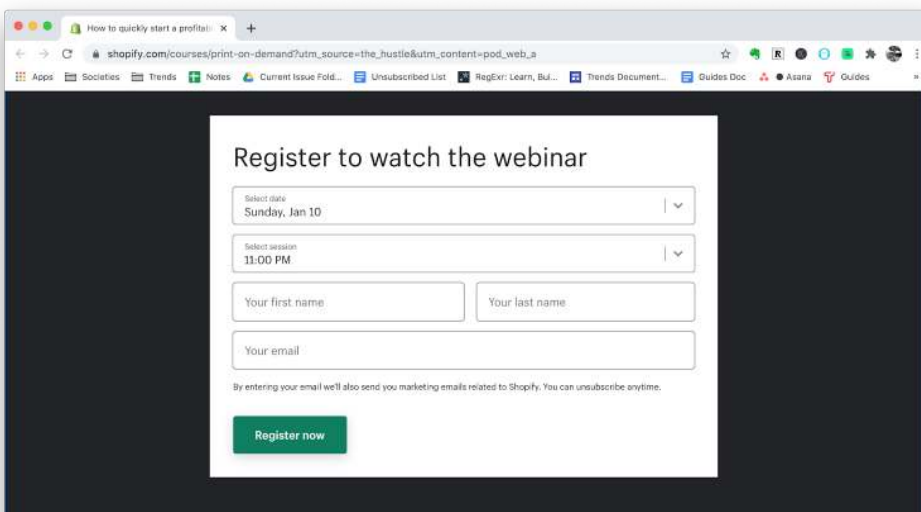




3. **Gated Asset:** One of the best-performing promotional items, this is when the advertiser offers a PDF or ebook download (or some other digital asset) in exchange for a reader's email address or contact info.



When someone clicks the green call-to-action button, they're served with this pop-up:



When you understand what they're trying to promote, you're one step closer to figuring out the answer to the next crucial question...

What Success Looks Like

Katy's question: *"Let's say you spend \$12k on a campaign — what would you want to get out of it to deem it successful?"*

This question does two things:

- **Gets the client to tell you what qualifies as success**, and by extension, what would likely make them repurchase.
- **Price conditioning** — subconsciously setting expectations around what kind of budget they're looking at by mentioning a rough cost.

Urgency

Katy's question: *"Are you promoting any kind of time-sensitive event, say, like a webinar?"*

Ads are typically sold 2-8 weeks in advance. Knowing a client's timetable helps you understand if you can meet their needs. It can also help you establish some urgency, and encourage them to make a decision faster if inventory is selling out.

Decision-Making Process

Katy's question: *"After this call, I'll send you the media kit, numbers, examples of ads, all that good stuff. Just so I understand, I know you have to show this to your colleagues to get buy-in — what does that process look like?"*

This question does a few key things:

- Helps you understand any obstacles you may need to work through in order to get to a purchase decision.



Armed with that information, you're ready to set a follow-up meeting, where you'll address any other questions that come up, and ideally close the sale.

Handling Objections

Contrary to what you might think, objections are a good thing. If someone has objections but doesn't voice them, there's nothing you can do to close the sale. You're completely in the dark.

But when someone speaks up and says, "I'm not sure this is the right audience for us," or "It costs how much?" then you've got something to work with.

Remember, your job is not to coerce someone into buying something...

... It's just to listen, understand whether they need you, then help them buy if they do.

If your product truly is a fit for the goals they outline, then an objection is typically just an indication that either something hasn't been explained properly, or you haven't built enough value in their minds.

Two of the most common objections you'll hear in the newsletter space are over:

1. Price
2. The inability to target specific sub-audiences

Here's how you handle both...

1. Pricing:

Just because someone initially objects to your price doesn't mean you're overcharging, or that they're ultimately unwilling to pay.

One of *The Hustle*'s first major clients (a little software company called Microsoft) came in the door with a certain budget. When we were able to show

The campaign was a success. They came back six months later, after our prices had gone up, and paid even more.

The point is simple: People will pay for the value they feel they're getting.

Your job, when discussing price, is to help people see where the value really is. Here's how Katy handles this when talking with a prospective client:



2. Inability to Target:

Sometimes an advertiser will object over your inability to target a specific subsection of your audience.

For example, let's say a client wants to advertise specifically to women in your audience. If you don't collect gender information from your subscribers, this is not something you can easily offer.

In that situation, you have two options, depending on whether you've worked with similar clients in the past:

- **If you have similar clients:** Point to recent advertisers you've worked with who found success (bonus points if they're your prospect's direct competitors).
- **Otherwise:** Tell them honestly that you're not sure they'd reach their target, and let them decide whether a test is worth it.

If all else fails, you need to be OK with walking away.

If someone truly isn't a fit, your willingness to let them go will save you and your company a lot of hassle. Your paths may cross again down the line when the timing's better.

Your ad inventory is the number of ad spots you have for sale in any given newsletter.

To keep growing the revenue of a free newsletter, you'll need to decide whether to add more ad inventory. There's a lot that goes into that decision, but the key question is:

How many ad spots do you *need* in order to run your business?

There are two deeper issues you need to consider related to this decision:

1. Your business goals
2. Logistics

Your Business Goals:

You can run a successful business without a lot of ads. *The Hustle* grew to \$2m+ with a single daily ad spot in our newsletter.

If you're happy running a \$1m-\$2m business, don't grow beyond that! Growth for its own sake brings nothing but complexity and headaches.



Logistics

More ad spots mean more complex logistics. Growing your ad inventory means you may need:

- **More copywriters** to write and design your ads

If the revenue created by additional ad inventory outpaces the costs, then go for it as long as it aligns with your business goals.

But take note — more ads can actually lead to lower open/click rates and a drop-off in revenue (ask us how we know). So add inventory carefully, and remember always to keep your reader's interests first.

The Three Types of Ad Inventory

You can get away with having just one type of ad inventory, but having all three gives your sales team the flexibility they need to work with clients, create value, and get deals done:

PREMIUM - \$\$\$

The premium ad is your bread and butter. It's expensive, and you want to protect its price. Never mark down your premium product if you can help it.

The remaining 2 product categories make this easier.

Down Sell - \$

A down-sell is a less expensive product you can offer a client on if they definitely can't afford the premium.

Always pitch them on the premium first. That way, the down-sell sounds more reasonable, and they're more likely to buy.

Loss Leader - \$

Think of this as a value - ad — something you can offer a client, which doesn't cost you much, but which dramatically increases the perceived value of the premium product.

Use it to sweeten the pot if they're on the brink of buying but still seem unsure.




The easiest way to understand this is to look at an example like *Morning Brew*.

Below is a copy of their rate card from Q3 of 2020.

Look at how the *Daily Brew*, their flagship newsletter, offers three placement options:

- Brew's Bets



MORNING BREW

Q3 2020 Rate Card

NEWSLETTER

TAKEOVER

- Co-branded Image with logo
- Primary + Secondary
- 100% SOV

PRIMARY

- Image
- Logo at the top of the newsletter
- 150 words of native editorial
- Call-to-action

SECONDARY

- Image
- 50 words of native editorial
- Call-to-action

BREW'S BETS

- 35 words of native editorial
- Call-to-action

DAILY BREW

RETAIL BREW
(3x weekly)

EMERGING TECH BREW
(3x weekly)

MARKETING BREW
(3x weekly)

TAKEOVER	PRIMARY	SECONDARY	BREW'S BETS
\$55,000	\$31,000	\$20,000	\$10,000
\$39,000	\$22,500	\$15,000	---
\$39,000	\$21,000	\$15,000	---
\$30,000	\$15,000	\$9,000	---

PODCAST

PRE

- :30 pre-roll at start, "Presenting Sponsor"

MID-1

- :60 mid-roll in 1st third

MID-2

- :60 mid-roll in 2nd third

MID-3

- :60 post-roll in final third

PRE	MID-1	MID-2	MID-3
\$55 CPM	\$45 CPM	\$35 CPM	\$15 CPM

BREW'S BETS

Get the scoop. [Sakara's Metabolism Super Powder](#) can help you boost metabolism, increase energy, and feel your best for a transformative 2021. [Brew](#) readers get [20% off](#) when they use code [BREW2021](#).*

Meet your brain's best friend. [B.LXR Brain Fuel](#) is a plant-powered, caffeine and sugar-free nootropic for hunkering down and getting things done—*without* the jitters and the crash. Save 15% on this natural productivity potion with the code [MORNINGBREW](#).*

Bookmark these: 1) [a website that takes you on adventures all over the world](#) and 2) [a visualization that charts each country's progress with vaccines in a unique way](#).

Tech Tip Tuesday: Learn how to [browse smarter](#) on Google Chrome. Then, spice up your Zoom calls by turning them into a [video game character selection screen](#).

*This is sponsored advertising content

Here's another example, this time from *Chartr*, which offers a premium ad as well as a potential down-sell/loss leader.

Brought to you by Happybars

Slack is the new email, but a few features are missing...

[Nightowl](#), an app from Happybars, brings the best parts of email to Slack:

- **Scheduled and recurring** messages you can edit and cancel
- **BCC** for messaging multiple conversations at once
- **Recipient groups** and draft messages

It also solves some **new** problems:

- Tired of converting time zones? [Nightowl](#) handles that for both channels and users
- Want to DM every member of a channel? Create a recipient group from it

Try [Nightowl](#) in a [sandbox](#), no install required.

Like all apps from [Happybars](#), each user also has access to **live, in-Slack support**.

[Nightowl](#) is **free** for your whole team to try for 30 days, no credit card required. When you're ready to subscribe, use code **CHARTR** during checkout for **another 30 days free**.

[Install Nightowl for free](#)

Chartr's premium ad

Data Snacks

- 1) Our founder and editor happens to share the same birthday as [Wikipedia](#). Despite him getting a 7-year head start on learning, it's [Wikipedia](#) that's gained all the [knowledge in its 20-year history](#).
- 2) [Joe Biden](#) has [unveiled the details](#) behind a **\$1.9 trillion coronavirus stimulus package**, which includes direct payments of **\$1,400** to most Americans.
- 3) Preliminary [data from NASA](#) reveals that **2020** likely tied **2016** for the warmest year on record.
- 4) [Nightowl](#) has [helped automate](#) workflows in [Slack](#) for teams of 10 to 10,000 — making it the next best thing to cloning yourself.**
- 5) Last year Americans streamed more than **57 billion minutes** of [The Office](#), firmly cementing it as the number-one most streamed show in the US [according to data from Nielsen](#).

Chartr's "Data Snacks" section represents a potential down-sell or loss-leader where they can offer advertisers extra value

**This is a sponsored snack.

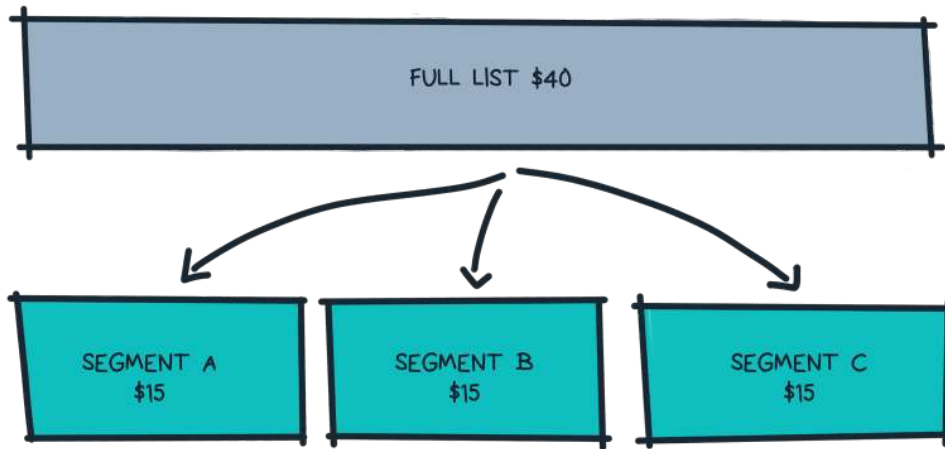
Now that you know how these work, look at your favorite newsletters and you'll see the same pattern everywhere.

Remember, when a qualified lead balks at the price, it doesn't automatically mean you're charging too much. It can mean they're not clear on the value of what you're offering, and having different ad inventory gives you the flexibility to get them in the door without discounting your main rate.

Segmenting Your List

Another way of growing your ad inventory is to segment your list. As the size of your list grows, so does the price you charge for ads. At some point, ads become too expensive for many of your target advertisers.

The solution: segmenting the list — chopping your list into two or more roughly similar segments.



Segmenting your list offers more ad inventory *without* forcing your readers to see more ads. It also allows you to A/B test everything from ads to articles.

But, as *The Hustle*'s copywriter Bobby Durben points out, it's complicated to organize content across multiple list segments, so this shouldn't be a high priority early in your newsletter business.



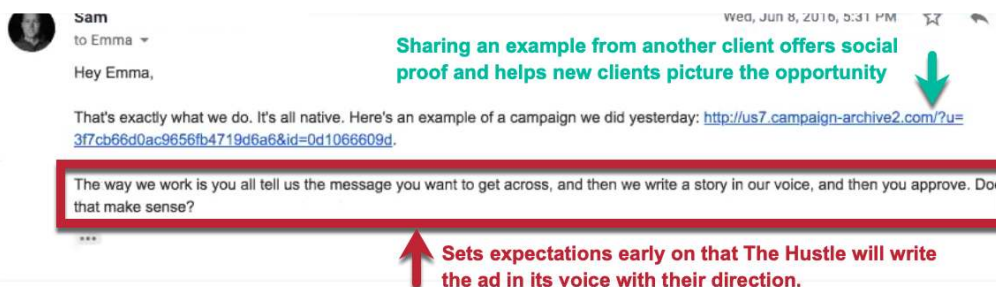
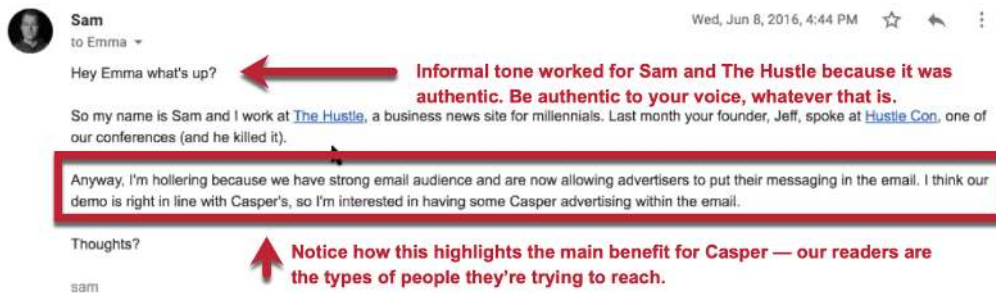
Final Tip: Start Simple



every ad the newsletter ran. Here's a look at exactly how he did it:

Keep it simple and focused on what's in it for the advertiser — namely, access to people looking for a product just like theirs.

Check out Sam's **cold emailing workshop** for more tips on making the first connection.



It helps if you know some basic stats on your audience, like size, open rates, and click-through rates. Small tests are also common, and can lead to long-lasting, profitable relationships.





Emma

to me ▾

Hi Sam,

Do you have an average CTR on the sponsored/native content to the advertiser's site?

Thanks,
Emma

...

Thu, Jun 9, 2016, 5:17 PM

Sam

to Emma ▾

Yes. For 100k sends it ranged from 1% to 3% click through rate.

...

Thu, Jun 9, 2016, 5:18 PM

Emma

to me ▾

Thanks Sam. I'd be willing to test for \$1,500, and/or wait until your list size grows. For context, our most successful partnerships start with a small test, and are scaled from there, price adjusted when appropriate.

Let me know if you have the flexibility,
Emma

Thu, Jun 9, 2016, 5:30 PM

One of the most important metrics for advertisers.

This kind of small test is common, and why you eventually create different types of ad inventory.

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