Internet
Advertising
Bureau
UK

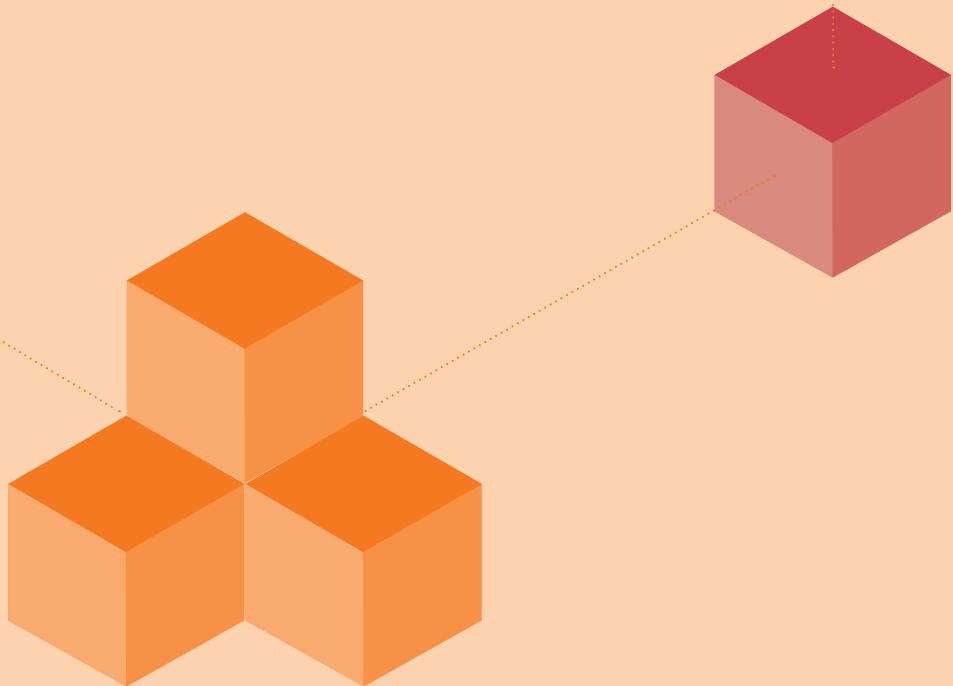# The Big Affiliate
Marketing Handbook
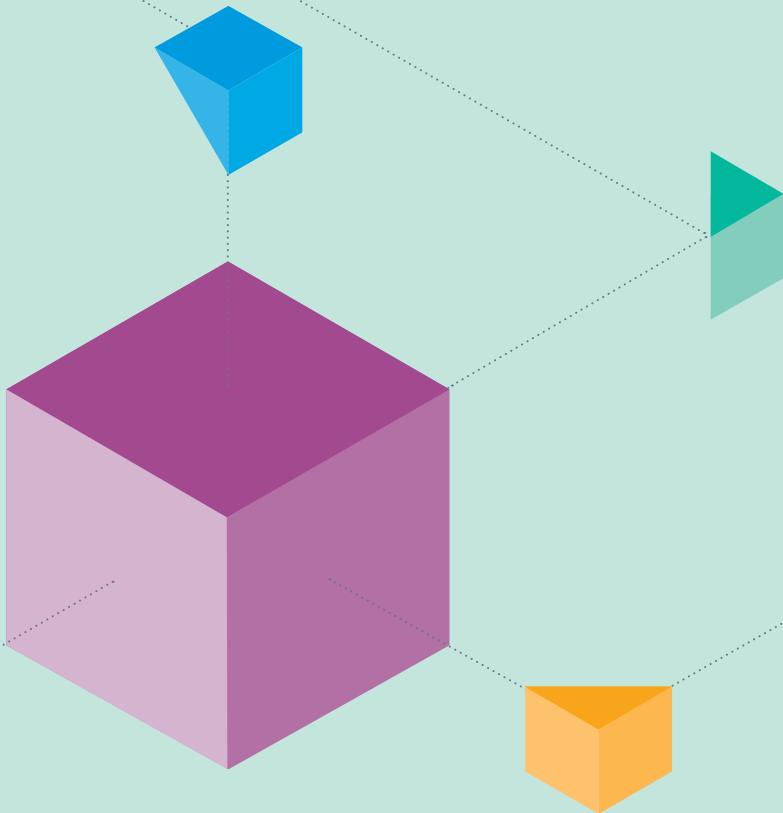
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Introduction

by Clare O'Brien
Chair, Affiliate Marketing Council
& Senior Industry Programmes Manager, IAB

Welcome to the second IAB Affiliate Marketing Handbook. In the 5 years since the first was published in 2009, the Affiliate Industry – like the rest of the digital marketing and advertising industry – has undergone a transformation. More commonly referred to as Online Performance Marketing, this is an advertising channel that buys brand benefit as well as customer loyalty and a directly measurable ROI in the form of sales.

Given that in 2013 the industry drove some 10% of the UK's eCommerce traffic and commanded a marketing spend of £1bn according to the PwC / IAB OPM study (see page 6), it's a permanent (and growing) feature of integrated digital marketing programmes. In fact it's a channel that exemplifies just how digital is merging marketing and sales channels.

Affiliate Marketing is not a 'channel'. Rather it's an advertising objective. Affiliate campaigns deploy most digital advertising and marketing disciplines including email, display, content, search, social media and audience targeting. It works across mobile platforms, uses programmatic methods and is now establishing exciting offline opportunities for digital marketers. Affiliate data is packed with audience and customer insight providing marketers with customer journey and point-of-sale perspectives that enrich standard advertising analytics.

This handbook, the work of the IAB's Affiliate Marketing Council, exposes the industry's diversity and even if you thought you knew affiliate marketing, you'll probably be surprised by some of the marketing opportunities mapped out in these pages. If you're new to digital or haven't used affiliate marketing before, this handbook will help you understand the industry's value and mechanics.

Overall, this handbook represents one of the fastest growing digital marketing channels which many of the UK's top advertisers recognise as highly effective and are thus increasing their investment in. This isn't simply because its yields are extraordinarily high (14:1 ROI); it's also because it's a flexible and creative space to work within that touches customers throughout the marketing funnel.

1

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Value

Demonstrating the breadth and impact of the affiliate channel, its flexibility to meet a variety of objectives, and the importance of planning activity as part of an integrated approach

1.1 Online Performance Marketing Study

by Kevin Edwards
Strategy Director, Affiliate Window

Measuring the scope of performance marketing is more difficult than you may think. Given that advertisers are looking at some sort of delivery mechanism or return on investment against the majority of their digital marketing channels, it's difficult to know where performance starts and ends.

As the traditional affiliate and lead generation channels have never had hard data to contextualise the size of the industry, the IAB's Affiliate Marketing Council took the decision two years ago to measure spend on affiliate marketing, lead generation and other acquisition focused activity.

It was with nervousness that performance marketers awaited the results of the first IAB / PwC Online Performance Marketing Study (OPM). They needn't have worried: in 2012 it was estimated the channel accounted for spend in excess of £800m rising to the round £1bn figure in 2013 generating £14bn worth of sales or 10% of UK ecommerce. The industries that make up the performance marketing ecosystem can confidently talk about some of the most compelling dividends of any marketing channel.

The collective effort by affiliate networks, publishers, third party tracking platforms, advertisers and agencies to collate the numbers has also resulted in additional areas of the industry being assessed such as sector and publisher strengths, the growth of handset transactions and breakdown of commission trends.

One of the most compelling pictures to emerge from the latest study is the diversity of activity the channel encompasses, with price comparison, editorial, cashback, voucher codes and loyalty all featuring as important revenue drivers.
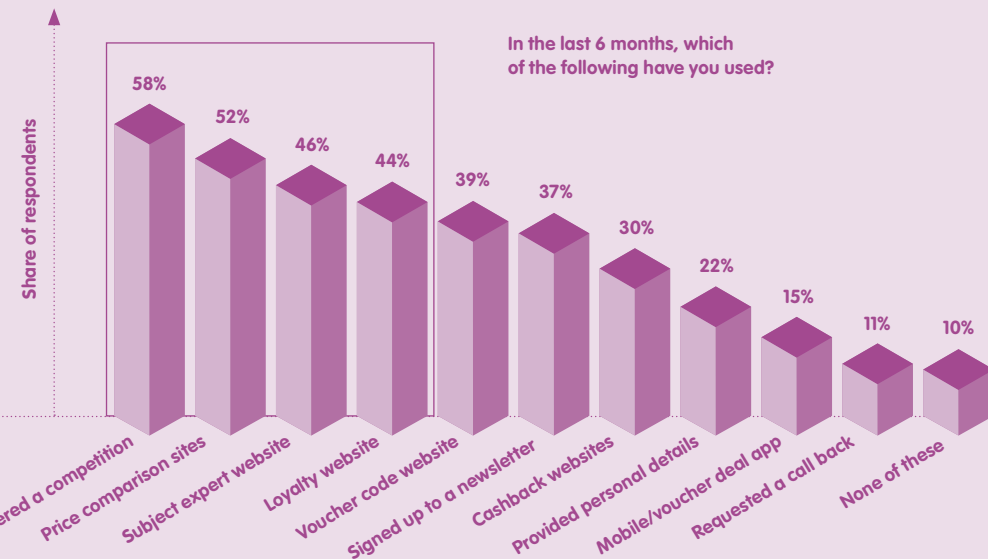
This has always been one of the channel's strengths: offering retailers multiple routes to market based on their brand and product fit. The continued growth of telecoms publishers within the channel has seen price comparison sites emerge, perhaps surprisingly, as neck and neck front runners alongside cashback for share of budget. It is important to consider this is also from survey submitted data (a sizeable portion is modelled up by PwC) so is reflective of what more 'traditional' affiliate marketing campaigns are experiencing.

affiliatewindow
part of the zanox group

Affiliate Window is a global performance marketing network built on five core beliefs; SERVICE – ETHICS – TECHNOLOGY – PERFORMANCE and INNOVATION. We exist to provide our clients with the best service and technology available in performance marketing. Our aim is to exceed expectations in everything we do. For a fresh, innovative and ethical approach, Affiliate Window has all the right ingredients.

In the last 6 months, over 40% of survey respondents have used a price comparison, subject expert loyalty website or entered a competition

In the last 6 months, which of the following have you used?

Share of respondents

Category	Value
Entered a competition	58%
Price comparison sites	52%
Subject expert website	46%
Loyalty website	44%
Voucher code website	39%
Signed up to a newsletter	37%
Cashback websites	30%
Provided personal details	22%
Mobile/voucher deal app	15%
Requested a call back	11%
None of these	10%

Source; IAB / PwC Online Performance Marketing Study, 2014

Content pips voucher and rebate websites to sit third, with paid search and 'other' in fourth and fifth place. As the channel grows in complexity and with mobile making huge strides over the past 12 months, we can only expect that picture to further diversify.
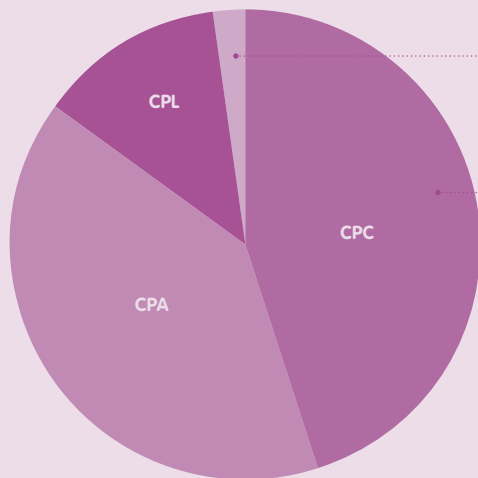
From a sector point of view (and again focusing on submitted data) retail accounts for twice the advertiser spend of the next biggest category, that of travel and leisure. Close behind sits telecoms and finance. Typically a retail programme will boast a much longer tail of affiliates than a service sector programme. This can be attributed to the greater reach of general shopping sites, blogs and price comparison, as well as the propensity of voucher codes that help convert a sale.

The affiliate complexion of a finance or telecoms programme can be quite different: typically with much less reliance on voucher codes but with the ability to offer hugely compelling commission bounties or rewards via cashback and incentive based sites.

If we consider other trends from the OPM Study it's no surprise that handset traffic and sales have shown significant year on year growth, mirroring the wider online trend of consumers transitioning between devices at different points during the day. The challenge for any marketer is now to marry that data to measure consumer purchase paths.

A new measurement for 2014 is the inclusion of interactions delivered by the channel. At over 4bn clicks (or 500,000 an hour) generated by an industry that is only payable on a cost per acquisition model, this phenomenal figure shows the hidden brand engagement value of the channel that is rarely considered. It is always important for advertisers to consider the brand exposure offered by a channel that typically only rewards on sale.
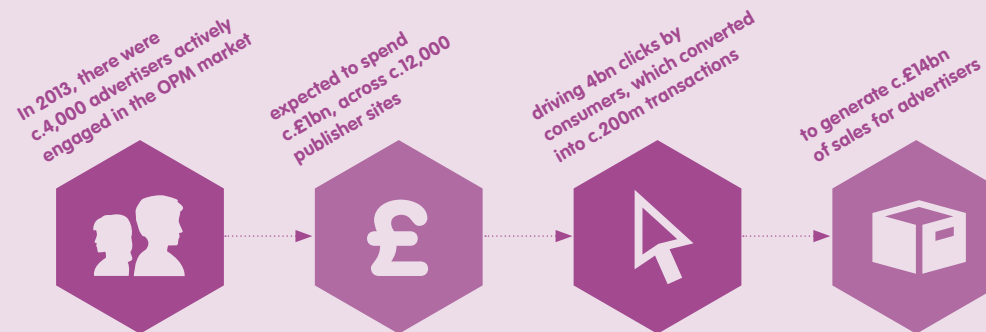
That said, commission breakdown data also included in the study highlights a growing trend of recognising and rewarding value beyond the standard CPA (cost per acquisition) metric. Tenancy deals and content sponsorship witnessed a 60% growth between 2012 and 2013 to account for around 5% of the channel's spend.

There is undoubtedly a trend for certain publishers and advertisers being able to secure additional budget for promotional activity that reflects their growing status as brand partners.

There is no doubt the OPM Study has helped put affiliate and the wider performance channel on the map. Boasting phenomenal ROI and exceptional publisher diversity the stage is set for advertisers to upscale their budgets and cement the industry at the heart of their online plans.

**Online Performance Marketing
expenditure by advertisers, 2013**

CPL

CPC

CPA

Other
includes CPM, CPP, fixed fee and other payment models

CPC
includes major price comparison sites and travel aggregators.

Ultimately these transactions are measured on sales generated for advertisers, but advertisers agree to pay on a CPC rather than CPA basis

In 2013, there were c.4,000 advertisers actively engaged in the OPM market

expected to spend c.£1bn, across c.12,000 publisher sites

driving 4bn clicks by consumers, which converted into c.200m transactions

to generate c.£14bn of sales for advertisers

c.8–10% of UK digital marketing spend

c.10% of UK retail ecommerce

c.0.8% of UK GDP

1.2
Integration

This section looks at the importance of planning affiliate activity alongside other areas of online as part of a multichannel strategy. Discussing attribution, how affiliates sit within the consumer journey and how learnings from this can dictate strategy and budget allocation.

Over the past few years, there has been an increasing shift towards a multichannel marketing approach from companies looking to achieve a more integrated campaign. Their aim here is not just to measure all channels in a holistic way, but to glean from this data an actionable strategy to apportion spend to the most efficient channels, usually defined on the basis of ROI. However there are a number of challenges here.

Firstly, there is no one-size-fits-all model for a cross-channel attribution model. This is because different sectors have different purchase funnels over different times (think of the difference between a considered purchase in the travel sector versus FMCG) and, despite commonalities in the customer journey, individual advertisers will work with their referral channels in different ways making the picture different for each advertiser within a sector.

Secondly, user behaviour is changing all the time as new actors come into the digital ecosystem. Social, programmatic display and retargeting in particular feature more and more in the user's journey and so any attribution model must both reflect and keep pace with these changes.
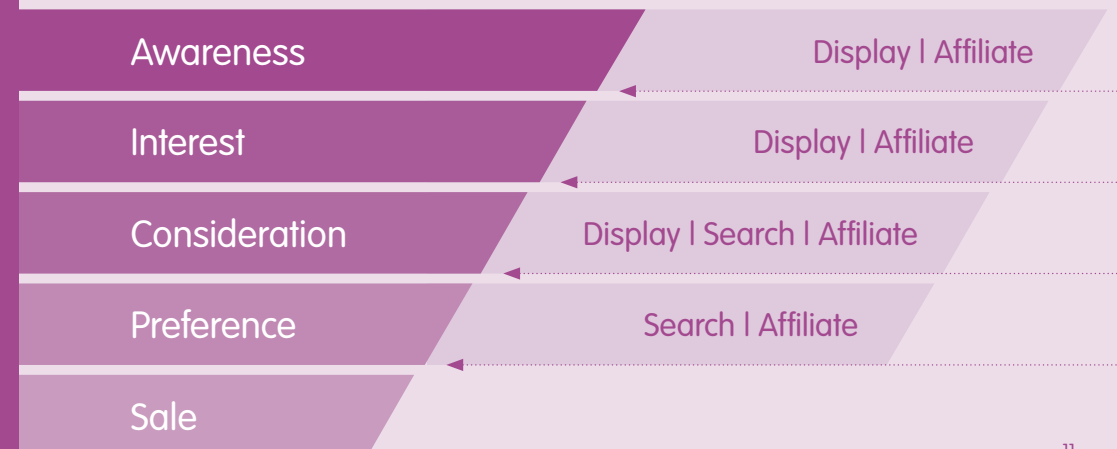
Thirdly, the devices through which users navigate the path to purchase are multiple. Most advertisers recognise the need to have mobile-optimised sites, but as there is at present no accurate way to measure a single user's behaviour cross-device, where mobile channels feature prominently in the path to purchase it makes little sense to talk about a cross-device attribution model. This in turn hampers the reliability of a cross-channel attribution model.

Ultimately, when planning your marketing strategy, it is a good idea to think of how you purchase online as a consumer. When buying a shirt online or a pair of headphones the amount of different touchpoints or sites you visit are very likely to be much less than if you were buying a new mobile phone or a holiday as these purchases require much more thought before coming to a purchasing decision. Although each site differs in nature, it is difficult to measure the influence each one had on the eventual decision.

by Mohammed Lakha
SMG Acquisition, Starcom MediaVest Group

The interesting point to note from the image below is that affiliate sites fall within all stages of the purchasing funnel. Whereas historically it was widely regarded that display was used to create brand awareness and interest (and therefore paid on a CPM), search was used when a consumer was considering their options (hence paid on a CPC), and affiliates were tasked with closing the sale (and so paid on a CPA), the below model illustrates how affiliates are involved from the very start. Because of the fact that they are only rewarded when an acquisition is produced the work they do further up the funnel is effectively free. This is a much neglected selling point of the channel and not often reflected in the remuneration.

From a budgetary perspective, it is important to evaluate whether your offering requires an informed and calculated decision. If this is the case, more investment will need to be made with sites earlier in the purchasing funnel including niche content, blogger and review sites where consumers go to read up about different opinions and whether these opinions suit their desire to purchase. However, it is worth noting that even some of the affiliate sites that are viewed as sitting at the consideration and preference stages have now found themselves creating brand awareness and interest in products through their huge followings with some affiliates surpassing a mammoth 300,000 followers on social media.

Stage	Channels
Awareness	Display | Affiliate
Interest	Display | Affiliate
Consideration	Display | Search | Affiliate
Preference	Search | Affiliate
Sale	

Although the affiliate channel is relatively small both in terms of size and allocated marketing budget, it certainly does punch above its weight. The bar chart opposite shows the results of a cross-channel analysis by Starcom on all paid, owned and earned media channels for Flybe across an 18-month period. It showed that the affiliate channel produced the highest ROI of all activity, online and offline.
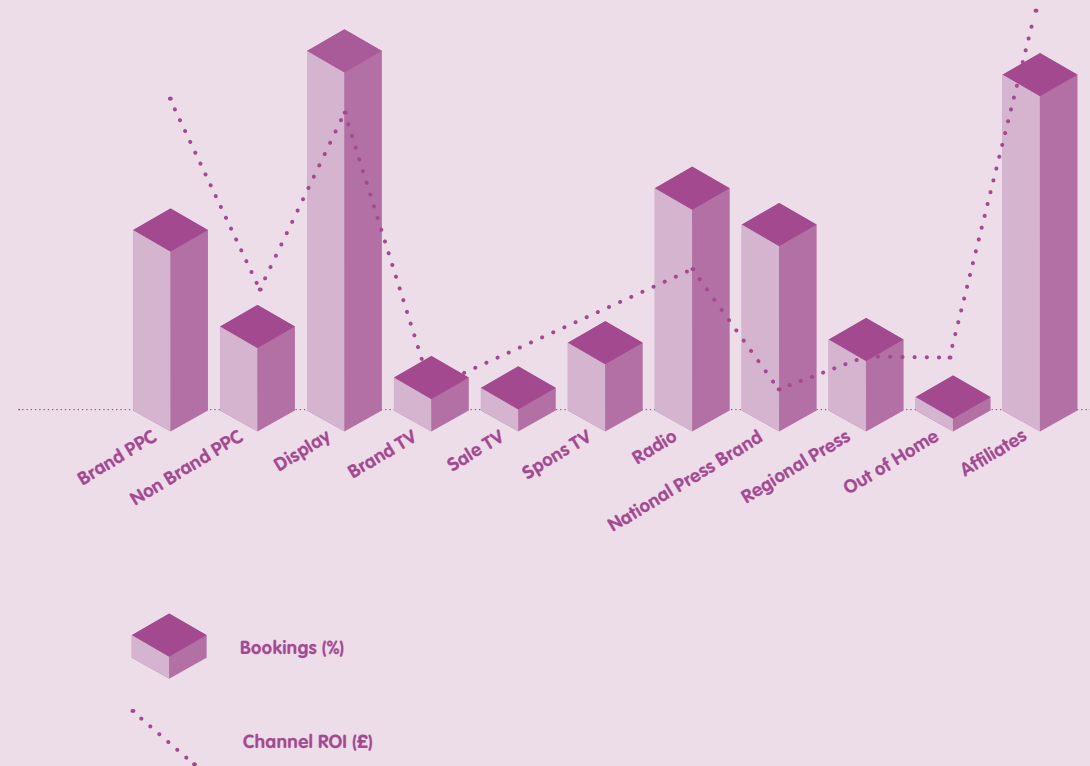
It has been repeatedly demonstrated from independent studies that shoppers coming via affiliate sites are often more affluent, spend more on average but also shop more frequently. It follows that the lifetime value of an affiliate channel customer is much higher. Therefore, it is important to acquire these consumers throughout their decision making process and work in tandem with other online channels to ensure the effective conversion of that consumer from a merely interested party to a new customer.

With the affiliate channel working on a last click model and potentially many sites featuring within the purchasing funnel from awareness to sale, an alternative method of compensation to affiliates by virtue of attribution has been widely debated and disputed. However the instances in which such models have been put into practice are few and far between, and the case studies demonstrating their success even fewer.

Instead, two fundamental questions should be asked about the place of affiliate activity in the multi-channel mix. Firstly, what is the publisher actually doing for you as an advertiser? What exposure are they providing, to what audience is this targeted, and does this hit the consumer at the right point in their purchase funnel? Secondly, rather than just looking at the path to conversion, what types of customer is the affiliate channel referring? Are these high quality customers that are well-matched to the target audience, with low levels of churn and high return purchase rates? And if not, which publishers within the channel are performing better than others?
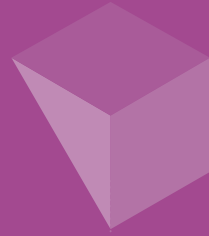
This chapter has discussed the integration of the affiliate channel with other online channels. It is important to stress that mastering this integration does not necessarily mean developing an attribution model. Moreover, an attribution model may be better used for planning and understanding the user journey than it is for developing a new payment model based on the role of each channel in the user's path to purchase. If the affiliate channel features at every point in this funnel, it is too simplistic to treat it as a channel that only contributes value at the point immediately prior to sale.

Number of bookings (%) v channel ROI (£)

Brand PPC · Non Brand PPC · Display · Brand TV · Sale TV · Spons TV · Radio · National Press Brand · Regional Press · Out of Home · Affiliates

Bookings (%)

Channel ROI (£)

1.3
The Value of Affiliate Data

by David Ayre, Account Director, TradeDoubler &
Julian Bazley, UK Director, United Digital Group

Whether you are building an affiliate programme from scratch or overhauling an existing programme, the value of affiliate data is something that is often overlooked despite being the pillar of almost every online success story since the internet began.

In an industry that has generated over £1 billion in sales revenues and over 4 billion clicks (and at the same time achieved 5% conversion rates across 12,000 publishers websites in 2013), the importance of affiliate data and its value for developing scalable strategies should not be overlooked.

By understanding data collected from various sources, advertisers gain valuable insights that extend further than online purchasing trends (such as the shift of consumers to mobile devices). With seemingly endless amounts of data being collected it's important to understand who tracks what and how it can be put it to good use.

Who tracks what

Advertisers, networks, publishers and agencies are continuously collecting data that can be used to gain valuable insights into each part of the user journey and purchase behaviour. The vast levels of data collected across the channel provide advertisers with the opportunity to evaluate performance and gain insights into areas not typically associated with the affiliate channel:

User journeys

Understanding touch points and behaviours that ultimately lead to the final transaction.

Promotional opportunities

Giving a unique view of consumers' search patterns and purchase behaviour.

Strategic planning

By looking beyond the last click, advertisers can develop cross channel strategies that add long term value to their brand whilst also achieving revenue growth.

Looking beyond the last click

The foundations of the affiliate industry were created on the back of a 'last click wins' model.

By scrutinising the data collected across the affiliate channel, it becomes clear why performance marketing is growing at such an immense rate today. The value affiliates bring to an online marketing mix goes way beyond straight revenue growth into areas including:

Brand exposure

Whilst not all banner impressions are tracked from the affiliate channel, 4 billion clicks equates to hundreds of billions of impressions across the UK.

Early adopters

Recent digital trends such as consumers shifting purchase behaviour to mobile devices are identified early allowing advertisers to develop strategies for mobile or responsive websites.

Assistance with converting other marketing channels

The very nature of affiliates earning revenue on a last click model encourages high levels of conversion where other marketing channels may not have 'closed the deal'.

Clicks to bricks – driving footfall from online advertising

Large affiliates are increasingly moving towards models that encourage footfall in to stores across the country.

Putting affiliate data to use

Through the analysis of data, advertisers can deliver effective integrated marketing campaigns that can be reviewed and optimised to deliver enhanced user experience and increase revenues whilst strengthening brand messages that ultimately deliver substantially improved ROI. This often blurs the lines between affiliate and other marketing channels and can aid the transition to an omni-channel marketing strategy.

The uses of data collected from the affiliate channel are almost endless and can benefit advertisers and publishers alike when shared effectively.

In today's ultra competitive online space, it's crucial that commercial and marketing strategies are formulated armed with the facts. Napoleon Bonaparte said: "War is ninety percent information" and the same is true when competing for placement to grow your revenues.

All this said, the true value of affiliate data sits beyond any one individual organisations' personal gain. By effectively combining data from multiple sources, truly engaging collaborations can be developed that benefit consumers, advertisers and publishers alike. In my mind this is exactly what affiliate marketing should be and is the foundation of performance marketing.

Advertisers

Ad spend intelligence

Consumer insights

Strategic planning

Targeted promotional activity

Publishers

Personalisation

Consumer insights

Targeted promotional activity

Ability to optimise campaigns & promotions

1.4
Flexibility

by James Milne
Head of Client Services UK, TradeDoubler

Nothing in performance marketing holds still for too long. Go back only a few years and the primary source of traffic was traditional cashback and voucher websites. Sure, these sources still exist, but as innovators enter the industry we find value adding entrepreneurs can bring new traffic intuitively into the performance marketing arena.

Performance marketing innovators utilise the whole user journey to influence and capture user purchase behaviour. Enter, POP (Pre-Onsite-Post). This is a concept that observes the complete user journey as an intention to buy. POP explores a growing number of opportunities for affiliate to merchant sites; be it pioneering technology or creative business models.

So how are performance marketing entrepreneurs changing the game and adding value to the user journey?

Pre-intention gains influence in targeting users in the research phase of their journey. Growing sophistication in re-targeting and targeted email boost the opportunities to drive traffic from content and blogging sites. But if desktop targeting seems limiting, mobile geo-targeting permits a far more flexible reach. In the context of pre-intention, advantages to mobile geo-targeting are twofold. Firstly, users can receive an alert in close proximity to an 'event' that represents an opportunity to buy. Secondly, the merchant can drive foot traffic by alerting users of in-store promotions.

Onsite-intention brings personalisation into play. A growing space in performance marketing, personalisation aims to streamline the user journey, to cut through the myriad of perplexing product choices and ultimately give the user what they want, now. Amazon has been making personal recommendations for a long time, but now the technology is more available than some realise and is evolving performance marketing. The humble text link has also seen its share of innovation with overlays presenting price comparison and loyalty incentives onsite.

However, in the world of ecommerce, cart abandonment is a frustrating reality. The discussion of post-intention entwines with timeliness. To catch the user while they still have your product salient in their mind and at a time when buying is still feasible is a tricky potion to mix; however, re-marketers are developing ways of not only targeting the user with their left behind goods, but introducing personalisation techniques through email recommendations.

Tradedoubler

Tradedoubler devises and implements performance marketing strategies for companies who want to boost online revenue. Our core business is based on a technology platform that enables advertisers to run different types of programmes across our international publisher network.

A major advantage of Tradedoubler's performance marketing solution is the ability to track across online, mobile web and app solutions. Our international network enables us to help advertisers expand geographically and our client services team offer a single point of contact for advertisers requiring account management across multiple markets. We have expertise across a range of vertical sectors, including travel, fashion and retail and count some of the world's most renowned companies among our clients.

So with these diverse traffic sources tapping into the user journey, does the future of the performance marketing payment model lie solely with cost per acquisition? Just as performance marketing has not purely relied on CPA (cost per acquisition) in the past, nor can it rely purely on it in the future. The riskless CPA is an attractive proposition in performance marketing and will most likely remain the base metric, but it doesn't always make everyone happy. Bloggers and email networks are a great way to extend reach but they need to monetise their content effectively. Therefore when conversion rates are lower, hybrid or arbitrage models may be appropriate. The conversion rate just isn't there for such affiliates and the risk of taking on this model pushes the boundary of commercial feasibility. Hybrid models and arbitrage models make an attempt to bridge the gap.

Take an email provider who purchases targeted user data on a CPM (cost per mille) metric. The merchants on said email are expecting to pay CPA. Who wins? A hybrid payment model permits the email provider to disseminate the cost of acquiring the data between merchants; the CPA comes into play as the margin for the email provider. Arbitrage models on the other hand, can be slightly more convoluted in practice. We will continue with our example of the email provider. Rather than simply handing over the cost of data to the merchants, the email provider decides on an acceptable CPA rate that, when considering average order value and conversion rate, covers the cost of the original data purchase. This is known as the effective CPM. The end result has email provider purchasing data via CPM and confidently selling inventory on the email via a CPA that will cover costs.

At this juncture it is impossible to ignore the rise of the attribution model. Attribution encapsulates the idea of incentivising publishers who contribute to the total user journey. Within the industry, this is a continuing debate. Publishers who compete for the last click may find themselves having a smaller slice of the CPA pie, while publishers falling into the Pre-Intention field could be incentivised for the role they play in assisting the sale.

Discussing all of these examples of the flexibility of the channel equate to an emergent, acquiescent, entrepreneurial performance marketing industry. One that demonstrates limitless possibility to commercially explore a user's buying journey.

2

Optimisation

A practical guide to setting up and managing affiliate programmes in line with best practice. Understanding affiliate types, developing strategies, innovating and ensuring the channel meets overall objectives.

2.1 Strategy

A performance marketing strategy requires an approach tailored towards achieving advertisers' marketing objectives, whilst supporting their wider digital marketing plan. Aspects that typically require consideration are objectives for acquisition, value, retention and engagement.
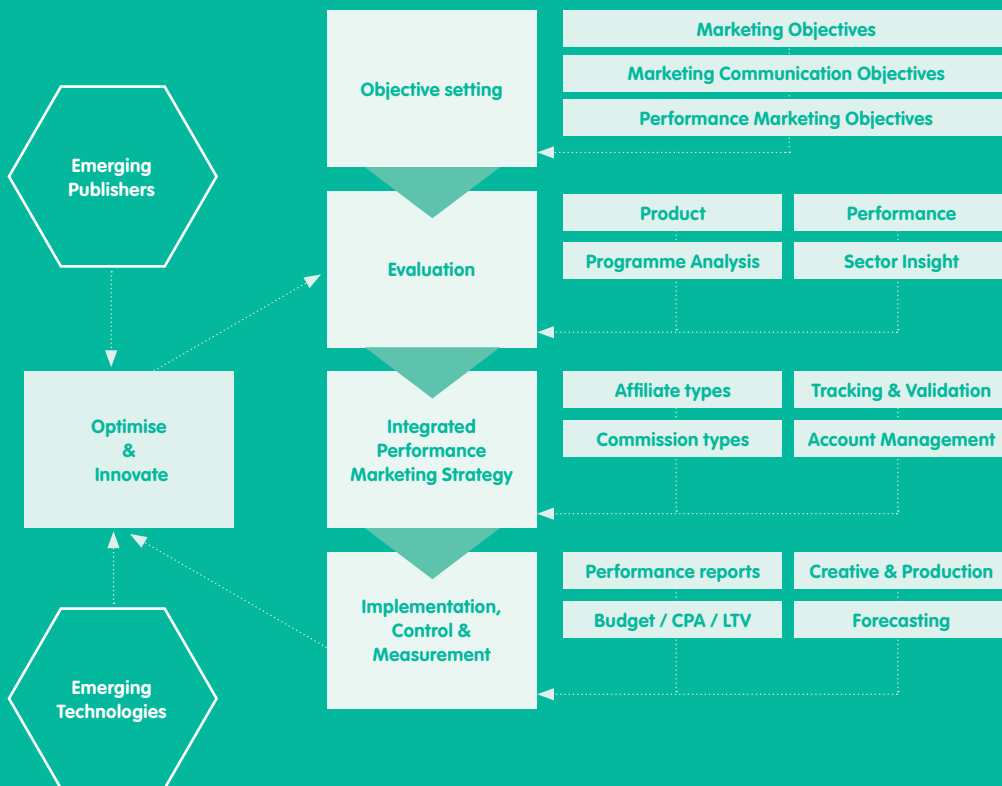
by Stephen Rumbelow
Commercial Director, OMG

OMG are a leading Performance Marketing agency, delivering unique performance marketing solutions that extend reach and increase sales through affiliate and reward marketing, lead generation and comparison technologies.

Operating across Europe, Asia & Latin America we help clients drive quality sales, strong ROI, gain valuable customers, and all whilst safeguarding their brands online.

Our impressive list of clients, from major blue-chip companies, to exciting emerging bands, is testament to the outstanding service we offer.

The framework opposite can help define the core aspects of strategy that need to be considered to identify the best ways to deliver the desired results.

Objective setting

It's important to set clear, measurable objectives, which can be derived from:

- **Marketing plan objectives –** sales related, market share, ROI and profitability indicators
- **Marketing communication objectives –** awareness, reach, preferences and target audiences
- **Performance Marketing objectives –** sales volumes, target cost per sale and budgets, relative to other online marketing channels

Evaluation

The core aspects that typically need consideration are:

- **Product –** key selling points, target audiences and purchase trigger points
- **Performance –** average cost per sale, conversion and sales volumes
- **Programme analysis –** current affiliate mix contribution to objectives
- **Device performance –** clicks, sales and conversion across desktop and mobile
- **Benchmarking –** data-driven insight, sector trends, industry knowledge and benchmarking

This drives actionable insight to determine how different affiliate types, devices and technologies can be developed and optimised.
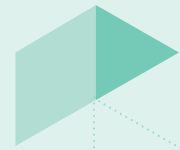
Integrated performance marketing strategy

The ability to reach, engage and acquire the right customers across multiple devices should be at the heart of the performance marketing strategy. A broad mix of affiliate types and different commissions can help achieve this, driving value and optimum ROI across desktop and mobile.

The core campaign components that usually need to be configured are:

Affiliate types

The affiliate types advertisers chose to work with will influence the effectiveness of targeting different demographics of consumers.

For example, affiliates operating within email, cashback/loyalty/rewards and social can typically target consumer segments at a granular level. Whereas vouchercode websites, paid search and comparison websites can target by the purchase intent of consumers.

For further information, refer to Chapter: Affiliate Types

Commission types

Commission types are varied and can be aligned towards achieving different objectives. Affiliates should be motivated to promote advertisers whilst achieving advertisers' objectives.

It's crucial to consider how different commission types can be leveraged to achieve different objectives, for example:

- Tiered commission structures to incentivise volume
- Bespoke deals to reward affiliates driving volume and value
- Strategic increases around certain times of year to bolster sales
- CPL or CPCall to facilitate conversion from mobile

For further information, refer to chapter: Flexibility

Tracking and validation

Effective tracking and validation is fundamental and it's important to define how conversion to sale will be tracked. Advertisers need to validate sales to ensure affiliates can be paid their commission on time, which ensures commitment to reinvest in the programme.

Other considerations include:

- Understanding whether any extended validation criteria is required to ensure quality e.g. for incentivised purchases
- Tracking across desktop, mobile sites and apps
- Call tracking and validation

Account management

Solid account management will enable close alignment of the performance marketing plan with advertisers' objectives. It also enables adaptation to changes in objectives and market conditions.

Implementation, control and measurement

Delivery of the performance marketing strategy should be controlled and managed closely. In addition to standard reporting against all pertinent performance metrics, other aspects include:

- **Forecasting** to ensure budgets achieve volume and value targets; and to ensure the contribution of the performance marketing channel is fully understood when overall marketing budgets are optimised
- **Budget management** to ensure consistency and to adapt to changes in algorithms, competitor commissions and market conditions
- **CPA alignment** to optimise affiliate volume performance tiers, value of affiliate segments, product values and LTV contribution
- **Protection** to ensure traffic quality management, brand and content compliance
- **Creative management** and optimisation
- **Device performance reporting** to optimise performance across desktop and mobile

For further information, refer to chapter: Programme Management

Optimise and innovate

Driving innovation and growth enables the performance marketing channel to continually adapt to changes to objectives and the needs and behaviours of consumers. The core aspects are typically:

- Commercialising new technologies, such as re-targeting or programmatic
- Developing a deep understanding of advertisers' LTV metrics to drive long term value
- Understanding purchase trigger points to recruit new affiliates
- Using data-driven insight to allow advertisers' to refine their marketing plans e.g. developing strategies and tactics for mobile

Ultimately the real drivers of performance marketing success are ROI, customer acquisition and lifetime value.

2.2 Programme Management

by Aga Noskowska
Account Manager, Navigate Digital

Effective and strategic programme management is the foundation of success in affiliate marketing. A well-managed affiliate programme is aligned with the wider marketing goals and objectives of the organisation and is responsive to changes in order to deliver commercial value. There are a number of key elements that contribute to a successful programme.

navigate

Navigate Digital is an independent, full-service digital media agency specialising in affiliate marketing, media planning & buying, paid search and digital strategy. Our channel agnostic approach allows us to tailor our strategy for each of our clients in order to deliver tangible results.

Recruitment

Recruitment is one of the most important parts of programme management. Every day new publishers join the industry so it is essential to bring new life into your programme. Proactive recruitment will not only help to reduce over-reliance on particular affiliates but it will also significantly increase brand exposure.

The most effective recruitment tools:

1. Affiliate networks

2. Search engines – find publishers based on relevant keywords

3. Blog search engines

4. PerformanceIN forum – online community where affiliates, agencies, advertisers and networks share ideas regarding the industry

5. Competitors back linking – check who is linking to your competitors sites. These are potential affiliates that are already interested in your products

6. Social media – for instance on Twitter you can find potential affiliates by searching for related keywords or topics

When planning your recruitment:

- Make sure your communications stand out

- Give compelling reasons why affiliates should join your programme

- Personalise your email as much as possible

- Make sure you follow up

Regular communication with your affiliates is another important aspect of programme management.
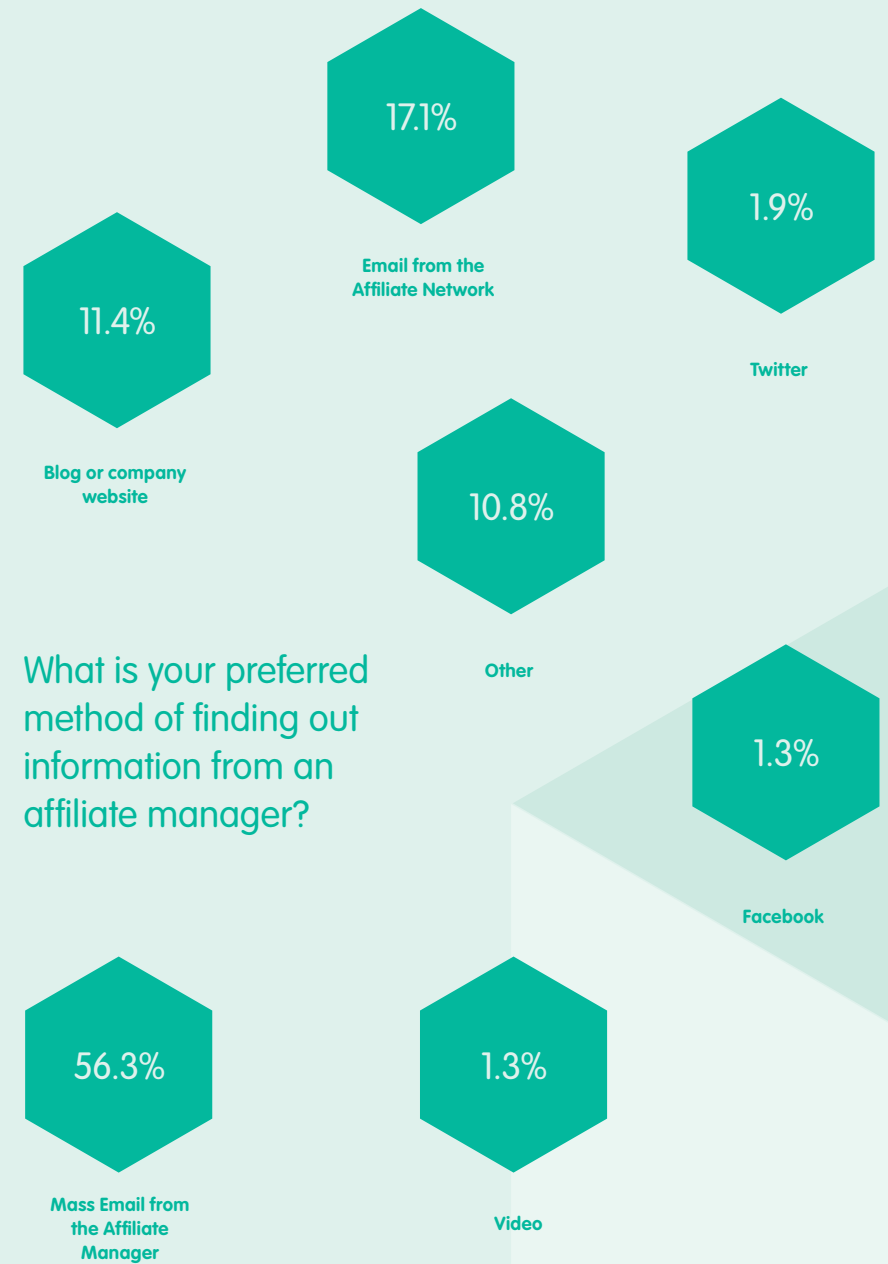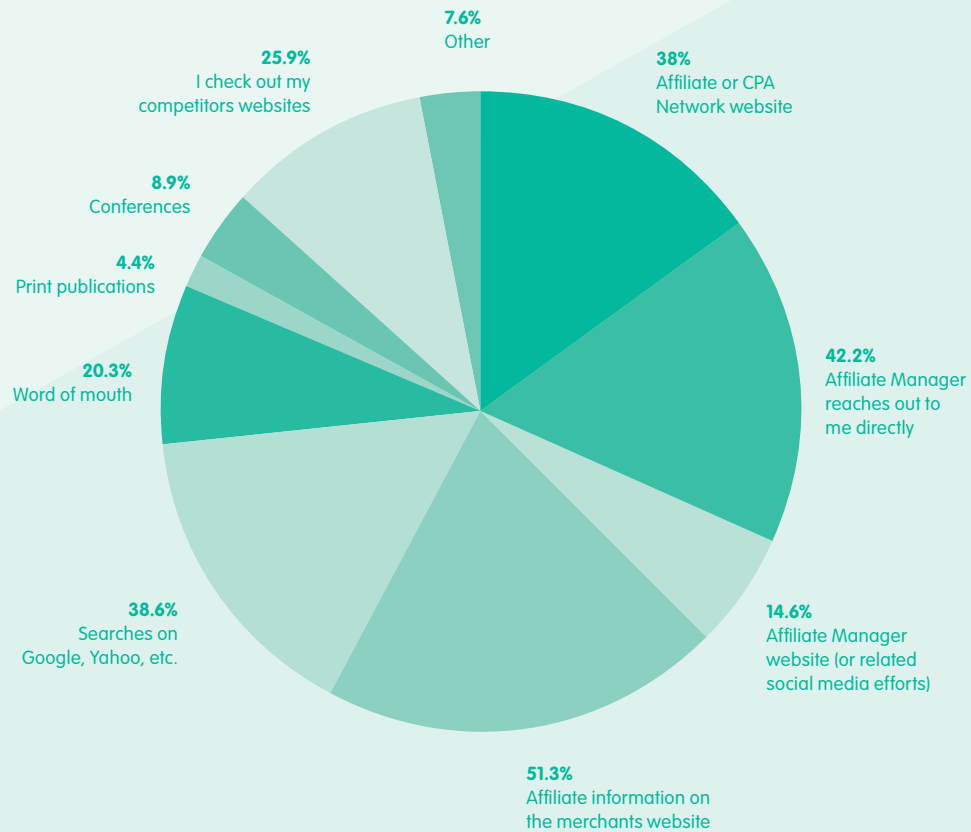
Email is generally the most popular method of communicating, with direct emails from programme managers being the preferred options cited in a recent survey.

Email is the easiest and very often the best way to communicate with busy affiliates but you only have a few seconds to grab their attention. To encourage affiliates to open the email & take action, make sure your subject line is clear & the email content concise, relevant and attractive to read, it should be action orientated rather than informational.

Communications should be customised based on affiliate type; voucher sites may need an exclusive offer to drive sales whereas content sites generally require more detailed product information to feature.

Affiliates are often partnered with many other merchants, so you need to build strong relationships with your affiliates to distinguish your programme. Being responsive to requests and making yourself easily contactable will go a long way to help.

How do you typically find out about a new affiliate program?

7.6%
Other

25.9%
I check out my competitors websites

8.9%
Conferences

4.4%
Print publications

20.3%
Word of mouth

38.6%
Searches on Google, Yahoo, etc.

38%
Affiliate or CPA Network website

42.2%
Affiliate Manager reaches out to me directly

14.6%
Affiliate Manager website (or related social media efforts)

51.3%
Affiliate information on the merchants website

What is your preferred method of finding out information from an affiliate manager?

17.1%

Email from the Affiliate Network

1.9%

Twitter

11.4%

Blog or company website

10.8%

Other

1.3%

Facebook

56.3%

Mass Email from the Affiliate Manager

1.3%

Video

Incentives

Incentives can play an important role in creating loyalty to your programme and driving growth.

Don't be afraid to get creative with bonuses and offer promotions in addition to the basic commission. A tiered commission structure can also act as a good incentive – the more sales the affiliate generates, the higher the level of commission they receive. As a merchant, using your own product as an incentive can often work well.

It is always good to approach your affiliates directly and find out what type of incentive would motivate them the most. You could then offer them a bespoke reward depending on your budget and the publisher's preferences.

A low barrier to entry is important, so that as many publishers as possible can participate.

Creative management

To get the most from your affiliates, it is important to give them all the tools they need in order to promote your services or products as efficiently as possible.

55% of affiliates consider text links to be the most effective method of linking to a merchant site; with banners (36%) and data feeds (25%) also voted a popular form of promoting brands.

Have multiple sets of ad banners available for publishers. One set should feature generic branding; other sets should focus on individual product categories or seasonal offers.

Ensure you provide a wide range of banner sizes and formats and are able to create tailored creative – it's important to be able to react to constant changes in the market.

Each set of banners should be available in the following sizes:

- 468 x 60
- 728 x 90
- 250 x 250
- 200 x 200
- 336 x 280
- 300 x 250
- 120 x 600
- 160 x 600

Data feeds can be visualised as a spread sheet of all available products, where each row represents a single product, and each column represents one characteristic of that item. Examples of these include product name, landing page, price, image and description. It is generally provided to networks in CSV or XML format which publishers can then import into their own databases, product catalogues or online shops.

Data feed considerations:

- Check URL links. This includes the affiliate links as well as the image and source URL's
- Keep prices up to date
- Provide good product descriptions
- Remove out-of-stock products

Conversion rate optimisation

Overall conversion rates may vary from less than 1% to over 10% depending on the quality of traffic and how well the merchant has optimised their website.

A few tips how to improve the conversion:

Credibility-based design

It is very important to make a good first impression and prevent scaring people away. Every website is judged in the blink of an eye.

Make it quick and easy for customers to purchase

If visitors can't find what they are looking for, they will leave and look elsewhere. Using price tables can make it clear to visitors how to buy. Use drop down menus on landing pages instead of banners to increase click through rates.

Use strong call-to-action

Customers always ask "What's in it for me?" Buttons that ask customers to act by giving them what they want have the highest click through rates. For example, 'book your free consultation now'.

A/B testing

Test everything to maximise ROI. After making any changes, check your conversion rates and compare the results with before.

Planning

Planning affiliate activities in advance can help keep your programme aligned with your online and offline marketing calendar and create a stronger association between the products you promote, seasonality and the daily lives of customers.
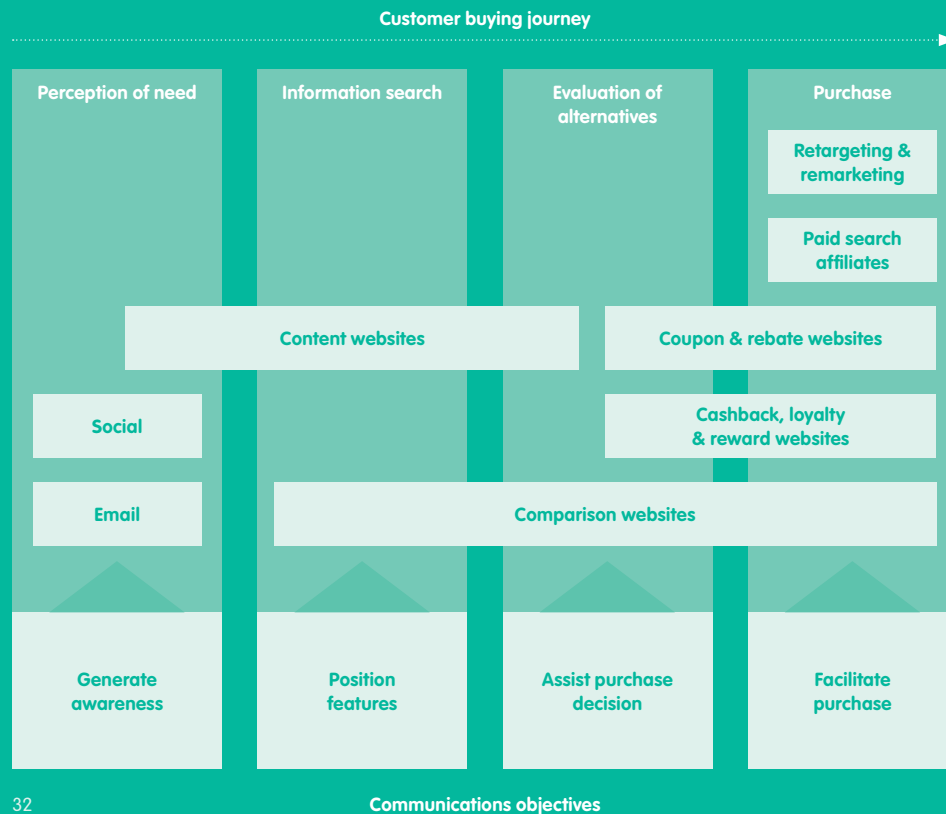
Creating an affiliate marketing calendar will help you stay on top of all the various publishers' opportunities such as themed newsletters or events and effectively, generate more sales.

A successful affiliate programme takes time to build, but with effort it has the ability to significantly increase your online revenue.

2.3
Affiliate Types

There are a wide range of affiliate types, each of which support different objectives around reach, engagement, volume and value. New affiliate types continually emerge, particularly within mobile, social and programmatic.

Customer buying journey →

Perception of need	Information search	Evaluation of alternatives	Purchase
			Retargeting & remarketing
			Paid search affiliates
	Content websites		Coupon & rebate websites
		Cashback, loyalty & reward websites	
Social			
Email	Comparison websites		
Generate awareness	**Position features**	**Assist purchase decision**	**Facilitate purchase**

by Stephen Rumbelow
Commercial Director, OMG

Knowing which customer types engage with which types of affiliates and where they are in their buying journey is key to optimising content and calls to action across the mix of affiliate types.

Email

Email marketing affiliates own their own email database or access data from third parties. They have vast customer demographic data and segment databases to enable targeted email campaigns to extend reach, originate need and trigger purchases.

- Vet where data is sourced to ensure quality and relevance
- Ensure robust DPA (Data Protection Act) policies are in place
- Ensure creative is relevant, compelling and engaging
- Continually optimise by regularly refreshing creative

Social

Social can extend reach, drive awareness and help originate need via highly targeted promoted posts and ads on Facebook, or promoted tweets. If the product is relevant, consumers may not need to evaluate alternatives meaning long term value may be higher.

- Campaigns should be highly targeted
- Creative should be concise and impactful to draw attention to a product

Content websites

These sites are editorial focused, including reviews, blogs, forums and user generated content. They can generate awareness to a large base of consumers whose needs are aligned to a particular interest. Their bias towards editorial content enables communication of all features and benefits, not just price.

- Content should be original
- Position all unique selling points that resonate with customers' needs
- Optimise sales through relevant consumer offers/exclusives

Comparison websites

These sites enable consumers to compare prices from a range of advertisers and quickly identify which product has the cheapest price or best meets their needs. These sites will drive significant volume if a product is competitively priced.

Advertisers are listed by price, or EPC (earnings per click) metrics via best buy tables, product listings, or results based upon consumers' preferences.

- Strong effective EPCs are important
- Focus on optimising sales that deliver long-term value

Cashback, loyalty & rewards websites

These affiliates reward their members by paying commission received from advertisers for purchases made. They are highly trusted brands with vast reach and can drive significant volume if the offer is strong.

Products that aren't market leading on comparison sites can be market leading in the context of cashback. They can also help originate a need to purchase, especially from advertisers not considered before.

- Focus on optimising sales that deliver LTV (long-term value)

- Target offers at more profitable customers, or use multi-product offers to drive higher LTV

- Have robust user identification (UID) tracking and effective validation and cashback enquiry processes to ensure positive customer experiences and reviews

Voucher and rebate websites

Highly trusted brands with vast reach, providing directories of discounts, offers and vouchers to save money on purchases. Must adhere to the IAB's Voucher Code of Conduct.

- Develop unique offers to gain exposure via email, homepage and category hot spots

- Use quick expire codes to drive immediate sales

- Use exclusives to incentivise affiliates' referring higher quality, repeat customers

- Test paid search campaigns for brand + voucher keywords to drive incremental sales

Paid search affiliates

These specialise in PPC (pay-per-click) advertising in search engines for keywords relating to their site or advertisers that are being promoted on branded microsites. They can provide instant, targeted sales volume for the full long-tail of brand and generic keywords across desktop and mobile.

- Assist with brand protection, pushing out competitors from the paid search space

- Promote a broader range of unique selling points complimentary to advertisers' existing paid search strategy

- Manage activity closely to ensure brand PPC bid prices remain cost effective

Re-targeting & remarketing

These affiliates provide technology that enables re-engagement with consumers who have visited a website but who haven't purchased. By placing tags on advertisers' sites they can re-target consumers via email (remarketing) or display advertising (retargeting) using relevant contextual copy to encourage purchase and drive conversion uplifts.

Other technologies have emerged to enable re-targeting via interactive overlays, triggered by detecting when a user is about to leave the site without purchasing.

- Set clear cookie hierarchy rules to ensure focus on driving incremental sales

- Consider excluding certain traffic sources

- Be careful using incentives as they can encourage basket abandonment

2.4
Analysis

Like other online channels, performance marketing is rich with data. Time invested understanding performance data will pay dividends, providing insight that can be compared with the performance of other channels, directing your programme strategy and informing your overall business. It can also offer valuable insight into your customers including how, when and what they buy and which device was used at different stages of the purchase process.

Fig 1

Value (y-axis) / **Datetime** (x-axis: 21 Feb, 28 Feb, 7 Mar, 14 Mar, 21 Mar)

Order value per click
Moving average(s)

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by Chris Russell Smith
Sales Director UK, Tradedoubler

Every company will have its own bespoke metrics and many network interfaces will allow the user to define these in custom reports derived from pre-existing data.

Common metrics

The following takes a look at some of the standard metrics and KPIs that are commonly offered in network interfaces and their most common uses.

- **Click Through Rate (CTR) –** these will vary by publisher and sector but are a useful way of measuring the success of a banner or promotion. This can also help define the Cost Per Click (CPC) for content publishers who want to be remunerated for traffic rather than sales.

- **Conversion Rate (CR) –** this is generally reflective of a site's overall conversion rate.

  Affiliate traffic can be expected to convert higher as the consumer has been moved further down the purchase funnel by the affiliate.

  Analysing the CR from different affiliate types can inform the role that publishers play in the purchase process and inform programme strategy.

  Drilling down to product level will inform which products convert best and inform tactical promotions.

- **Average Order Value (AOV) –** this is important for understanding trends in buyer behaviour. AOV will be influenced by a number of factors including promotional discounting and free delivery. Free or cheaper delivery is becoming increasingly common, allowing the consumer to make multiple orders without incurring high delivery costs. Applying a moving average to the data can smooth out the spikes and show any ongoing trends **(Fig 1)**

- **Frequency of purchase –** it is important to set this against the AOV metric. An advertiser may see an increase in purchase frequency alongside a decrease of AOV.

- **Earnings Per Click (EPC) –** this is a measure commonly used by an affiliate to judge the commercial return on their traffic. EPC will again vary by sector and publisher segment.

- **Return on Investment (ROI) –** the PwC IAB Performance Marketing study found that on average performance marketing achieved 14-1 ROI. By measuring net return (sales value-cost) divided by cost, the advertiser can keep track of their own program performance. Again this KPI can also be applied at a publisher, segment or product level.

- **Effective CPA –** this is the actual cost of sale, which is important for businesses with a specific target and where product / category level CPAs or individual publisher CPAs are increased.

- **Product performance –** this tracks which items sell the most and how sales are affected by promotional activity and device.

Applying these measures at various levels of the program and comparing results against, for example, publisher segment is where an advertiser can gain the best insight into how their program is performing.

37

Customer journey analysis

Understanding the path to purchase will give an advertiser a better understanding of which channels and sites are involved in the purchase process from awareness through to intent and purchase.

- Many sales will convert via incentive publishers like cashback or voucher sites but…

- A consumer may have visited several other sites along the way. Understanding the value each of these touchpoints brings to the process (influencer, converter) can inform how a program is managed.

- **Fig 2** depicts a content site that acts as an important influencer and consistently refers traffic that converts well. This publisher might be better engaged by working on a CPC or a higher CPA to reflect their role.

- This data is also important in determining a full attribution strategy.
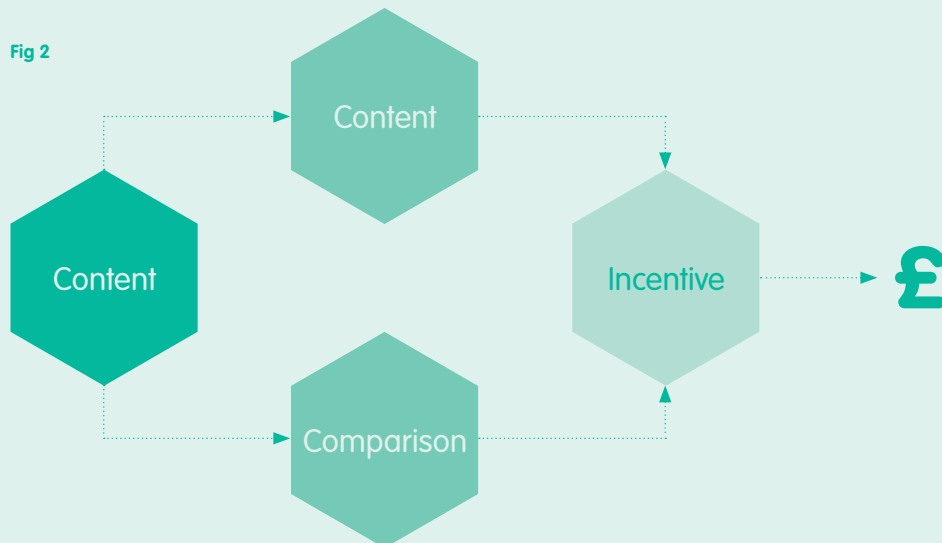
The importance of in-house data

Integrating with in house data is also important to generate insight specific for your business, augmenting the data further. If customer data is attached to affiliate data, further understanding can be gained:

- Which affiliate or segment drives the best quality traffic determined by lifetime value, frequency of purchase, highest AOV or any other desired behaviour.

- Understanding the geographical spread of purchases, and the products within that purchase, will allow more complex geo-targeting of specific activities.

- New customers versus returning customers – many performance programs are focused on customer acquisition and so CPAs can be tailored accordingly. Increasingly publishers are able to use this data to cross-sell new products to existing customers and effect retention rates.

Mobile data

Analysing mobile data in conjunction with industry and internal data will allow the advertiser to understand:

- How consumers use affiliate sites on mobile

- When, where, and on which device they research and purchase

- Which sites consumers use to research and purchase

- How AOVs and conversion rates differ by device and time

When an understanding of the mobile consumer has been gained the advertiser can customise graphic assets and messaging – optimising their campaigns to increase conversion.

Fig 2
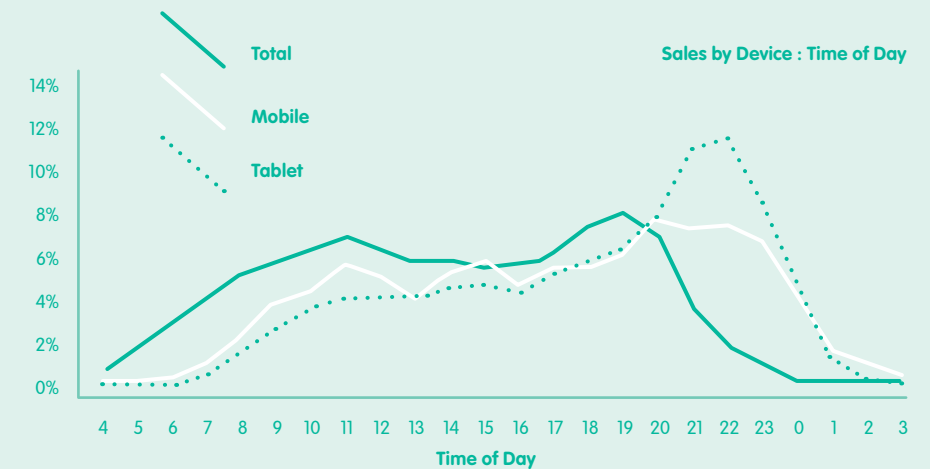
2.5
Platforms

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There's a vast amount of options open to those wanting to plan an online performance marketing solution for their website, and it can often be difficult to know where to start. This article provides guidance on what to consider from the outset, and how to decide which option is best for your business.

As with all supplier selection processes your first stop should be determining your requirements. Start by making a list of essentials, as this will help you to understand your core priorities. Follow this up with a 'nice to haves' list that will make the selection process far easier. The primary elements when choosing the type of platform to invest in are time, experience and the staff you have 'in-house' to manage your affiliate programme. Once you know these, you can begin to apportion budget. The different platform options can be broadly broken down into 3 key areas.

1. Affiliate networks – IAB member networks and leading affiliate networks in the UK are: Affiliate Window, Tradedoubler, Webgains, Affilinet, Commission Junction, Rakuten Linkshare and OMG

2. Software as a service / off the shelf tracking solutions for in-house management – leading examples include Performance Horizon, and CAKE, both IAB members

3. A combination of the above, sometimes managed by an agency but also possible to maintain in-house

by Gavin Male
Managing Director, R.O.EYE

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The best way to think of any platform is as a technology middle man, sitting between advertisers and affiliates. Each option has advantages and each company looking for a tracking platform is different, therefore the best solution is not the same for everyone. For example, Affiliate Networks have a number of benefits versus direct tracking platforms and vice versa. Each platform type is summarised below:

Affiliate network

One of the main advantages for an affiliate network is that an affiliate can find a number of appropriate offers in one location, whilst advertisers can have a lot of affiliates exposed to their offer.

An affiliate network will be able to manage a lot of the workload. For example they can recruit affiliates, bring in new advertisers, manage the technology to track the sales or leads and process and send the payments. Due to their management responsibilities, networks charge an override which can vary depending on the level of management required, volumes the programme tracks and various other factors. An Affiliate network will generally offer a faster route to market and has a ready to go affiliate base of websites able to promote the offers that are suitable to them.

Off the shelf

This is the directly managed option and usually comes with two main benefits. Firstly, there is potential for major cost savings and secondly there is added insight and 'big data' reporting.

The direct tracking platform will often be charged on either a CPC (cost per click) or fixed fee basis meaning that the solution is scalable and offers significant savings if you have a large affiliate program or high lead or basket values. However, directly managing your own affiliate program through an in-house tracking platform means that the work which usually falls onto the affiliate network or agency needs to be completed in-house. This means that you would require additional staffing resource to manage the program in both a pro-active and reactive manner. For example, the advertiser would need to carry out a number of the tasks often managed by an affiliate network such as compliance monitoring, affiliate validations and payments etc. Access to the wider pool of long tail affiliates would also be limited, meaning affiliate recruitment could be more labour intensive.

There is of course support available from the software providers and many of the more established 'super-affiliates' are now used to working via these technology companies on a number of high profile campaigns.
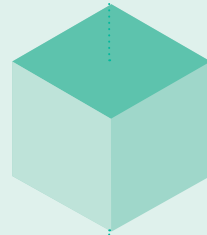
Agency led solution

This is where a program uses a mixture of software platform and affiliate network. Typically, it is managed by an agency but can also be run in-house. A combination of affiliate network and direct tracking software has benefits for example, specialist performance marketing agency's often partner with tracking technology providers to deliver cost savings on tracking major affiliates and as performance marketing is no different from most industries, the Pareto 80:20 principle often applies. With this in mind, it is possible to track leading affiliates through a direct or agency managed tracking platform. This provides significant cost savings on the bulk of your activity but usually results in a need to pay more for long tail tracking as the network will still be carrying out significant levels of work.

If you have retained an agency they will ensure that the overall program runs smoothly and will combine the activities of the two platforms into a singular view, single invoice. If you are managing it yourself, the workload will be two-fold but there are cost benefits. Any agency does of course also come with an associated cost for their services, usually in the form of a management fee or retainer.

So, what is the best way forward? The answer depends on your key drivers. It is worth noting that all options will still meet your needs and there is a place for every type of platform, it is just a case of considering your priorities and being aware of evolutions in different areas. Essentially, the best solution will depend on your individual business needs. Take your time and be sure to assess your options carefully before you sign on the dotted line.
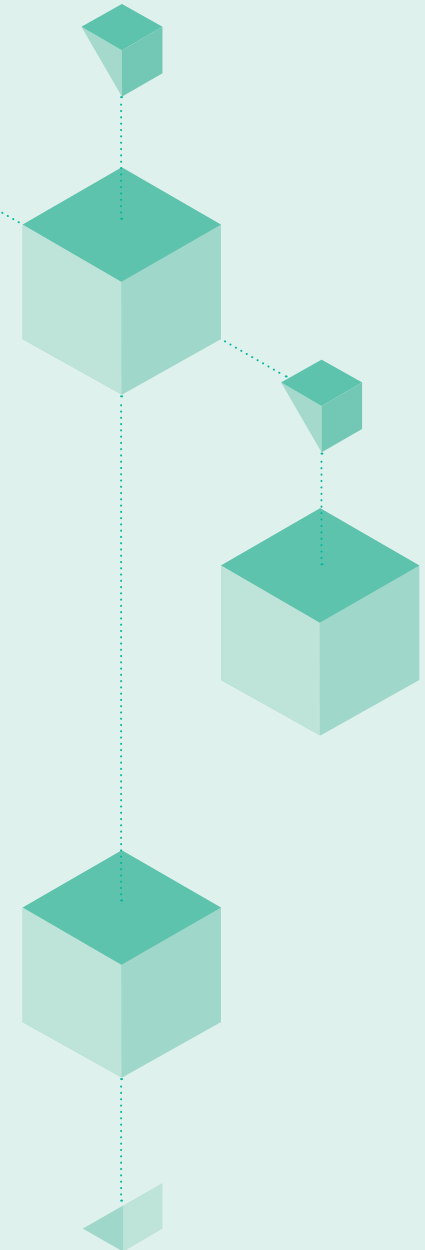
2.6
Mobile

The mobile advertising market is growing fast. IAB figures show an annual growth rate of 127% from H1 2012 to H1 2013 – far higher than any other sector. Coupled with this, one in three online sales now come from a mobile device (CapGemini) and so it's not just an exciting time for mobile, it's a critical time for the industry to embrace the opportunities available to them.

Many merchants and affiliates make the mistake of copying their desktop experience and expecting it to work on mobile – it won't. Differences in tracking, publishers, conversion events and consumer behaviour mean this must be considered as part of an overall strategy. This is a short guide to mobile optimisation, tracking, campaigns and reporting, which will help you to make the most of mobile and the unique opportunities it delivers in the affiliate industry.
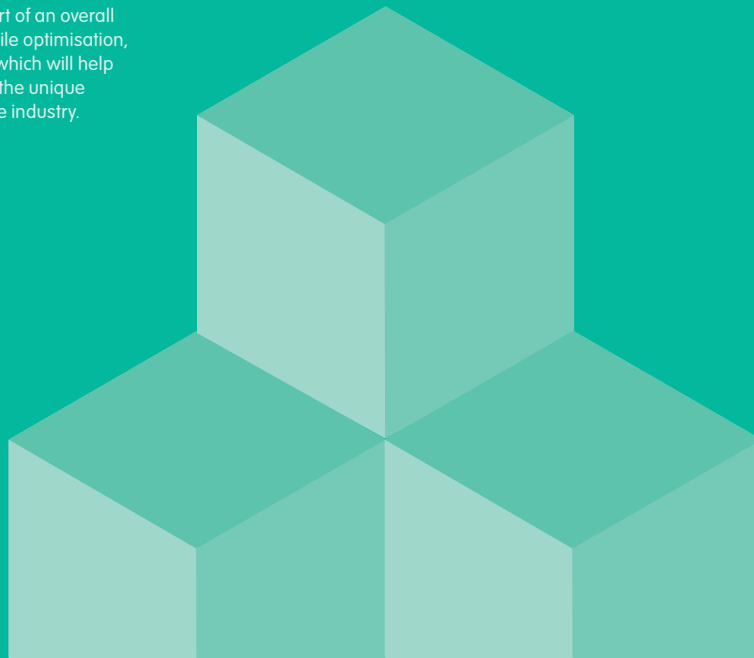
by Enric Pedró
Senior Account Manager, Linking Mobile

linking-mobile™
the performance network

Linking Mobile is the UK's first mobile advertising performance network. Linking Mobile works with the world's largest brands delivering leads, sales, downloads and in-app events in over thirty countries across all mobile devices. All activity is tracked, billed and reported at device level via our proprietary mobile software LinkMAX. Linking Mobile is integrated with all sources of mobile traffic worldwide.

Optimising for mobile – merchants and affiliates

IAB research shows that consumers view five times more pages on properly optimised mobile sites. Furthermore, desktop sites accessed via mobile will increase bounce rates and dramatically reduce conversions, so making the most of your mobile traffic will require changes to your current desktop content to make sure it's relevant to a mobile audience.

Mobile sites

Mobile optimised sites are designed to render correctly on all tablets and mobile devices. It can be achieved on a responsive site made with HTML5 or a standalone mobile site. Consumers can easily access these sites via their mobile browser and if you take into account that average mobile site visits are three pages long you need to adjust and develop your content accordingly. For example, mobile sites are ideal for lead generation, data capture, click to call campaigns and one-time sales.

Mobile applications

Mobile applications are destinations built in native code. Apps should be built for all devices (iOS, Android and Windows). Consumers can only access apps from the relevant app stores and they are installed on to the device itself. Mobile apps are great for repeat purchases, CRM campaigns, rich media and basket value campaigns. Be aware that tracking apps is a complex area – app promotion (Cost per download) is a popular area within the sector but requires specific tracking and optimisation skills.
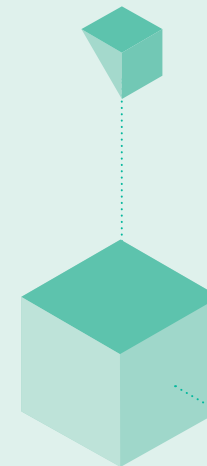
Tracking conversions on mobile

Tracking a campaign on mobile is not straightforward This is obviously crucial for the performance marketing industry. Ensure your tracking does not rely on cookies, has been built for mobile and is integrated with any relevant third parties before embarking on a campaign.

Tracking conversions on mobile sites

On a mobile optimised site there are two main set-ups:

- **Tracking pixel:** A line of code, sitting on the source of the site that activates on conversion. This is similar to desktop but does not rely on cookies

- **Server to server integration:** A deeper integration compared to a tracking pixel. It provides further details to the affiliate on conversion such as click ID, device ID, manufacturer or browser version

Tracking mobile application conversions

Ensure that your network or software platform is mobile optimised. A software developer kit (SDK) must be installed within a merchant's app for this to work. Once this is done however a merchant can track the sources of downloads, app opens, in-app sales and any other in-app event the merchant wishes. Affiliates can be rewarded for any of these conversion events, but make sure that these events are posted back to them in real time to allow for optimisation.

Campaign metrics

Mobile offers a variety of ways to work with and reward affiliates, some of which are unique to mobile;

- **CPL – Cost per lead:** Each time a consumer submits basic contact information on a mobile form. This can be a registration, a brochure request or prize draw

- **CPA – Cost per Acquisition:** Each time a consumer acquires something on a mobile site the affiliate gets paid. That being for instance; placing a booking, subscribing to an online magazine or placing an order

- **BVC – Basket value commission:** Each time a consumer purchases on a mobile site or app, the affiliate gets paid a predefined percentage of the order

- **CPD – Cost per download:** Also known as Cost per Install (CPI), each time a user downloads and opens an app the affiliate gets paid

- **In-app CPA/CPL:** Each time a consumer performs an action within an app the affiliate gets paid. This could be a booking, a subscription or a deposit

- **Retargeted CPA:** Each time a consumer is sent to a specific page within an app the affiliate gets paid

- **Click to call:** A user on a mobile site is redirected to a client call centre

- **In-store CPA:** A consumer accesses a discount code via mobile web and redeems the code in-store

Reporting

Useful insights such as clicks and conversions by type of device, manufacturer, OS or browser version can help you to understand where your consumers originate from and will allow you to optimise your campaign accordingly. For example you can target tablet users for more involved purchases, or users on a WiFi connection who are more likely to download and try new (especially large) apps. Performance by time of day and day of week will also tell you when you should focus your mobile marketing efforts. Basic insights such as "80% of my conversions came from Samsung Galaxy devices" will dramatically improve your mobile affiliate campaigns.

2.7 Native

Native advertising isn't exactly new, but the trend towards content-based marketing has seen interest in the topic peak in recent months, especially as advertisers seek to engage with consumers on a more personal level.

To better integrate with consumer's lifestyles, advertisers are seeking to ensure that their communication is not only relevant and aspirational but also timely. Native advertising, which seeks to target customers by serving up sponsored content within the context of their online experience, answers this brief perfectly.

And it's an approach that many advertisers are finding to be highly effective. Evidence so far points to it having better CTR and CR than standard banners, which many people feel have become too intrusive and don't add any value to their purchasing decision making process. In fact research from DoubleClick last year reported that consumers click on 0.1% of banner ads. Given consumers' less than amorous feelings towards banner ads, it perhaps isn't all that surprising that the engaging nature of native advertising is yielding better results.

Neither is the fact that affiliates have been integrating native advertising into their business model for many years. Copy, content or reviews are all a form of native advertising. Whilst there may not be an overt advert, there is a commercial link between the content and the advertiser. It is this blurring of the line between what is editorially and what is commercially driven that represents something of a cross roads for native advertising and just how successful it can continue to be.

by Helen Southgate
UK Managing Director, Affilinet

affilinet

Affilinet is Europe's fastest growing network, working with advertisers such as Debenhams, First Utility, Holiday Autos, Thomas Cook, Virgin Atlantic and many more to optimise their performance activity and grow their revenue through the affiliate channel.

Challenges

Unquestionably when done well native advertising is a very good tool that can help to drive sustainable sales for advertisers. But when done badly there is the potential for brands to experience some serious backlash. If advertisers aren't clear that the content is commercially motivated, consumers can feel duped and that their trust has been broken. And that is a big no no. Trust is at the heart of the consumer purchasing decision-making process. An individual transacts with a company or brand because they trust them to deliver their goods or service. If an advertiser breaks that trust by not making it clear that the content is paid for they may find themselves in trouble.

In traditional media, native advertising would be best recognised as advertorials. To avoid any confusion or concern, publications have made it clear that the content is sponsored, yet is designed to be in keeping with the house style. This clear distinction helps the reader to make an informed decision about whether or not they want to read on. As best practice these 'editorial rules' need to translate into native advertising as well. Consumers have a right to know that there is a commercial relationship between the advertiser and the publisher.

This isn't just something that advertisers need to consider, but publishers too. If consumers aren't sure about which content is editorial and which is commercial, they may well start to use other resources to help with their decision making process. If a publisher's traffic goes down, so will their ability to engage advertisers and sell advertising space. There is something of a misconception that if content is clearly marked as being from a third party that it will be less 'sticky' but this is far from true. The reader has to see value in it, but if it is relevant and provided within the context of the user journey it has as much chance of being read as an editorial article.

What are the next steps?

The opportunities and potential of native advertising are clear for the affiliate channel, especially as affiliate marketing, a microcosm of digital, seeks to help advertisers create more productive relationships with its audiences. To help overcome the challenges associated with native advertising, the IAB has set up a working group across various marketing disciplines in order to define what it is, how it should/could be self-regulated, best practice, pitfalls and measurement. The aim is to ensure that advertisers, publishers and consumers all benefit from native advertising by ensuring that it is transparent. This visibility is absolutely essential to its growth as a digital marketing discipline and the creation of good quality, compelling content that helps brands to build value and drive genuine, sustainable revenue.

3

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Policy
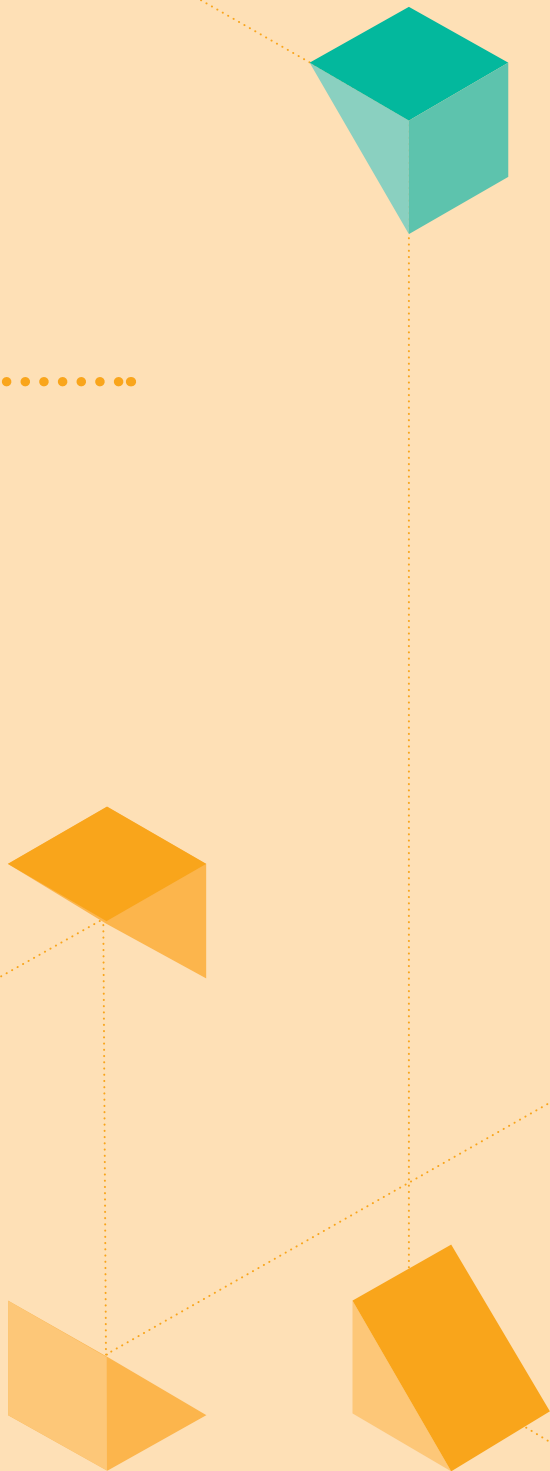
Details of both the industry regulations and self-governing polices developed to ensure quality and compliance within the channel.

3.1
Standards

● ●

As is the case with many established industries, within affiliate marketing there is a strong focus on professionalism, quality and standards. Alongside the need to provide assurance to our clients and partners, increasingly there are wider considerations including consumer experience and emerging regulations all of which underline their importance.

Whilst individual networks and agencies each have their own policies and processes for managing and maintaining standards, the highly innovative, changing and sometimes complex affiliate landscape means there is also a need for a collaborative approach.

The IAB provides the framework which enables this to happen through the Affiliate Marketing Council's Legislation & Standards Committee (LSC). The LSC members comprise networks, agencies, advertisers and publishers and meets regularly to agree broad principles as well as specific standards aimed at increasing levels of consistency and transparency across the affiliate space. On certain issues this collaborative approach undoubtedly proves more effective and leads to greater consistency and faster resolutions where issues arise than having multiple parties working independently.

Whilst there are a number of specific standards agreed by the relevant IAB AMC members, there are two key documents that serve to highlight and summarise the standards principles which the industry is built on.

Advertiser Standards Charter

A concise, non-exhaustive document aimed at advertisers that clearly conveys the need to operate with transparency and openness as a prerequisite of building an effective campaign and maintaining productive relationships with affiliates. Transparency around payment terms, sale validation, rejection processes and clarity around permissible promotion terms are all detailed along with other specifics.

Publisher Standards Charter

Released in 2014 and aimed primarily at affiliates this document effectively crystallises and contextualises the overriding principles and key practices that affiliates should adhere to. All affiliates are encouraged to read the PSC as a useful reference point.

by Nathan Salter
Chief Operating Officer, OMG

● ●

Key areas reinforced within the Charter include:

• The importance of adhering to advertisers' terms and conditions

• The affiliate's duty to the public and the importance of applicable laws, fairness, transparency and overall integrity when advertising or providing service to consumers

• The need for affiliates to engage effectively with networks, understand how they work and provide adequate information and insight where it is needed

• Technical practices, specifically ensuring that promotional methods are ethical and not in contravention of terms and conditions. Spam, adware and cookie stuffing amongst others are all confirmed as prohibited methods

The IAB AMC has published additional material, all of which serve as key points of reference for determining standards.

Voucher Code of Conduct

In seeking to encourage the positive and sustainable development of this incredibly popular and commercially important space, the code has been through several iterations and refinements. In essence it seeks:

(a) To maintain consumer confidence in vouchers as a purchasing method; and

(b) To ensure fair dealings amongst businesses which make use of vouchers as an affiliate marketing model

Enforcement of the code is primarily a responsibility of the networks although "If the issuer of the Complaint considers that the Networks have not properly and consistently enforced the Code, the issuer of the Complaint may notify the IAB by email to vouchercode@iabuk.net."

Behavioural Retargeting Guide

Given that retargeting is well embedded into the affiliate channel this guide defines some important standards in order to ensure that it's distinction from more traditional affiliate traffic is recognised and allowed for. Cookie duration and hierarchy, controlled distribution and consumer privacy are all addressed within this guide.

Downloadable Software
Code of Conduct

Aimed at publishers who promote using toolbars and software installed on user machines the code seeks to protect both consumers and advertisers and ensure the software is used responsibly. Key elements are that advertisers should only be promoted with their permission and consumers must have the power to control and uninstall the software.

Conducting Affiliate Audits

Audits are not always straightforward and the Code offers useful guidance around how they can be approached affectively. It highlights the need to ensure that publishers are given clarity around advertiser terms and conditions and that there is awareness that auditing is happening. As well as rooting out concerns they can also be used as an opportunity to understand and engage more closely with individual publishers.

In addition to the above codes, standards and guides there are others that focus on the increasingly important mobile channel as well as technical aspects of how to work effectively with data feeds.

The space will no doubt continue to evolve and as well as periodic review of existing standards and best practice there will no doubt be new areas requiring definition. All stakeholders – especially publishers, advertisers and networks – are encouraged to keep in touch with these industry developments through the IAB website www.iabuk.net.

3.2 Regulations

As with all forms of digital advertising, the affiliate marketing industry is governed by a combination of statutory rules and self-regulatory controls. Self-regulation and good practice (covered in the Standards chapter) supplements legislation and fills the gaps where the law does not or cannot reach, offering a quicker way to respond to market developments and set standards to achieve the most desirable market environment.

The CPRs and BPRs

Based on EU law (the 'Unfair Commercial Practices Directive'), the Consumer Protection from Unfair Trading (EC Directive) Regulations 2008 (CPRs) contain general provisions that protect consumers from unfair, misleading or aggressive advertising. They also detail 31 marketing practices which are in all circumstances considered unfair (the 'blacklist'). The blacklist includes prohibitions on unclear advertorials or the practice of direct exhortations to children to buy advertised products, among others.

Somewhat less known in digital marketing circles for the reason that they apply mostly in the B2B context, the Business Protection from Misleading Marketing Regulations 2008 (BPRs) nevertheless set out important rules for all marketers to follow. As such, they prohibit businesses from advertising products in a way that misleads other businesses, and also put in place conditions under which comparative advertising, to consumers and businesses, is allowed.

Enforcement of both pieces of legislation as far as they relate to advertising has effectively been delegated to the Advertising Standards Authority (ASA), administering the rules under the self-regulatory UK Code of Non-broadcast Advertising, Sales Promotion and Direct Marketing (CAP Code). You can read the IAB's briefing on this at www.iabuk.net/policy/briefings/the-consumer-protection-from-unfair-trading-regulations-2008.

by Yves Schwarzbart
Regulatory Affairs Manager, IAB

The Data Protection Act 1998

Data protection rules in the UK are laid down in the Data Protection Act 1998 (DPA) which transposed the 1995 EU Data Protection Directive into UK law. The Act regulates organisations that collect and process personal data (known as data controllers). According to the law, personal data means data which can (1) by itself or (2) in combination with other information identify a living individual. Organisations also have to be aware that the processing of sensitive data, such as health information or political orientation, is subject to stricter legal obligations (i.e. explicit consent).

Compliance with the Data Protection Act is primarily based on eight good practice principles which any actor in the affiliate channel that processes personal data must follow. These ensure that personal data is:

1. Fairly and lawfully processed
2. Processed for limited purposes
3. Adequate, relevant and not excessive
4. Accurate and up-to-date
5. Not kept longer than is necessary
6. Processed in line with individual's rights
7. Kept secure
8. Not transferred to non-EEA countries without adequate data protection rules (determined by the EU)

The Privacy and Electronic Communications Regulations

The Privacy and Electronic Communications (EC Directive) Regulations 2003 (PECR) were designed to complement the DPA, laying out more comprehensive privacy rules specifically for electronic communications.

Recent changes to the regulations in the form of the Privacy and Electronic Communications (EC Directive) (Amendment) Regulations 2011 – more commonly known as the UK's implementation of the EU ePrivacy Directive – have posed key challenges for the affiliate industry. The most prominent of these has been the requirement to obtain consent for using all technologies – including cookies – that store information or gain access to information on a user's device (replacing the 'notice and opt out' approach). You can read the IAB's fact sheet on the new law at: www.iabuk.net/policy/briefings/iab-fact-sheet-may-2012-revised-eu-eprivacy-directive.

Following the introduction of the revised rules, the IAB Affiliate Marketing Council (AMC) developed the Consumer Transparency Framework ('the Framework'). Aimed at publishers/affiliates, this guidance describes how data collection practices and cookies are regulated in the UK and recommends a three-pronged approach in achieving compliance by: (1) auditing the use of first and third party cookies; (2) documenting activities; (3) identifying prominent customer/user touch points. Above all, the Framework is underpinned by the clear message that providing transparency and control to the user is at the heart of a responsible affiliate marketing sector.

PECR as well as the Data Protection Act are enforced by the Information Commissioner's Office (ICO), the UK data protection authority.

A look into the future

Legislatures regularly review laws to ensure that they are fit for purpose. The most immediate revision is currently taking place in the field of data protection and privacy. In January 2012, the European Commission published proposals to update European data protection laws. These reforms will override existing legislation such as the Data Protection Act 1998 and would also impact PECR.

The proposals, as currently drafted, pose a significant risk to the affiliate marketing industry. By broadening the scope of personal data, the reforms seek to adopt a 'one size fits all' approach to regulating information. The result would put non-directly identifiable data – such as the information collected and used in advertising – in the same boat as, for example, a person's name or address. Combined with the proposal to require 'explicit' consent when processing this data, this would effectively undermine the implied consent regime that is currently in force under PECR.

The proposals have not been agreed and continue to be on the EU's agenda in 2014 and beyond. The IAB – with the help of the Regulatory Affairs Council and Legislative & Standards Committee – will continue to advocate for a pragmatic and workable update to existing data protection laws. See the IAB's factsheet on the proposed reforms at: www.iabuk.net/policy/briefings/updated-iab-factsheet-september-2013-european-commission-data-protection-reforms.

4

Futures and Opportunities
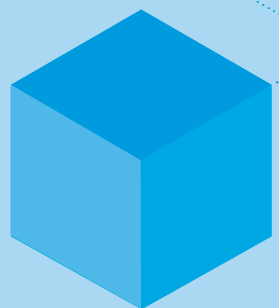
The exciting developments that lie ahead; what the industry should be considering to future proof programmes and drive innovation within the channel.

4.1
Mobile

• •

The boom in mcommerce has led to fantastic innovations within the Mobile channel as documented earlier in the handbook, but where does the future of mcommerce within affiliates lie?

Affiliate Window's latest mobile figures indicate that currently in excess of 30% of traffic and 25% of sales are delivered though mobile handsets or tablet devices, and we predict that this will rise to 35% of sales being delivered through mobile by 2015.

Despite the fantastic growth of the channel so far, many publishers don't yet have mobile optimised sites or apps, which represents a huge and exciting opportunity for the affiliate channel. However, in a recent survey we asked our publishers about their mobile plans, and it was encouraging to hear that 63% of publishers without a mobile optimised site were planning on building one.

by Hatice Van Leeuwen
Senior Mobile & Emerging Channel Specialist
Affiliate Window

• •

Share of mobile traffic

Non Mobile
Mobile
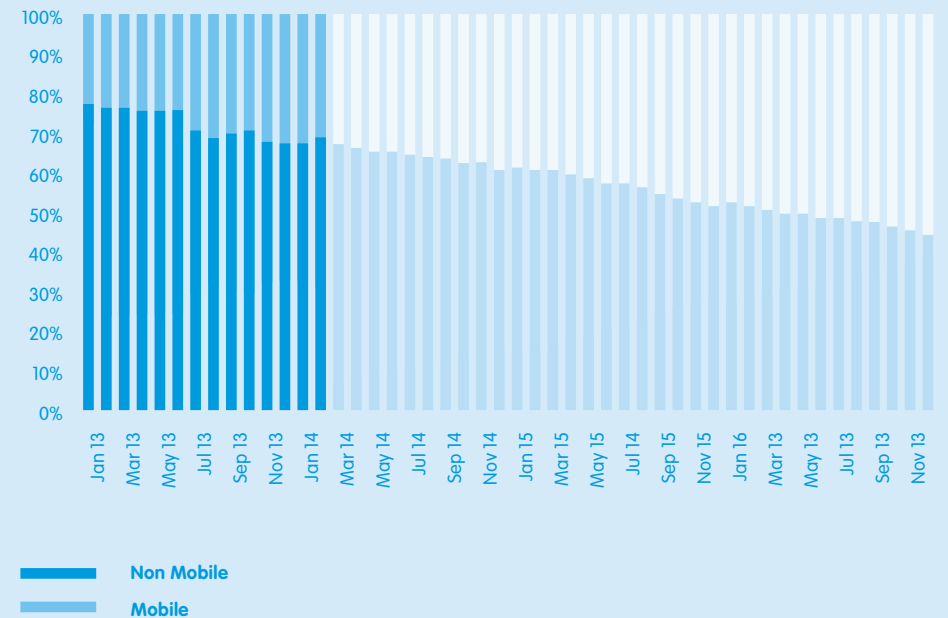
Publisher innovations

Based on this feedback, we expect the majority of publishers to take the plunge and jump head first into mobile optimisation in the near future. The advantages are clear, with huge potential to better engage customers, increase conversions and work with different types of clients to those they partner with on desktops. Consumers are looking for different content on their smartphone, and are often at a different stage of the purchase process. On mobile it is more about the context of where the consumer is and delivering the right message at the right time is key. Therefore, it's important that all publishers across the affiliate spectrum start to capture the location of the visitor, as well as which phone and operating system they are using. This way, they can maximise traffic and targeting possibilities by offering suitable content based on location, or running app download campaigns targeted to the relevant app store for the consumer. We are excited to see the ways publishers take on this challenge to ensure they are delivering timely, relevant and device specific content to best maximise their traffic.

Already we have seen several interesting developments in this space including mobile fashion publishers with image recognition technology integrated within apps and price comparison app publishers with an integrated barcode scanning functionality. We have even seen publishers creating offline print magazines that are fully shoppable via a mobile app with watermark technology.

Advertiser developments

Our advertisers are further ahead along their mobile journeys with the majority already having a mobile optimised (or responsively designed) site with affiliate tracking in place. Companies like Amazon, Booking.com, Uber and Starbucks have shown that it's possible to provide a differentiating and intuitive mobile experience. Moving forward we expect many more of our advertisers will get creative and develop compelling propositions to engage customers through mobile in this way.

Case Study

Amazon was one of the first brands to fully embrace the potential of mcommerce, and are leading the way in terms of innovation and mobile sales. Why? Because they have a great mobile website with big calls-to-action, and they made it easy for consumers to repeat purchase via their one-click payment method. They also have one shopping basket across all platforms, so it synchronises across both desktop site and mobile. All this ensures a great mobile experience for the consumer and therefore enhances the conversion rate which is great benefit for their performance partners.

Future technologies

Mobile wallets, NFC (New Field Communication) technology and iBeacons are thought to be the key technologies poised for rapid growth within the mobile space, with iBeacons in particular having caught the eye of several forward thinking publishers. This technology allows retailers to track shoppers at particular locations in stores and target them with relevant and personalised location based offers. Shopkick have been one of the first publishers to start a trial with Macy's, and American Eagle Outfitters is deploying their so called Shopbeacon to 100 locations across the US. We expect this technology to become much more prominent in the UK with several offer and discount based affiliates in talks with clients about providing their own iBeacons for use in store.

Increased payment options

For the affiliate sector it is important to look at the mobile opportunities that drive performance; in line with the flexibility of the channel then CPA may not always the best metric to drive this. Cost per download will continue to grow in prominence, and be complimented by large scale in-app tracking of actions (such as creating wish lists, store locating) and not just purchasing. We hope that continued in-app purchasing will develop into revenue share models, with the initial affiliate who drove the download being awarded for the lifetime of the purchases made through the app. As the data we have for this type of activity grows, it will be interesting to see how loyal app users compare to desktop customers in terms of lifetime value, and how cross device tracking solutions can close the current data gap.

The future's bright

In summary, the future for mobile within the affiliate channel is very bright. Mobile offers big potential for innovation and creativity, which in turn will improve customer engagement, ensure the context of the messaging is right and increase conversions.

4.2
Card Linking

2013 was a year the cashback and rewards space heated up. As more businesses cottoned on to the efficiency of performance marketing, those who had been operating in the multichannel reward space for some time were unshaken by the new kids on the block. So how can card linked offers help retailers meet their marketing objectives using data and targeted rewards?

New focuses around the multichannel proposition have one objective: helping retailers achieve their marketing objectives via targeted and personalised rewards. Retailers needing shopper's spend are increasingly reliant on platforms that can deliver this.

Card-linked rewards are one of the key activities affecting all of us that operate in the performance marketing industry. Those that identified the opportunity before it became a trend (and invested accordingly) are those that are streaming ahead in terms of offering value right now. The ability to 'close the gap' is something all advertisers look to do, and those behind the curve will struggle to make ground as the market blossoms.

by Andreas Andreou
Commercial Director, Quidco

Quidco

Quidco is the UK's leading cashback rewards platform. Working with over 4,000 retailers it has recently branched out from its online roots, having secured the top spot as the biggest cashback provider. Having developed a unique card-linked programme, shoppers now earn on the high street, as retailers target them through personalised mobile marketing. Already working with over 30 retailers in store, Quidco's offline proposition is also unrivalled in terms of choice offered to the consumer.

Closing the gap

The magic behind closing the gap

'Big data' topics have been on the lips of many for some time now. However, those successful in the multichannel space need the numbers to be actionable. Add the two up and it equals an acceleration of an offline proposition that can perform as well (if not better) as an online offering.

Simplicity

Those that over complicate the bridge between on and offline will finish second. Consumers want to benefit from a simple rewards experience that can be placed in their hands, when on the go, and in store. Insight into that person on the move and at the end of a mobile device is critical.

Personalisation

Technology now allows advertisers and publishers to know where spend is occurring and at what time. The best players out there need to use this information and their data to target consumers with personalised offers. These do a better job of changing consumer behaviour be it online or via mobile. The 'one size fits all voucher' is a thing of the past and the 21st century shopper demands more.

Connect experiences

Online and offline experiences need to be connected across platforms. By linking a mobile application intrinsically with a card-linked solution. Partners can do a better job of driving engaged members to store via activation technology.

Benchmark performance

Vital to proving the incremental value of closing the loop, publishers need to invest heavily in methods that provide measurability and show retailers the incremental value driven. Control groups containing non-incentivised customer spend can provide this measurability and complete the loop between incentivisation and proven results.

| 1	2	3	4	5
Register Card	Receive Offer	Activate	Shop	Reward

What does closing the gap mean?

One retailer that joined Quidco's platform saw that multichannel customers spent 119% more than single channel customers, while transacting 100% more frequently. Similarly, in another case study a retailer saw a £3.27 incremental return on every £1 invested when comparing incentivised spend vs. a control cell of non-incentivised customers. This represented a 52% incremental uplift and £158k in incremental revenue over a 3-month period:

The future of card-linked offers

Partners that focus on data, personalisation and measurability will future proof their solutions and ensure that greater levels of marketing spend are invested in the performance industry moving forward. Tying an in-store purchase to an online action will improve results, while serving targeted offers will mean the right type of customers are driven to store at the right cost. Those that offer a 'one size fits all solution' will find gaining future traction nigh on impossible.
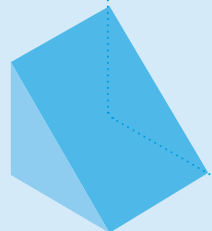
During a 3 month period the retailer and Quidco have achieved:

Metric	ROI on total sales	ROI on incremental
Base spend	£152,256	N/A
Incremental spend	£158,676	£158,676
Total spend	£310,932	N/A
Gross profit	£124,373	£63,470
Total cost	£19,422	£19,422
Net profit	£104,951	£44,048
ROI	**£6.40**	**£3.27**

51%
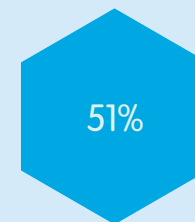
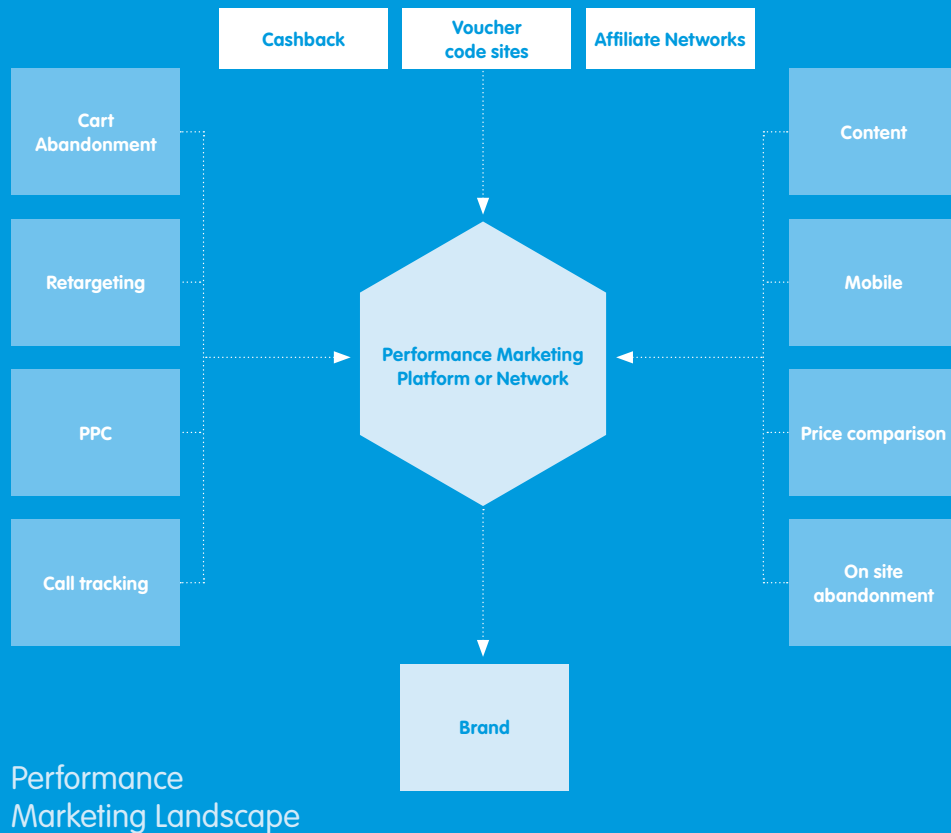**Incremental uplift during this period**

£158,000

Incremental spend during 3 month period

£3.27

For every £1 spent, the retailer generated £3.27 in incremental profit

4.3
Data Modelling

● ●

| Cashback | Voucher code sites | Affiliate Networks |

Cart Abandonment

Retargeting

PPC

Call tracking

Performance Marketing Platform or Network

Content

Mobile

Price comparison

On site abandonment

Brand

Performance
Marketing Landscape

by Matt Bailey
Head of Product, Performance Horizon Group

● ●

A typical affiliate programme is made up of affiliates deploying a range of different marketing models, all tied together by the same payment metric. Because affiliates employ a number of tactics, it has become increasingly important to use different tactics with the various affiliate types. To do so, the need to interrogate and interpret data is paramount.

In order to determine the correct strategy for individual partners (or groups of affiliates), there are two key questions that a performance marketer should be seeking to answer:

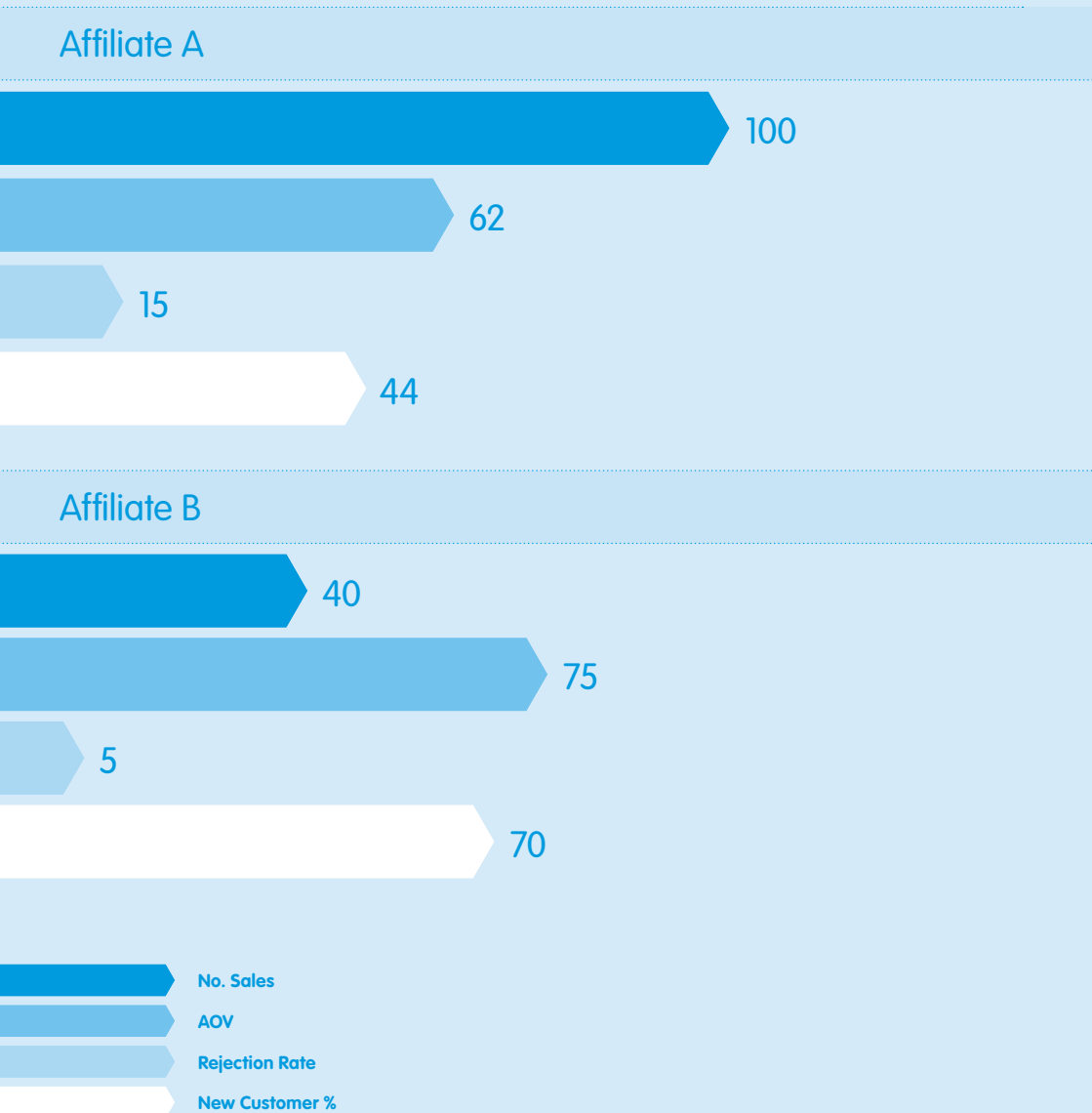## 1. What is the value of the customers delivered by each partner?

Let us examine question 1 first of all. Regardless of the marketing channel used, each brand is going to have different KPIs that they look to in order to establish how important customers are to them, dependant on the products they are selling and the overarching goals of the brand.

For retailers it may be as simple as examining the average basket value or the percentage of new customers versus existing customers. At a more advanced level they may want to look at the lifetime value of the consumer or the number of repeat purchases made by a consumer in a specific time period. Other factors such as the number of orders that are subsequently cancelled or returned will also play a part.

For brands in other markets, it may be more difficult to determine customer value. A mobile phone provider, for example, will want to determine churn and renewal rates. A gaming company will measure the amount a player has lost whilst gambling. An airline may put a premium on whether a customer signs up for their frequent flyer scheme.

Regardless of what it is a brand wishes to measure, it is important that this information can be tied back to a single partner.

Consider the example of the two partners illustrated overleaf. Whilst the first partner has generated more sales, the second partner seems to be delivering 'better' customers. These customers spend more, cancel less and more of them are new customers rather than existing ones returning.

Affiliate A

100

62

15

44

Affiliate B

40

75

5

70

- **No. Sales**
- **AOV**
- **Rejection Rate**
- **New Customer %**

What impact is each partner having on the customer journey?

The vast majority of affiliate marketing operates on a 'last click wins' model rewarding an affiliate only if they are the last referring click prior to the sale taking place.

Therefore we will see instances where affiliates impact the journey early in the sale process but do not get rewarded for it because others have appeared after them. Conversely there will be occasions where an affiliate will appear as the last referrer when others have been involved previously, potentially leading to accusations that the affiliate has 'hijacked' a sale that was going to happen regardless of the intervention of the affiliate.

Whilst it is vital to understand this across all media channels, it is only in the affiliate channel that the media cost is determined by where the activity occurs in the customer journey; a brand pays for search, display, press, TV etc regardless of whether a sale takes place and whether the channel is the last referrer.

For this reason it is crucial to examine the data to understand the impact that an affiliate plays in the sales journey. It is also vital that this information is reviewed in conjunction with the consumer value data discussed earlier. By modelling this data it is possible to get a true view on the overall value contribution of each affiliate, and therefore determine a strategy to work with for each one.

Programmatic buying and 'real-time bidding' (RTB) have fundamentally changed and challenged the traditional display media planning & buying process. This dynamic trading ecosystem looks to combine the use of data and technology to target the most relevant user for the advertiser.

Ad impressions still continue to be traded on a CPM model but advertisers are increasingly choosing to embrace RTB to bid for individual impressions through real time auctions, as opposed to bulk buying inventory with publishers in advance. When a web page loads with available ad inventory, within milliseconds an auction takes place to determine which advertisers' ad impression will be shown. Technology and data is fuelling this change and programmatic buying partners have been the key enablers in determining which impressions to bid for and at what price to bid at. Software is now at the forefront of deciding the most optimal time to display an advertisers' ad impression.

4.4
Programmatic

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What is programmatic buying?

Programmatic buying and 'real-time bidding' (RTB) have fundamentally changed and challenged the traditional display media planning & buying process. This dynamic trading ecosystem looks to combine the use of data and technology to target the most relevant user for the advertiser.

Ad impressions still continue to be traded on a CPM (cost per mille) model but advertisers are increasingly choosing to embrace RTB to bid for individual impressions through real time auctions, as opposed to bulk buying inventory with publishers in advance.

How does it work?

Within milliseconds of a web page loading an auction of available ad inventory takes place to determine which advertiser's ad impression will be shown. Technology and data is fuelling this change and programmatic buying partners have been the key enablers in determining which impressions to bid for and at what price to bid at. Technology is now at the forefront of deciding the most optimal time to display an advertiser's ad impression.

When a web page loads with available ad inventory, within milliseconds an auction takes place to determine which advertisers ad impression will be shown. Technology and data is fuelling this change and programmatic buying partners have been the key enablers in determining which impressions to bid for and at what price to bid at. Software is now at the forefront of deciding the most optimal time to display an advertisers ad impression.

by Sharan Cheema
Client Services Director, Navigate Digital

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Buyers and sellers are coming together in a more open and transparent market place which is beneficial for both demand-side and supply-side parties:

1. Advertisers are now in greater control of how much they are paying per impression and determining the price they are willing to pay to target each user. Advertisers can dynamically adjust their bid according to the user they are targeting.

    e.g. a holiday company can look to bid a higher price to deliver an impression to a user who may have shown attributes of booking a holiday on their site but had not yet converted.

    Although the cost of the impression may be higher than the advertiser may have paid previously, the granular trading process decreases wastage meaning that in the long term the campaign proves to be more efficient in terms of ROI and effective CPA (cost per acquisition).

    As an agency, the highly targeted nature of programmatic buying has enhanced a number of our clients display campaigns and delivered improvements in meeting revenue objectives. The data available about each online user means that advertisers can confidently target impressions to the most relevant user and pay a price that works for them. Working with programmatic partners unlocks millions of impression and allows advertisers to scale out their activity in an efficient manner.
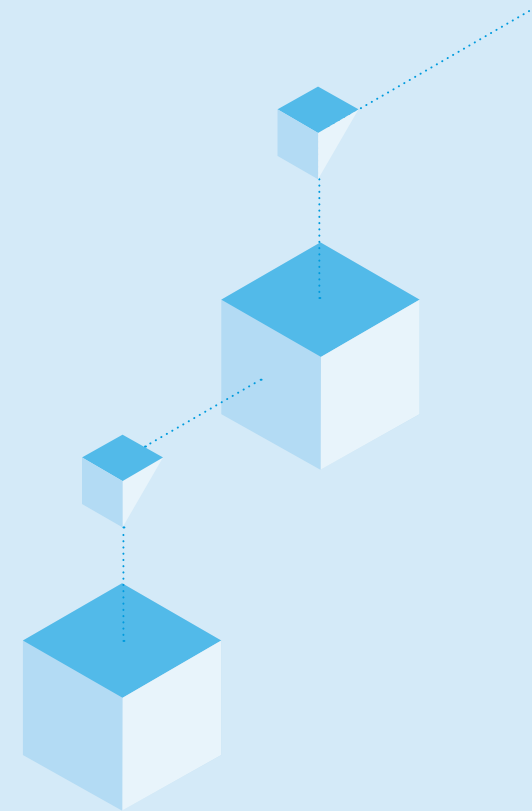
2. For publishers the opportunity has allowed them
    to trade their impressions programmatically and
    enabled the trading market to determine the
    cost per impression they receive. In many cases
    publishers are benefitting from this dynamic CPM
    approach as it can increase their yields compared
    to the traditional static CPM trading approach.
    Programmatic is no longer a way to simply shift
    remnant inventory and if managed correctly it can
    actually be a way of driving increased yields.

Advertisers' confidence in programmatic buying has
increased over the past 5 years which is reflected in
increased ad spend [http://www.emarketer.com/
Article/Programmatic-Ad-Spend-Set-Soar/1010343]
and is a channel that can complement other online
performance marketing channels, including an
affiliate programme. Rather than being seen
as competition, programmatic buying and an
affiliate programme can work hand in hand.
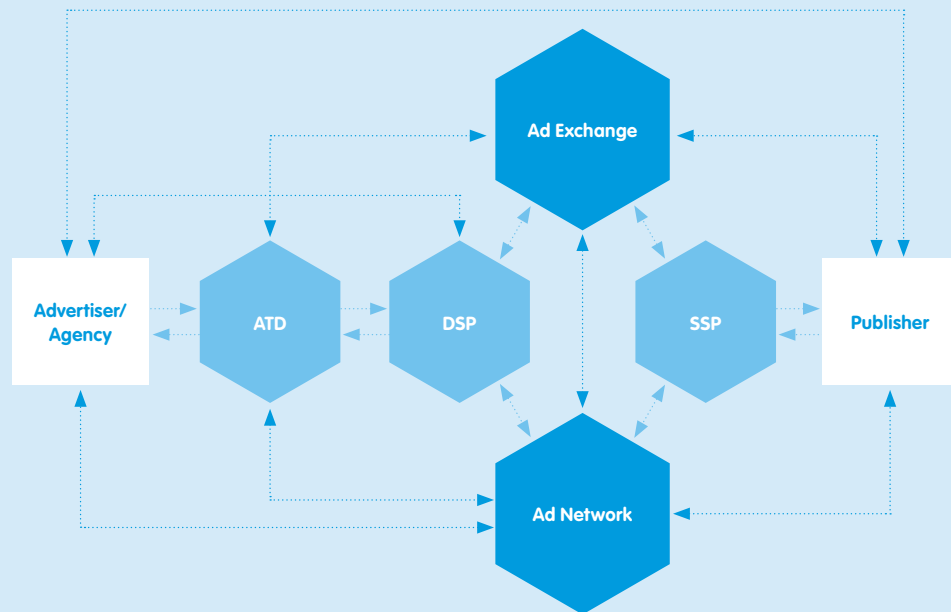
How can this be used in affiliate marketing in the future?

Programmatic buying offers the potential to
reach the right consumer in real-time with the
most relevant message, which can help to deliver
incremental sales for an affiliate programme.

There are a number of affiliate partners who operate
in this space already but we expect to see a number
of new entrants to the market over the next 12–18
months. Whilst ads bought programmatically are not
auctioned on a CPA trading model, partners working
in this space as an affiliate will look to purchase
inventory on a CPM basis on behalf of the advertiser
– thus absorbing the actual media cost. However
these affiliates are then rewarded by the advertiser/
merchant once a transaction has been tracked. This
is a similar model to what has been adopted by many
PPC affiliates over the years but provides a greater
opportunity in terms of scale as the affiliate is not just
reliant on search intent, but overall online behaviour.

Advertiser/Agency — ATD — DSP — Ad Exchange — SSP — Publisher — Ad Network

Source: IABUK

4.5 Video

by Richard Hartigan
Industry Manager, Google
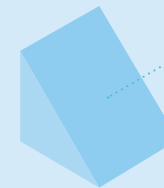
Sight, sound and motion has always been one of the most powerful marketing tools. But the consumption of video content has fundamentally changed over the past few years.

Gone are the days when a typical household would gather on the sofa at 7pm on a Thursday to get the run down of the latest chart hits on Top of the Pops. In 2014, consumers are accustomed to watching the content they want, when they want and increasingly where they want it. The growth of online video has been a key driver of this behavioural change. In 2013, 6 billion hours of online video was watched on YouTube every month. That equates to almost half an hour for every person on Earth and a 50% increase on 2012.

Advertisers are starting to appreciate the power of online video but it is surprising that the affiliate industry, which specialises in rapid adoption of new technologies and platforms and the creation of engaging consumer facing content, has been slow to capitalise.

Alongside the growth in consumption, the quality of video content available online has increased considerably. YouTube is still the place to see the latest viral video of a skateboarding dog but it also houses content from mainstream broadcasters such as the BBC and Sky and content creators such as Ricky Gervais and Jamie Oliver.

However it is the emergence of new content trends and personalities that encompass the freedom and scalability of the platform that perhaps represents the greatest opportunity for new publishers. Hauling is a recent YouTube phenomenon, where a video blogger provides a description of their recent purchases directly to the camera. It sounds crazy but these videos obtain millions of views in weeks.

As well as the development of new niches, there are some more conventional areas with opportunities for new video publishers. Product reviews and comparison is a key growth area for online video content. This is an area where the affiliate industry has traditionally thrived yet the majority of video publishers in this space are new.

These online video creators are rapidly becoming the superstars of the internet generation. Jamal Edwards began by uploading amateur footage of his friends rapping on the estate where he lived. Seven years later, these homemade videos have grown into a fully-fledged internet TV channel, SB.TV and Jamal is estimated to be worth £8M. This is not an isolated success story; there are thousands of channels making at least six figures a year simply from monetising their video content.

Brands are increasingly taking notice of this success and seeking to develop partnerships with content creators in desirable niches in order to leverage their engaged audiences. Heinz chose to partner with YouTube creators Sorted Food in order to re-establish Lea & Perrins to a younger generation of cooks.

Video content does not have to be expensive to create. Mike Dubin, CEO and founder of Dollarshaveclub.com built his blade subscription business based on an online video that cost less than £3K to produce. In the 48 hours following the launch of the video ad, 12,000 people signed up to their service.

Like TV, online video can achieve scale and reach but it also integrates many of the performance features of online advertising. YouTube TrueView advertising allows consumers to skip an ad after five seconds but an advertiser will only pay once 30 seconds or more has been viewed. Granular targeting capabilities allow advertisers to target by demographic, audience, interest and even specific channels or videos. It is also possible for advertisers to remarket to those that have watched, liked or disliked their videos as well as those subscribing to their channels.

Video creators are able to use annotations to implement hyperlinks within their videos that can point to further video content, social channels or back to their website. Furthermore, it is possible to track the performance of videos in terms of content engagement and optimise accordingly. Using analytics producers are able to see where their content was consumed and exactly at what point users stopped watching and benchmark this against similar videos.

The potential impact of online video on the affiliate industry is significant. There are clear benefits for publishers to create engaging video content and for brands to access their specific target audiences. The performance elements offer advertisers the ability to generate cost-effective incremental traffic from a thriving new source. The majority of organisations have a strategy for Google search, but very few have a strategy for YouTube. What is everyone waiting for?
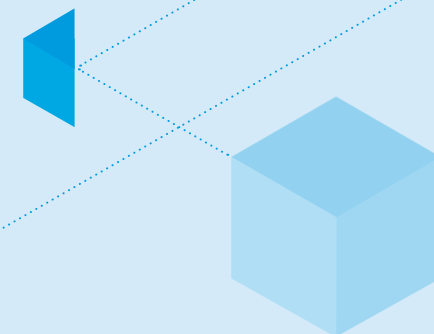
Glossary
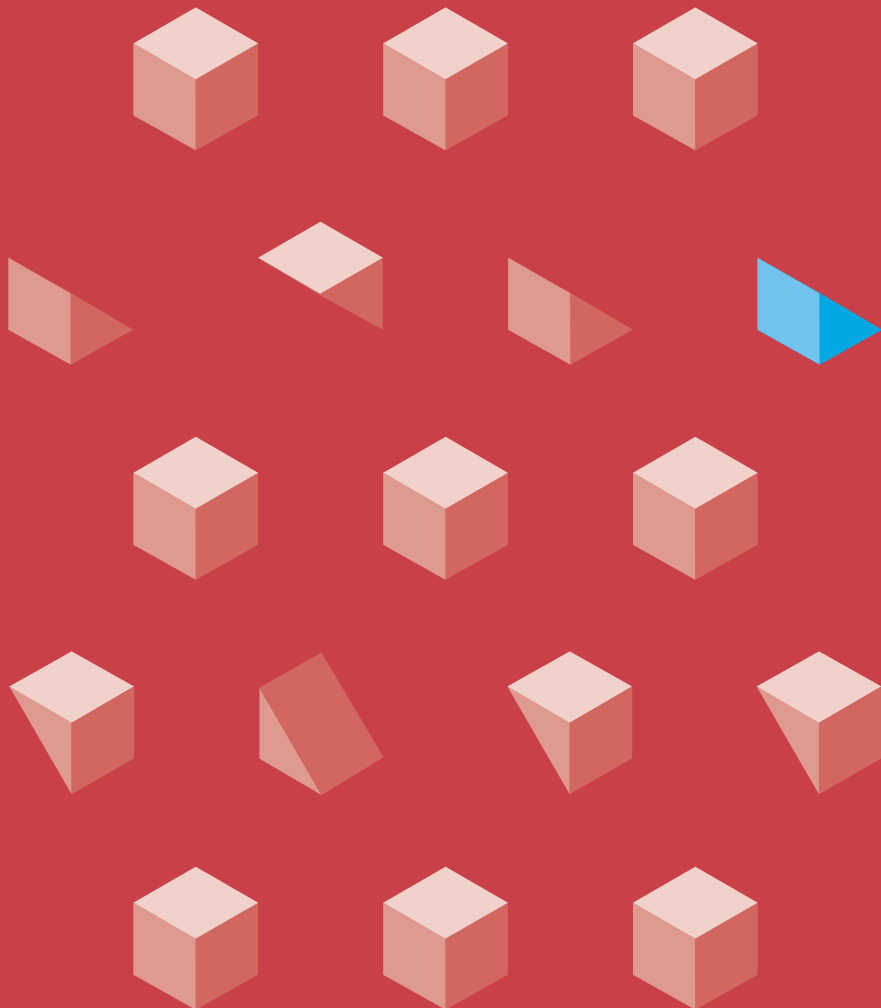
Rebecca Riches, Head of Business Development
& Rosalyn Fenwick, Head of Key Accounts, Affiliate Window

AOV
average order value, the average spend per customer

Arbitrage
publishers that take advantage of the
alternative payment models they are buying
and selling leads or sales through

ARPU
average revenue per user, similar to AOV

Attribution
analysing at the different touch points across channels
within a customer journey, and using this data as
a basis for budget allocation and/or strategy

Big Data
refers to large collections of data sets that
are analysed and collated with the aim
of developing insights and actions

Bounce rates
the percentage of visitors to a website that leave having
only viewed one page; used as a way to determine the
effectiveness of a site. In the publisher channel, can
also be used to analyse the relevancy and effectiveness
of the content on the site of the referring publisher

Card-linked
the process of connecting online offers
with offline transactions via the use of
a registered credit or debit card

Cart abandonment
when customers leave the advertiser website
after placing items in their basket. This is
much more common online than in-store

Churn
the proportion of customers that discontinue use
of a service. Often used by advertisers to help
understand the quality of customers driven by different
publisher types, and the channel as a whole

Converter
the publisher (or channel) that has driven the last
click prior to the purchase. They are therefore
considered to have induced the customer to
carry out the desired action (usually this is
the purchase of a product or service)

Cookie hierarchy
a technical set up that determines which cookies will
override other cookies, and which ones will not

Co-registration
a type of lead generation method. After customers have provided their details, they are asked to tick boxes next to a series of other services or products they may be interested in

CPA
cost per action or acquisition. Within affiliate marketing this usually is in reference to the cost per sale payment model as either a percentage of the basket value or a set bounty per order

CPC (1)
cost per click. This is usually referenced for price comparison publishers who can charge for clicks sent to advertiser websites

CPC (2)
cost per call. This is usually based on a pre-determined length of call

CPC (3)
click to call. When a user on a mobile site clicks the phone number and is connected to the advertiser's call centre

CPD
cost per download. Also known as CPI (cost per install) payment is made to the publisher when they drive a customer to download or install a mobile app

CPL
cost per lead. Used for payment each time a user submits basic contact information. This will differ based on the amount of information being collected, and how 'hot' the lead is. Examples include registration, brochure request or prize draw

CPM
this means cost per thousand impressions. This is usually referenced to display activity or email sends

CPP
cost per point. The cost of buying one rating point or one percent of the target population

CR
conversion rate. The percentage of clicks to an advertiser site that convert into the desired action

CTR
click through rate. The percentage of customers that click on an advert or link after viewing it

Data Feeds
a file giving information on products sold by a retailer. Key fields include price, deeplink, image, description, product title, product ID and category. Used by publishers (especially price comparison) to promote a client's products

DPA
Data Protection Act. Both publishers and advertisers must ensure they act in accordance with this when handling data

EPC
earnings per click. A metric used by publishers to judge the commercial viability of working with advertisers

FMCG
Fast moving consumer goods

Geo-targeting
a method of determining the physical location of a customer and offering different content based on their location

Hybrid payment models
paying publishers through different mechanisms for the same activity. This usually involves a tenancy or CPC payment alongside CPA

iBeacons
Bluetooth devices that can send out communication to specific locations and is considered more precise than GPS

In-app
actions within a mobile application. These can be sales, games played, store locators etc. The various publisher payment models can be applied to in-app actions

Influencer
refers to a publisher (or more broadly a channel) that is deemed to have had a positive impact on the customer in their path to purchase

LTV
life time value. The total spend of the customer from aquisition through to the end of the period they are a customer.

Mobile app
short for mobile application. A piece of software designed to run on smartphones, tablet computers and other mobile devices. Can be used by both clients and publishers to drive traffic or convert customers

Mobile wallets
an electronic payment service on mobile handsets that can be used to make transactions in both virtual and physical worlds

Multichannel
using a variety of marketing techniques to make it easy for the customer to purchase in whatever way is most appropriate

Native advertising
an online marketing technique that provides content in the context of the user's experience. Examples include advertorials, search engine marketing and promoted tweets

NFC technology
near field communication technology. This is used to establish radio communication at close proximity, usually a few inches – contactless payment on credit and debit cards uses this technology

Omnichannel
an evolution of multichannel, omnichannel refers to retailers offering a seamless approach for the consumer when interacting with the brand. Channels may include mobile apps, high street stores, desktop/mobile versions of the website, email, TV, press etc

OS
operating system, usually in reference to mobile devices

PPC
pay per click. The payment method used on search engines to enable adverts to appear under keyword searches. Can be used by affiliates as a way to drive traffic

Programmatic
real time, technology driven display activity that enables targeting to specific users instead of buying set inventory

Purchase funnel
a model conceptualising the customer journey. Often summarised as awareness, interest, consideration, preference and sale

Rev share
a payment model where advertisers share with publishers the profit generated from customers they have driven. This is usually a set percentage and is the standard payment method for gaming advertisers

ROI
return on investment. An important metric to measure the profitability of any marketing activity

RTB
real time bidding. Part of the programmatic process where bids for inventory happen in auctions microseconds before the impression loads

SDK
software development kit. Placed within a mobile app to enable the tracking of app downloads and in-app activity

Tenancy
a bonus payment in return for guaranteed exposure in particular onsite or email placements

Toolbars
downloadable technology in the form of an add-on to a browser application. Governed by the IAB Downloadable Software Code of Conduct

UGC
user generated content such as forums or reviews

UID
unique identifiers. Used by affiliates to distinguish which click has driven a sale and assign it a reference
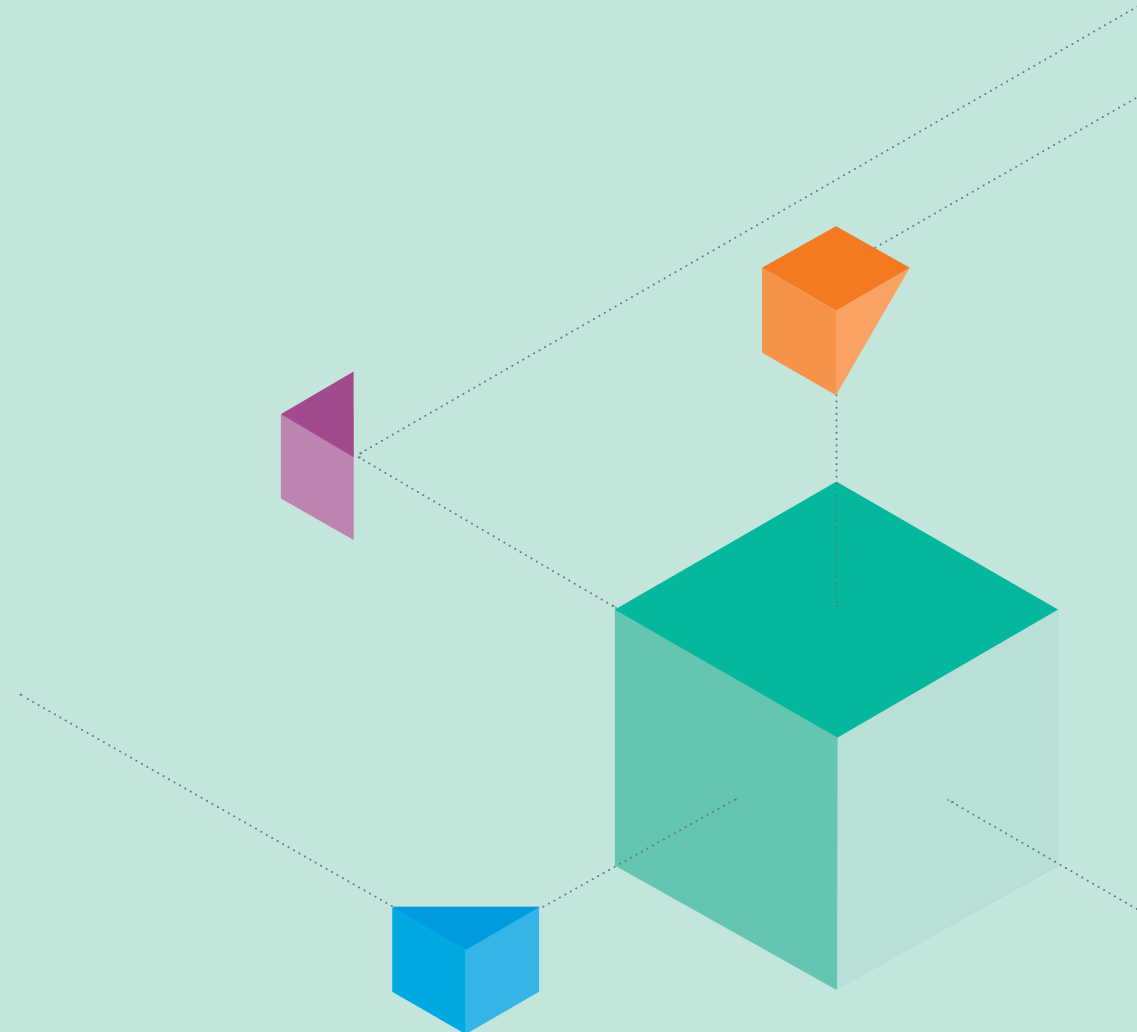
Internet Advertising Bureau UK

Internet Advertising Bureau
14 Macklin Street
London
WC2B 5NF

0207 050 6969
info@iabuk.net
@iabuk

iabuk.net