



# WHAT TO KNOW BEFORE CHOOSING AN AFFILIATE PROGRAM MANAGEMENT AGENCY

## The importance of selecting the right agency to manage your affiliate marketing program should not be underestimated.

When you hire an affiliate agency to manage your affiliate program, you're empowering them to represent your brand, voice and position with potentially hundreds of partners. As such, it is paramount that you have trust and confidence in your affiliate agency partner.

It is also important to consider that, for a new program, it can take 6- to 12-months to begin seeing results. This means that if you've not conducted thorough due diligence of your affiliate agency prior to hiring them, you could discover months into the relationship that your program is being grossly mismanaged or managed in a way that is misaligned with your brand and goals; this can have long-term repercussions – for your brand, your affiliate program and your company overall.

If you are a CMO or a marketing leader tasked with hiring an affiliate program management agency, please do your homework and due diligence when you talk with potential agencies about managing your affiliate program. Doing so will not only help you narrow down your selection to only high-value agency partners, it will also help you avoid costly mismanagement mistakes.



# TYPES OF AGENCIES TO WATCH OUT FOR

## Agencies Without Affiliate Program Management Capabilities or Experience

### What this looks like:

Agencies who pitch their “affiliate management services” to try and keep all client marketing within their firm when, in reality, they have no capability in affiliate overall or in a given geography. They are literally planning to figure it out after you hire them.

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- How many full-time employees are dedicated to affiliate program management within your company?
- What are their currently-employed affiliate positions?
- What are the years of direct affiliate experience for the people in those positions?
- How many clients do you provide affiliate program management for?
- What are the services included in your affiliate program management offerings?
- What is the average length of client engagements (or what is the retention rate) of your affiliate program management clients?

### What you’re looking for from the responses:

- Whether the agency currently has enough experienced professionals on staff to properly manage your program. If they don’t, they’ll likely be scrambling to find or hire affiliate account managers – and good ones are extremely difficult to find as there’s a significant shortage of talent in the affiliate industry. They may even sub-contract the work to another agency.
- If the agency has a legitimate track record of establishing, maintaining and nurturing long-term affiliate marketing partnerships

## Misleading or False Advertising

### What this looks like:

Agencies listing brands on their website as clients, even though they've never managed their affiliate program. Agencies making claims that they are a "top affiliate marketing agency" or "ranked #1 agency" or "award-winning agency," but they've never received relevant or notable recognition for their affiliate program management services; or, the recognition they have received is for services unrelated to affiliate marketing (e.g. display advertising, SEM, media buys, pay-for-play rankings, etc.).

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- Are the client credentials you list on your website related to affiliate marketing/management services?
- Did you manage their program? And, if so, was this a paid engagement related to their affiliate marketing program?
- What awards/accolades has your agency received for your affiliate marketing-related services?
- How were those awards determined? I.e. was it an independent assessment or committee vote?

### What you're looking for from the responses:

- Honesty and transparency from the agency regarding the clients listed on their site and their relationship with them.
- Awards for affiliate marketing program management where independent judges and stated criteria are used, not awards given by their business partners (e.g. affiliate networks) in exchange for loyalty or bringing business to the partner.
- Examples of independent affiliate agency awards include:
  - International Performance Marketing Awards
  - Affiliate Summit "Pinnacle" Awards

## Agencies that Manage Programs, But Manage Them Poorly

### What this looks like:

Program strategy that isn't strategic or brand-aligned. Sales are being driven via your affiliate program but a closer look under the hood will reveal that they aren't being generated from quality sources. Through less-than-optimal program management, the agency is attracting the wrong types of partners and customers to your brand. These agencies will allow any affiliates to join your program just to drive sales, even if their promotion produces low-quality performance and puts your brand in jeopardy.

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- How do you recruit, activate and optimize affiliate partners?
- How do you work with affiliate partners?
- How do you approach setting the Terms and Conditions for a program?
- How do you ensure compliance with affiliate partners and prevent fraudulent activity?
- What's your view on trademark bidding? Toolbar partners? Sub-affiliate networks?
- What relationships do you have with these partners?
- What case studies do you have that demonstrate your approach to protecting a company's brand while also driving performance.

### What you're looking for from the responses:

- If the agency has a sufficient process in place to build and manage an affiliate marketing program that's aligned with your brand.
- If the agency has a specific approach to recruiting, activating and optimizing different types of partners and can demonstrate an understanding of their position and value in the channel.
- If the agency can deliver evidence showing their ability to deliver on their promise and run a program that protects your brand and optimizes it in a way that will align with your goals.

## Agencies That Sell Affiliate Marketing Expertise But Outsource the Program Management to An Affiliate Network

### What this looks like:

A seemingly legitimate affiliate program management agency that passes off the day-to-day oversight and management of your program to an affiliate network for the heavy lifting. This means that you are paying the agency for management services that the network is then baking into their fee as well (at a high cost) to account for the extra work load.

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- Does your affiliate program management account team rely on affiliate networks for strategic and operational support? If so, what is the division of labor?
- Do you work across all networks?
- What is your approach if our affiliate program is only working with a SaaS provider?

### What you're looking for from the responses:

- Full agency staffing to cover all aspects of management: Strategy, Partner Development, Reporting, Recruiting, Compliance, Forecasting.
- Independent and unbiased thoughts and viewpoints from the agency about networks or SaaS platforms (i.e. a technology agnostic agency).
- Ability to manage a program on any network or platform, rather than where they have a deal with a specific network to offload management to.
- Program management strategy or operational support that is driven by the agency's experienced team.
- The agency's ability to substantiate that the core program management responsibilities will be handled by the agency team and not handed off to the network.

## Agencies Offering “Free Service Trials” For Affiliate Program Management

### What this looks like:

Companies aggressively offering “free service for three months” and offering pricing for their “program management” services that is far below what’s required to properly run a quality program. Companies that have fallen for this type of pitch are rewarded with severely mismanaged—if not completely ignored—affiliate programs, damaged reputation with partners and paying a significant expense to try and repair their program, reputation and partner relationships.

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- How do you plan to staff this program?
- What services will you be offering during this trial? What partners will you be working with?
- Can I speak with a few other companies who have been through your free trial program?
- What is my minimum guaranteed service level?
- As an agency, how are you able to cover these costs? Are other clients overpaying?
- Will someone have eyes on the program daily? If so, who?

### What you’re looking for from the responses:

- The agency’s ability to take a structured and strategic approach to program management.
- Discussion around program objectives and goals.
- An exact plan on what they’ll be doing for your program over the course of the trial period (e.g. scaling sales, updating terms and conditions, building new relationships with partners, etc.).
- The specific approach the agency will take to deliver established performance results via your affiliate program as well as the roadmap of strategies over the following 3/6/12 months.

## Small, Resource-Limited Agencies

### What this looks like:

Small agencies comprised of a few team members who have the experience to manage a single affiliate program or a small portfolio of programs, but do not have the manpower or resources to support the program needs of fast-growing or enterprise clients. In these cases, the agency's founder is often an essential player in the management of each program. As the agency takes on more clients, this level of management diminishes as that person needs to run the business instead of managing client accounts.

### Due diligence questions to ask these agencies to identify and weed them out of your selection process:

- What percentage of our affiliate program will make up your client portfolio and/or your total revenue?
- Does your agency have a dedicated publisher development person or team?
- If we come on as a client, how many new team members will you need to hire in order to sufficiently manage our program while also maintaining a high service level for your other clients?
- What is the average length of client engagements (or what is the retention rate) of your affiliate program management clients?
- Has your company been profitable or had positive cash flow each of the past four quarters?
- Do you have a line of credit in place for your company?
- What level of liability insurance do you have in place?
- Do you have a clear process for separating your client's commission/placement dollars from your agency's operating capital?

### What you're looking for from the responses:

- How available program management resources are within the agency and, in turn, how risky it may be for them to take on your business. In professional services, if your company makes up more than 15-20% of the agency's revenue, that can mean significant enterprise risk for your company.



- If they'll be forced to scale quickly to accommodate your account. A rapid build-up can put a strain on cash flow and quality as there is pressure to onboard people fast. In addition, this may also indicate that they have other clients who make up a significant portion of their revenue.
- A sense of the resources that the agency will be able to dedicate to your account. If they manage 12 other programs but only have three full-time affiliate managers, you may not be comfortable (nor should you be) with a single resource managing four other accounts.
- There are many agencies who have brought on a large number of clients but only work with them for a year or less. Anyone can sell something once, but do clients stay or come back?
- Agencies who are open to and confident about sharing their financials and can demonstrate sufficient working capital and good banking relationships. Companies generally cannot get equity lines without proper reporting or profitability.
- Agencies that have processes in place to ensure funds are not co-mingled. There have been nightmare situations reported of agencies mingling client funds and agency fees and using client money to fund their business. Advances paid for advertising spend should never be allowed to fund the company's working capital needs.



# TIPS TO ENSURE THESE AGENCIES ARE TELLING YOU THE TRUTH

1. Conduct backchannel client, network and publisher reference checks:
  - Go to the agency's website to identify clients.
  - Look up which networks they're currently working on.
    - Call the network to discuss the agency's service as it relates to their stated client.
  - Check major publisher sites to see if an agency client is active on their site (eBates, RetailMeNot, Business Insider, etc.).
    - Call the publisher to discuss the agency's service as it relates to their stated client.
2. Check out their clients' affiliate programs. How much detail do they provide?
  - Consider submitting a question to evaluate the responsiveness of the agency's program management team.

## ADDITIONAL RESOURCES

- [The 6 Most Important Questions to Ask in Your Affiliate Agency RFP](#)
- [Please Don't Fall for These Two Affiliate Management Service Pitches](#)
- [5 Ways to Ensure You Are Working with Credible Affiliate Marketing Partners](#)



Acceleration Partners is a global affiliate marketing agency delivering performance-based customer acquisition and partner programs for the world's category-leading brands.

Through our Performance Partnerships<sup>®</sup> program management framework, we help clients create transparent, high-value programs that bring more customers, incremental sales and quality growth.

Acceleration Partners' growing global reach, award-winning industry expertise and long-standing relationships with top performance partners has led to a client roster that includes Target, adidas, Reebok, Warby Parker, Noom, ThirdLove, ButcherBox, Find Your Trainer, Drop, Luca + Danni, U.S. Polo Association, Pura Vida Bracelets, The Purple Carrot, RedBubble and many other brands.

[marketing@accelerationpartners.com](mailto:marketing@accelerationpartners.com)

[www.accelerationpartners.com](http://www.accelerationpartners.com)

