

Helen Southgate:

Whenever I go in to talk to brands about this, everybody gets really excited about it. Everybody knows that this is a really big future opportunity for brands and for partner marketing, and also for affiliate marketing, because essentially it's going to grow that channel as well. But I do think it's important as well to know that we're not saying that traditional affiliate marketing is going away, that will continue to grow and there will be marginal gains there. But what we'll see over the next year, two years will be in these new types of partnerships working on that performance basis.

Lenox Powell:

I'm Lenox Powell, the host and producer of the Outperform podcast. On these episodes I talk with Acceleration Partners, team members, industry partners, and clients to bring you a behind the scenes perspective on what the world's leading companies and performance marketers are doing to outperform in their business and marketing partnerships.

Lenox Powell:

Welcome to the Outperform podcast. Today we have special guests, Bob Glazer and Helen Southgate joining us to discuss partner marketing. What that is exactly, how it relates to affiliate marketing, and where this marketing model is headed. Bob is the founder and CEO of Acceleration Partners and Helen is Acceleration Partners' managing director of the EMEA region. Helen and Bob, welcome to Outperform.

Helen Southgate:

Thanks Lenox. It's great to be here.

Bob Glazer:

Thanks for having us.

Lenox Powell:

To set the stage for our listeners, if you were to ask a brand, say a large brand, what they think of when they hear the name partner marketing, that term, how are they likely to respond?

Bob Glazer:

Yeah, it's an interesting question. I think that there's probably a little bit of a different view on that than affiliate marketing. I think they would see... when they think of partner marketing they think more of these large business development or brand to brand deals that are starting to be tracked more on a performance basis and are these more partnerships but with a CPA outcome, so that is how I think that term is starting to be used more at the brand level.

Lenox Powell:

Well, even before it's being used at the brand level. I mean, just historically up to this point, when a brand would think of the term partner marketing, do you feel that they are associating that to more of a performance-based partnership or just a flat fee up front, kind of large Apple connecting with Nike?

Bob Glazer:

Yeah, I think historically it would probably have been more of a fixed fee or even some reciprocal deal, "Hey, we're partner marketing, we're going to promote your product in our stores. You're going to promote our product in our stores. We're going to cross promote," and that's the partnership. But no one would have any sense under that sort of structure whether one party gained 90% of the value from that.

Lenox Powell:

Helen, what about you? Your thoughts?

Helen Southgate:

Yeah, so I think, particularly thinking about Europe, I think it's the same. If you asked a brand what they think of partner marketing, I think they immediately go to, like Bob said, the big brand to brand partnerships. Exactly like you said, Nike and Apple or Uber and Spotify, and they are most likely on a different kind of commercial [inaudible 00:03:14] performance. But I do think that's starting to change and we're seeing a lot of [inaudible 00:03:18] where people are starting to understand that there's performance partnerships potentially under that umbrella and I think that's where we're seeing things going in the future.

Lenox Powell:

Okay. Let's talk a little bit more about that, unpack that. What you are seeing now, present day, that is shifting those perspectives and changing people's definitions of the term partner marketing from being this traditional large, big brand to brand, business development type deals that are typically compensated on a flat fee upfront, "We'll pay you this, we'll pay you that," multimillion dollar deal to, what's changing to elevate it to have more of a performance element in it.

Helen Southgate:

Yes, I think there's a few elements that are changing and progressing. One big part of that really is technology. Technology is continuing to improve, particularly around tracking and transparency. I think what lots of brands realized is, you can start to put a lot of these partnerships into that world, so you can start to track them and understand the real value. Because, traditionally these have been done very much at a brand level and haven't really had the scrutiny of what they actually deliver.

Helen Southgate:

I think brands are under much more pressure to evaluate their marketing programs and look at their return on investment. I think they see this as a big opportunity to do that. I think within that they're realizing that partner marketing is much broader. You can bring all sorts of different partners into that realm and if you can pay them and track them on a performance basis, then I think that's really exciting and attractive to a lot of brands.

Bob Glazer:

Yeah, and just to add to that, I think what we're seeing is this convergence where things were kept separately. In traditional affiliate program in the last decade, brands may have worked with a network and you had this performance fee model. They had this great technology available there to onboard and pay partners, but the model was you paid on a performance basis. The way that companies used their affiliate program as they should under that model was a lot around inbound demand. I have the

network or a publisher's coming to me through the network and I'm paying on a performance basis and that's great.

Bob Glazer:

But then they also had these deals, as Helen said, that they were doing themselves. Let's think about a company like Adidas or Nike, and they might have athletes who want to promote the shoes or the gear that they're part of. What they did with them was something totally different. They either did a fixed fee thing or they did something where they tracked it on an Excel spreadsheet, and then they sent them a report a couple months later, and then they would send them an invoice then they would write them a check.

Bob Glazer:

They did that because they said, "Well, I'm not going to take this relationship that I already have and use this software that I have because then I have to pay like a 30% premium or 20% premium and this is a business development deal that I have directly and I want to keep personally."

Bob Glazer:

I think as the technologies change, and the commercial models have changed, and you've been able to license the technology, and not have to share your partners, and have more of a director, an in-house program, the light bulb suddenly went off where everyone said, "Oh, well if we have the technology to do this," because the affiliate technology was always great, "But if we have this, and it's under our brand, and we have some privacy around who our partners [inaudible 00:06:38], but we have all that functionality, we could really merge these things and work with all types of different partners under a single program." I think that is what's driving significant momentum under the partner marketing umbrella today.

Lenox Powell:

Okay. You've both touched on the brand elements, some of the technology element, but then there's also the partners involved. What is changing in the realm of partners who we would consider a partner, a publisher, affiliate. What's changing in their land?

Bob Glazer:

Yeah, I mean, they're going where they see the money. They see a lot of brands moving direct toward brand dollars, moving into the performance channel. They want more of these brands' budgets that are shifting to performance. As I mentioned before, they don't want to get that spreadsheet four months later that said, "You crushed it during Black Friday," because maybe they would've done something different. These partners are actually looking for more transparency, they want more data, they want to optimize their own campaigns around it, and they want clear communications from these partners about what they're doing.

Bob Glazer:

I think, like any relationship, based on where the world's going right now, the need for more real time information is there, and the compensation models are also changing. They want to be paid fairly, but they understand that it's moving to performance so maybe instead of fixed fees it's fixed past

performance, but all of that is predicated on everyone having access to that information in real time so that they can make good decisions.

Helen Southgate:

Yeah and I think it also goes back a little bit to what we were saying about the brands and return on investment. Brands don't want to spend money anymore if they don't know what the return is. It's a case now that partners almost have to work on a performance basis and have to be confident that they can perform in that way because brands just aren't going to throw money at partners unless they're sure there's going to be a good return. I think partners are starting to understand that better and be more open to working on a performance basis as well.

Lenox Powell:

In the past six months to a year, so clearly other people, other companies are picking up on this, there seems to be a lot more companies adopting the term partner marketing. Individual brands as well as players within the affiliate space such as some technology platforms. However, they're not all using this term in the same way to mean the same thing so it gets confusing very quickly. From your perspective, is partner marketing synonymous with affiliate marketing?

Bob Glazer:

I think no. It is not the same thing, and I think that would create more confusion. A straight up answer I would say it's not a synonym for affiliate marketing.

Lenox Powell:

Helen, how would you define partner marketing then?

Helen Southgate:

Yeah. For me partner marketing is really when you've got two brands, which can be big brands or it can be a brand and a partner, they are coming together for mutual benefit. I think that's the key term, it's mutually beneficial for both partners. Whether that's because, for one, it drives brand awareness or drives sales, and the other one it drives revenue. For me that's what partner marketing is and that's why it can be so broad and it can open up to lots of different opportunities as well.

Lenox Powell:

How is that definition different than brand to brand partner marketing today?

Bob Glazer:

The way that I see it, and I know people in the industry have been intentionally provocative on one side of the spectrum or other. But I think affiliate is really an evolution and it's evolving into the greater category of partner marketing to include all of these types of relationships. I think what people have realized is that, hey, if you are working with, let's just say it's a traditional affiliate publisher and you're working together in the same fashion towards mutual benefit where it's tracked and paid in performance, that is no different than a business development or partner deal that has the same elements. It's the same thing.

Bob Glazer:

While, I think, a lot of people are trying to either kill off the term affiliate marketing, or say that partner marketing is just a rebrand, I don't think either of those things are true. I think there are a lot of different parts of the affiliate industry. There's this lead gen part, there's some things that people have been trying to distance themselves from the years in terms of true CPA-based revenue share marketing. But I see affiliate as a piece and it's evolving into other aspects and channels having these same characteristics under the bigger umbrella of partner marketing. I think that's just an easier way for people to understand it.

Bob Glazer:

One of the things we've found in talking to a lot of brands is that when they are advocating internally and saying, "Hey, I really need this assets in this campaign for an affiliate," people don't know what that means. When they say, "Hey, I'm working with a partner and here's what they need as part of our partnership." I think that has a lot more meaning. Some of it is semantical in that, I think it helps explain what the relationship actually is. Sometimes, affiliate actually sounds like a loose definition, but our answer is right in the middle on that. It's really not one or the other. It's more that, I think this aspect of affiliate is evolving to include all these other channels that can have the exact same characteristics, can be measured and managed in the same way.

Lenox Powell:

I think size is a factor too from what I'm hearing you say. Today, traditionally, most brands are familiar with partner marketing as being these large, big deals that have this fixed fee element. The performance element on the back end like it is with affiliate is not a priority. However, as you mentioned Bob, there are all these smaller mid-sized deals as well that they tend to overlook because they don't scale, or it's very time consuming and manual, so they just get left behind. However, those smaller and mid-size business development brand to brand type of partnerships are ideal for a performance-based model that the traditional affiliate world has been doing for decades.

Bob Glazer:

Yeah, and the key is the scale. I'll give you an example from a few years ago, we worked with a company, Tiny Prints, which was bought by Shutterfly and every year hundreds of photographers would reach out and say, "I want to work with you. I want to refer my clients to you. How do I do that? Can I get a page?" The business development team and the partner team would be like, "No. I can't." Each of these folks could probably worth a couple thousand dollars in revenue, but to a biz dev team at a large public company or a partner team, I just can't make all of these changes and do all this stuff for you, so the answer was no.

Bob Glazer:

When we were working there we said, "Hey, we actually have this..." It was like educating the team. "We have this tracking platform that we think with a few changes we could give people a sign up page or give them a different link structure. We could bring these photographers on as partners, or whatever you want to call them, under this program. We could sign up a thousand of them, it would take care of their payments, it would take care of the contracts. If they all did \$1,000 and we could do a training for them at once, and we didn't have to spend all that time individually, that might be a good business," and that's what we did.

Bob Glazer:

Over the next couple of years, yeah, that turned into a multimillion dollar business because it was able to scale using the infrastructure. No one had ever referred to a professional photographer as a affiliate before. It didn't matter what we called them, what they were was someone who had the ability to generate business for the partner. But there was lots of them. They weren't tiny, but they were medium size. But that never would have even fallen on the radar of the business or the partner team because it just wasn't the type of revenue that was worth all of that customization, and what we provided was a standardized tool set for everyone to use.

Lenox Powell:

It's a great example. Let's turn our vision towards the future now. There's a lot of things happening with partner marketing. The term is, again, we've mentioned, being thrown around and there's a lot of confusion of it now. Is it just a rebrand of affiliate or is it not? From our perspective we've answered that pretty definitively. Looking towards the future, how do you see partner marketing evolving? What will that look like once everybody starts getting on the same page with the semantics, with the terminology, with understanding of the nuanced definitions of them?

Helen Southgate:

Yeah. It's interesting because I think we're already seeing this particularly in Europe. For example, I had a meeting with someone the other day and their title was, head of partner marketing. It's already happening and brand side, I think the silos are breaking down, and that understanding that there's lots of channels and partnerships that come under partner marketing and they need to have a more holistic view around how that works. I think we're already seeing that happen in some of the forward thinking brands, and I think we'll see that over a lot more brands as that moves on.

Helen Southgate:

But in addition, I think, and particularly thinking from our point of view as an agency, I think it goes to what Bob was just talking about with that example from Tiny Prints. We're realizing that we need to think more creatively about which partnerships we bring in and introduce to our advertisers, and that requires a slightly different skill to, perhaps, what's happened in traditional account management and traditional affiliate marketing. It's really a business development role. It's somebody that understands the brand, can go out and understand which consumers to target and what partnerships to use to target those consumers.

Helen Southgate:

It's a very different approach and I think we're doing this now, we're starting to bring in that skillset and have those people work with our clients. I think we'll see that happen across more of the industry and potentially in-house at brands as well. Just having those people that can be creative and innovative and find those new types of partnerships which are going to drive a lot of value.

Lenox Powell:

Let's start painting the picture for our listeners for this. What will that look like? We're talking very high level up to this point. Let's dig deep, a little bit deeper, into what will that look like?

Bob Glazer:

Yeah, I mean, if you want to look at it from the brand side, 10 years ago we probably would have found a 24-year old affiliate manager who was managing affiliate a quarter of the time and/or they had three other channels. Or maybe they were working with an agency, or network partner, where they were working with a junior account manager who had 30 programs, and they were dealing with a couple of these basic partnerships, didn't require much customization, same people everywhere. That's sort of what it took.

Bob Glazer:

I think if you think about how Helen's talking about this and the new title, you have a much more senior person in-house now in charge of all of these different partnerships and pulling them together, and figuring out the technology, and the campaigns, and analytics, and the reporting, and the type of recruiting that they're going to need, and management for these partnerships. It's a totally... from being an afterthought, it becomes a primary channel and the composition of the teams were from having one person doing a quarter of a program to a four, five-person partner marketing team or a performance partnership team in-house. I think that's the kind of transition that we're seeing.

Bob Glazer:

I mean, I think a decade ago if you found a merchant with even more than one person on their affiliate team in-house, that was rare. We're seeing some fairly large teams now and they're even supported by large teams on our side for clients that we work with. I think it is just the professionalization of the channel, the understanding of the different types of roles. You might have an engagement specialist, a recruiting specialist, someone that focuses on a specific vertical. It's just becoming much more of a real channel and the talent is hard to find. It's short as people are trying to fill out all of these roles on their team.

Bob Glazer:

But I think it's helpful to look at it from the brand side because that's what they're saying. They're saying, "Okay, I have this tracking platform, now. I have all these other things we were doing all over the company in a different way. I can communicate with the biz dev team, I can let them know I'm a resource for these deals that fall below their radar and customization." It's really just an integration of all these activities into really, it all being seen as a single channel.

Lenox Powell:

I'm hearing bigger, more experienced teams, but also overseeing what? I want to make sure we don't skip over when we talk about the evolution of these individual channels. Let's get specific. What types of individual channels are also going to be evolving and changing in the future to fall under this partner marketing umbrella?

Bob Glazer:

Yeah. Parts of influencer marketing that are now really being tracked. I think referral programs that were way too big, that had grown beyond referral programs, that are being pulled into this business development light. Again, I think every business development team at a company has a threshold like, if it's under \$50,000 a year, we don't want to look at it. Well, that can shift over to the partner channel, and just a lot of these one-off deals that were happening where people were negotiating one-off, they were using spreadsheets, they were tracking coupon codes and things like that to really all being part of a well organized channel.

Lenox Powell:

In addition to affiliate, some of these channels that for the most part have been fixed or flat fee upfront, but now moving over into this, or to fall into this partner marketing umbrella, some may still be flat fee and fixed fee, but others that were traditionally overlooked, it would make sense to have more of a performance element with those looking a little bit more like the affiliate model.

Bob Glazer:

Yeah, and just [inaudible 00:20:12] nuance on that. If it's just fixed fee and you're doing a sponsorship, you may not track it. But what we're seeing more, because again, the technology is more flexible and the commercial models are different. If someone might do a fixed buy from an influencer, but say, "Hey, we're actually going to track it on our platform because we want to see how it does and when we come back to you next time and talk about that fixed fee, we're going to come to you with some performance data."

Bob Glazer:

Sure, there'll always be things that are just a straight up sponsorship, but more often than not, and Helen can comment on this too, I think people are saying, "Hey, we're happy to pay you that way, but we're also going to apply the tracking to it because when have a discussion next time it'd be helpful to be informed about how did this actually do? Did we see people coming into the funnel? Did they convert? What actually happened with the people that you sent to us?"

Helen Southgate:

Yeah, exactly. I think there's a misconception that everything has to be on a cost per acquisition [inaudible 00:21:04] performance basis as a traditional affiliate model is on. It's exactly as Bob says. The more important part is tracking and understanding the performance and that's what's been missing for brands previously. But now they can move everything onto the same platform, they can track that partnership versus some of their traditional affiliate marketing or influences versus some of their traditional partners as well. It just gives them much more data and understanding about how to drive more revenue or how to increase brand awareness. It's just putting them in a much more informed place than they have been before.

Lenox Powell:

I'm glad you brought that up Helen. Let's talk about the technology. There's a lot of stuff happening now that's far more advanced than it was five years ago with platforms versus networks. What do you envision happening in the future with regards to technology driving all this, supporting all this, facilitating all of these partnerships, scaling them.

Helen Southgate:

I think it's really about... I think we've touched on this a little bit. It's about having one platform with one set of data which tells the same story all in one place. Traditionally, because marketing channels have worked in silos, they tend to have their tracking and data in silos as well. The tracking just enables us to bring that all into one place and have that one view of what's happening in the marketing. I think that's really key.

Helen Southgate:

I think also what we're going to see changing, again we touched on this a little bit, is traditionally affiliate marketing has been on networks and it's been on override basis. That is changing as well because if brands broker a partnership, they don't want to have to pay an additional override on that partnership. They want to have a fixed fee model and these new technology platforms are allowing brands to have a fixed fee model so they can scale their partnerships without having to pay over the odds for that as well, without having to pay for every additional partnership they put on the platform. I think that's really key, particularly when you're looking to scale partnerships locally, but also globally, it has to be a different commercial model for brands to make that work, and the technology partners are allowing them to do that.

Bob Glazer:

Yeah, I don't think that people really understand that the commercial model changed, that that override or paying [inaudible 00:23:32], what that did, because it was church and state forever. People say, "I had this great technology, it would do all the things that I want to do." But again, if Salesforce charged you on a percentage of everything that you sold and they were sending you leads, you would not take a lead that you had and put it into the Salesforce system. I think that is how brands had operated. They kept these things separate.

Bob Glazer:

It's actually not... I think it's not the technology, it's just the commercial model. The change in commercial models and supporting technologies and new things has really allowed people to think about this in a different way. Instead of trying to keep things separate, it's actually encouraging them to integrate. When you get more data and... Let's think about, back to those photographers from Tiny Prints. If someone had made them a landing page and never talked to them again, they might've just done some stuff and done a couple hundred dollars of business.

Bob Glazer:

But because they were in this program, and they had this real time reporting, and they were getting paid every month, and they were getting these newsletters that said, "Hey, here's a promotion this week that'd be really important for your clients. It's our best sale of the week and here's a banner or link you can use." Because they were getting that engagement of being in a program, their performance was better. They were getting that same messaging and all the same assets that all different types of affiliates were receiving.

Bob Glazer:

The changes that encourage people to integrate, I think when you integrate, you get more data in the same place, you get more scale, you get more leverage, and that's where a lot of the opportunities are.

Lenox Powell:

Yeah, those are really good interesting insights. As far as technological advancements themselves, what do you foresee happening in the future that's going to support this future of partner marketing?

Bob Glazer:

Yeah, so what's interesting is that I think the industry is starting to look like other industries in terms of what we're seeing as a separation. In the past, people really went and got their technology and services

in one place, mostly when the era was all full service networks. We're seeing a lot more now people saying, "Here's what good services look like for me," and having RFPs around that. Then also for technology, and really looking for the technology to be updated and looking for those new features. The separation of those two has created much better accountability in terms of, here's what good program management looks like and here's what good technology looks like.

Bob Glazer:

One of the things that we're seeing is that brands are getting really intolerant around this term roadmap, which comes out of Silicon Valley, which means, "Oh well that's on the roadmap." We talked to him and he's frustrated for years with their vendor using this term. When you're a tech company or a cloud company, you just roll out new features every month or every quarter. I think that's the expectation they're looking for when they're in the market looking for technology, they are not going to buy a roadmap. They are going to buy available features that are out now or that are promised in the next launch. It's making it more of like other industries where they go to agencies looking for good services and they go to technologies looking for both reliable and innovative technology.

Lenox Powell:

What I'm hearing you say is, in the future there's going to be more of a separation of services like program management and the technology that's actually facilitating those partnerships and tracking them. Because now in the current landscape, in many cases, a lot of that is combined.

Bob Glazer:

Yeah. Historically it's been combined. I think it's been really changing in the last couple of years in the US. I think, Helen's starting to see the same trends in Europe. On the tech side it's really twofold. I think it's the core tracking or networking technology, and then there's a bunch of enabling technologies like other industries where people have had a supporting feature or something like that.

Bob Glazer:

Again, they're selling that as tech, "Hey, here's the thing that we have that can add value to your program and you buy it as technology." All of this stuff, if you looked at 10 years ago, all of the technology and all of the services in your program would have had to come from the platform. They were closed ecosystems. I think it's moving a little more open.

Lenox Powell:

Bob, you had touched on enabling technologies. Talk more about that.

Bob Glazer:

Yeah, I mean, if you think about search companies like Kensho and Marine in providing key enablement. You think of social media, there's all kinds of dashboards and tools and stuff that sit outside Facebook and Google. I think we're seeing this more in the space, again, where you can either... you don't have to rely on one partner to provide everything. Things like cross-platform reporting, automation integration, there are some specialty companies doing that. Fraud detection, data and attribution, there's companies out there helping with just even removing the barriers to purchase, so enabling to purchase directly from a publisher site, kind of, buy now, and they've published their analytics.

Bob Glazer:

Yeah, well, the tech platforms offer this stuff and the networks offer this stuff. Some specialized companies have come out and really focused on getting really good at tools that help people in the system. I think that's great, it's just more competition, it forces everyone to get better. You can go to a generalist in one area or you can license a specialty tool if you find that more helpful.

Lenox Powell:

How do you foresee these enabling technologies bolstering and contributing to where partner marketing is going in the future?

Bob Glazer:

I think it helps. It just helps everyone do more business together. You take something that's out right now like [inaudible 00:28:56] that's has a buy now button technology where they're really trying to... it doesn't take the place of anything. They're still a publisher tracking platform and brand, but it allows the... the technology would allow the customer, who's on the publisher site, to see all their information about the product and buy directly into the shopping cart from the publisher site without having to leave the site. That helps everyone in the ecosystem. That's something that... it's a niche product they're building, especially, but it just, it greases the wheels of the entire system for everyone to make more money. The publisher does better in that case, the merchant does better in that case, the tracking platform that gets more volume does better. That to me is the perfect example of an enabling technology.

Helen Southgate:

Yeah, exactly. Align Technology is all about brands wanting more data, as I said before. It's really important that technology helps brands get what they need. Whether that is certain KPIs, whether it's different metrics, whether it's pulling in other data, whether it's looking at consumer profiles. All of this new technology, wherever it's coming from, is enabling them to be able to do that and that results in better performance, and better programs, and better targeting, and good return on investment. I think that's really key for forward thinking brands about elevating their partner marketing programs and their affiliate marketing programs to another level.

Lenox Powell:

What are some other things that you foresee happening in the partner marketing realm in the future?

Bob Glazer:

Yeah. One of the big trends that I've been talking about recently, I think, is this concept of the open network structure. It follows on some of the stuff that we've actually talked about earlier and mimics some other channels. But a decade ago everything was closed network. If you wanted to work with a brand and you're a publisher, you had to join that network that they're on and they were closed ecosystems. In this world of everyone want to work with everyone, we think there needs to be more liquidity and you will not have to adopt whatever that company is using if you want to work with them. Where a brand can work with a brand and they can each have their own tracking platforms and they can make that work.

Bob Glazer:

Or a network could even have... a sub network could have a group of publishers that are niche and it could join a company's partner program directly and provide value in that way. Everyone could work with everyone. It needs to look a little more, I think, like the programmatic industry did where it wasn't about what software you had, you could trade with someone else and that creates liquidity. If it's all proprietary platforms, it just limits what people can do with each other. I think we will continue to see these things be open and people be able to work with another party without having to adopt the solution that they're adopting.

Lenox Powell:

That's interesting. Helen, anything to add there?

Helen Southgate:

No, I think it just comes back to forward-thinking brands demanding more from [inaudible 00:32:00], agencies as well. It's all about being ahead of the game and understanding where that's going and giving them the flexibility to be able to do what they need to do to drive performance I think is absolutely key.

Lenox Powell:

Helen, you are in a unique situation for the industry as a whole by overseeing an entire multiple regions for affiliate marketing, partner marketing, over multiple countries and all kinds of market nuances. I would love your perspective on what you see happening in the world of partner marketing in the future with global.

Helen Southgate:

Yeah, I think this is a really exciting area. What we're really seeing now is, the more mature markets in terms of digital and affiliate marketing, particularly the US, the UK, and Germany, and, France, and Europe. They're moving with this very quickly. They're progressing with partner marketing and developing new ways of running partnerships and brands are getting smarter about how they do that. But in my experience what you see is other countries and regions catch up really quickly.

Helen Southgate:

It's almost like they move that quicker. It's taken us 25 years to get to this point, but it might only take them two years to get to this point because they mature much quicker and they learn from the more mature markets as well. But it does mean when you manage a global program that, different markets are in different states of maturity, and have different cultures, different ways of working, different partnerships. What we've really found running a global business is, it's one thing to have people that speak the language or people that understand the market, but what is really valuable and what really helps drive performance on a global program is having people in market.

Helen Southgate:

I found that's absolutely invaluable for running global marketing programs. Having boots on the ground, having those people that can talk to partners, talk to the brand, really understand what they're selling and what they're driving. I think we'll see more and more brands, again, demand that. They'll understand that running a global program out of one country just simply doesn't work. You have to have those people in market, you can break those relationships, get in the office with the brand, understand their consumer, understand their objectives, and I think we'll see that happening more and more. It's

not necessarily an easy thing to do, but it's the only way you can get a true global program that's performing in all levels.

Lenox Powell:

Sounds nothing short of complex.

Helen Southgate:

Exactly. Yes.

Bob Glazer:

Well and the complexity is also, it's part of the opportunity. Again, if we think back to 10 years ago, you did not have global platforms and you did not have global agencies. If you had a global program by nature you are probably going to be on multiple platforms. I mean we have seen cases of five to 10 and you're going to have different agencies, so it was not going to be a organized effort. You probably weren't going to learn from other markets and best practices.

Bob Glazer:

Now you have that opportunity. There are global agencies like Acceleration Partners and their global networks and technology platforms. It doesn't necessarily make it easier, so you have the ability to be integrated and learn in strategy. But as Helen said, you need boots on the ground, there's local nuances. But we're really trying to work with our clients and brands on making sure that they share those best practices, particularly they're working on the same platform and that they don't act in isolation because there is a real ability to run an integrated global program in a way that's never been done before.

Lenox Powell:

We've talked about this channel evolution, that in the future it's not going to be affiliate marketing or partner marketing, influencer marketing or partner marketing, or business development or partner marketing. All of these channels in the future, especially where performance is a priority, will be integrated and consolidated to become more commonly known as this partner marketing term. We've talked about how there's bigger and more experienced teams that are just organically going to need to be able to come together with far higher levels of expertise and knowledge and experience to manage all this, and to facilitate all this, and to be able to provide the data that the brands want.

Lenox Powell:

We've talked about the technology element and how that's going to look and change in the future to support all of this new different concept of partnerships and partner marketing and the global element. How in the future all of this will also be global far more than it is today and what that will look like. For you two, looking into your crystal balls, where do you foresee all of this? This partner marketing evolution? When do you see it really becoming more standard in mainstream within brands and enterprises?

Bob Glazer:

Over the next three to five years I really think we're going to see the emergence of partner marketing as being a key channel and it's going to have awareness at the C-suite, either from the revenue or business development teams or the marketing teams. You're going to have experienced senior leaders leading

these programs internally with large teams and support probably from the outside and agencies. They're going to be running a real integrated digital business development team that could be organized by channels. They're going to have a lot of different technologies that they're working with. It's going to look more like the sophisticated search or social teams that you see today where there are a variety of specialists and different focuses and otherwise.

Bob Glazer:

But I think people will understand what the term means. There will be more and more advertising than on performance. Look, brand advertising is never going away. But if you talk to anyone, a creative brand agency right now, I mean, they're struggling because their clients that did all this brand advertising are all going direct. I think it's going to look and feel different and we're going to continue to see changes on the technology and the new entrants, and there's going to be a lot more competition, which is going to be great for everyone because when a market grows, like partner marketing's growing right now, it attracts new entrants. I think everyone's going to have to stay on their toes and keep both their products and their services pretty up to date.

Helen Southgate:

Yeah. I think, thinking much newer, thinking next 12 months, one to two years, we're already seeing these partnerships develop and we're just at the beginning of that journey I think. There's people coming out with some very good case studies and examples of brands working together, influences in working on a performance basis, working with podcasts. All of this is just starting to happen. What I think is most interesting is, whenever I go in to talk to brands about this, everybody gets really excited about it. Everybody knows that this is a really big future opportunity for brands and for partner marketing and also for affiliate marketing because essentially it's going to grow that channel as well.

Helen Southgate:

I think we'll start seeing more of these partnerships, we'll start seeing more successful case studies. People will start to understand the value of looking beyond your traditional affiliate partnerships and how that can really add incremental growth. But I do think it's important as well to know that, going back to what we said at the beginning, we're not saying that traditional affiliate marketing is going away, that will continue to grow and there will be marginal gains there. But what we'll see over the next year, two years, is the real incremental growth and the big revenue growth will be in these new types of partnerships working on that performance basis.

Lenox Powell:

Yeah. I think that's a really key point to make. What are some challenges that both of you foresee arising that might slow this performance-based partner marketing evolution? Where might resistance come from?

Bob Glazer:

Resistance always come from incumbents. I'm actually reading the book Range right now. I think it highlights how, when you really have someone who becomes an expert in a discipline and does not get outside of that discipline, how there's much less innovation. I think you see a couple of different camps right now. I think you see people who wish it was 10 years ago and people who are trying to change as quickly as they can. Really, I think not moving along with where the market's going because you're kind

of holding on to things that worked five or 10 years ago does not work in any industry. I think the slower everyone is to get on board with the changes is hard.

Bob Glazer:

I think the other thing that may be a little bit complex is because it brings together a bunch of these channels internally and some shifting roles and responsibility and accountability. I would expect some politics to come into play and some, who owns this stuff. Is it more BDT? Is it more marketing team? I think anytime you have a redistribution of channels you tend to have some stepping on toes. I think we've seen companies say, I'm sure Helen has seen this where, they know the right thing to do and they want to do it, but the politics of it gets in the way when responsibilities shift around.

Helen Southgate:

Yeah, [inaudible 00:41:10]. I completely agree with Bob's point on the politics. It's quite a shift to change your perception of how marketing channels are viewed within a company. Because in many companies they are still very siloed and you have ownership in each silo and everybody's concerned about making sure they deliver their objectives in that silo. But I think it's universally known that that's not the best way to run marketing. You need to have this more holistic umbrella view, but it will mean big changes and generally people don't tend to like change, very adverse to change.

Helen Southgate:

But I think those people that do manage it, and that's from brand side and it's from agency and technology platform side as well, will be the most successful. As Bob says, I think the some more traditional incumbents in the market that think this isn't the right thing to do, they will just get left behind because it is the right thing to do and we're already seeing that's adding incremental value to clients and it's giving a much better perception of affiliate marketing and partner and marketing within brands. It's all looking positive and if people aren't on board, I think they will get left behind.

Lenox Powell:

Sounds like there's a lot happening that's paving the way right now towards this new era of partner marketing. But there's still quite a bit of work and education that needs to be done to get there.

Bob Glazer:

Yeah, every opportunity has a challenge.

Helen Southgate:

Yeah. Good things are never easy. I think a lot of people feel this is really positive and really good, but yeah, it's not going to be easy and there's going to be bumps on the way.

Lenox Powell:

Well I think that's a great way to wrap this up, Helen and Bob, so appreciate you joining us on Outperform today to share your perspectives on partner marketing, a very complex concept but very exciting at the same time, and how this model is evolving and really where it's headed in the future. Thank you both very much.

Bob Glazer:

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Thanks Lenox.

Helen Southgate:

Yeah, thank you.

Lenox Powell:

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