

Lenox Powell:

Welcome to Acceleration Partners Outperform Podcast where we discuss topics ranging from performance marketing, affiliate marketing and digital marketing to company culture, entrepreneurship, leadership and the like. On today's episode, we're talking about performance partnerships, what those are and how they relate to performance marketing, and why you, as a marketing professional, should care. Speaking to this topic and helping us wrap our heads around what performance partnerships are is Bob Glazer, Acceleration Partners Founder and Managing Director. He's the perfect person to be talking about this topic because he has a book coming out in just a few months titled "Performance Partnerships", so welcome Bob.

Bob Glazer:

Thanks, [Lenox Powell 00:00:49].

Lenox Powell:

To get us started, how do you define performance partnerships?

Bob Glazer:

Sure. Very simply. To us, a performance partnership has four elements. It has a CPA or a cost-per-action payout, it has transparency in the relationship between the publishers and the advertisers, it has an ongoing relationship to it's less of a transaction and more of a relationship that continues over time. Then there's centralized tracking and reporting that furthermore provides real time payment, and trust and transparency to both parties so that they're working off the same set of data.

Lenox Powell:

Who are performance partnerships? Can you paint that picture for us?

Bob Glazer:

Yeah. I take back to where the concept came from and I think there's some real brand confusion in both affiliate marketing and performance marketing these days. I've asked lots of people their definitions of both and they're not consistent, which is something that I'll talk about in the book, but the real impetus there is that I think affiliate marketing has this broad term. There's folks who operate in the revenue segment and with great brands and in the high-end segment. Then there's a lot of stuff that has given the industry a bad name.

Bob Glazer:

When we looked at what's the good part and what's the bad part, we said, "Look, this is really what people want." We talked to our clients and high-end brands, what they want is performance partnerships. They can include the traditional elements of affiliate marketing and they can also include new types of partners and rolling in different stuff. It's a set of criteria that says, "Hey, this is what you want and this the best form of this." One of the analogies that I use is it's like Chianti Classico.

Bob Glazer:

Anyone can say that their wine is from Chianti or call wine Chianti and it gets very diluted, but to have the brand Chianti Classico you have to be from a very specific protected region of Italy to know that it's from there. Similarly, we think anyone can have an affiliate marketing program or can call something

performance partnerships, which means a lot of different things. To a lot of people that means measurement of results, but not CPA. To us, those are the four requirements of a performance partnerships in one that is high quality and beneficial to both parties.

Lenox Powell:

You have a company, they are advertising a product or a service, and they can do that through a variety of digital marketing channels. An affiliate is just a model through that, which we've talked about in, actually, our initial call. In this process, they're trying to promote and sell their products and services. They work with a variety of different partners. They might work with affiliates, they might work through their business development channel, they might work with referral networks and influencer marketers. What you're saying is, whoever you work with as a partner to accomplish this goal, that company should be looking for the kind of companies they should be partnering with should be performance minded?

Bob Glazer:

Yeah. Both companies should want to work in this framework. I think if you're reading about two things that are going on now, a lot about transparency problems and also about misaligned incentives. This framework solves a lot of that. There should be an action that you want your partners to get to; unless you're a brand like Tide that is just going for brand awareness in your marketing. All of the retailers need and eCommerce companies we work with, their budgets are performance. It is meant to drive a sale, so there should be an action. It could be a sign-up for an email, ideally it's in sale, but that you're paying for an outcome not an input. That's first and foremost.

Bob Glazer:

Then the transparency is that I know what you're doing. You're doing it and I'm partnering with you because you're better at it than I am. Or maybe I don't want to do it or maybe why should I do it if I can pay for it on a performance basis? I think 10 years ago in this space, it was a little bit of a don't ask-don't tell or it was okay to not disclose your methodologies to your partner. To me, that's like having franchisees and not knowing where their stores operate. It really goes against how most brands want to operate in not understanding how their brand is being used.

Bob Glazer:

I think that's gone from a nice to have, transparency, to a must have for the larger programs, particularly the ones that we work with. Then there's this notion of a relationship. I think this is what a lot of the pure folks who have been in the affiliate industry forever value and it's been hijacked a little bit. A relationship is, "Look, we are partners. We're working on this together. If tracking is down, I make you whole. If I make a change to my site and it's broken, we work on that. If we figure out different payment mechanisms. Sometimes something will be a little better for me, better for you, but we have a dialogue and there's a relationship."

Bob Glazer:

This is very different than the offer based part of affiliate marketing, where people are buying and selling traffic, and putting offers out there, and not even know who they're working with. Again, two and three tie together because the large brands aren't interested in not knowing who they're working with. Then to do all of this stuff, I think you need a network or you need a SaaS platform or something that tracks and provides the promise of payout in real time and all this stuff.

Bob Glazer:

One of the things is networks have different philosophies on this. I think some see themselves as an escrow agent and make sure that the advertisers have all the money funded to the partners that they promise so that they wouldn't get stuck holding the bag. Others, actually, leave them with that risk. Again, in our world it is that real time payment, the tracking, and everyone has the same data, and they're operating in a safe environment with a same set of assumptions. I don't know anyone who would say that they wouldn't want more of those types of relationship with those four qualities.

Lenox Powell:

How does a company find a performance partner?

Bob Glazer:

Yeah. The performance partner really can be anyone they're working with. I think they need to set up the rules, and the frameworks, and the platform and the technology. We talk a lot about affiliate program versus the affiliate framework. I think they just need to set that up. They can also look around the company and find things, like you were saying, that are going on with their PR team, or influencer marketing, or business development, or partner relationships that have these elements. They can say, "Look, we are much better of tracking all these things together."

Bob Glazer:

The two main branches of performance partnership from a management umbrella, and we have this in our graph on our website, there's the management side, which is the recruiting, coaching up, incentivizing of partners. Then there's that tracking platform. The more things you can integrate under the same tracking and the more things you can integrate under the same managerial infrastructure, I think the better outcome, and better you'll have, the better best practices you learn from about what works and doesn't work.

Bob Glazer:

A lot of partnerships that are managed one-to-one don't have that communication pattern that an affiliate program that's being managed has had, which in the manager is reaching out, they're telling people about new ideas, they're providing them content, they're providing them banners, they're providing assets. It's very much set it and forget it, that element of coaching up and engagement management with your partners is something that, I think, the affiliate space can really teach a lot of business development and marketings.

Lenox Powell:

What do you mean by coaching up?

Bob Glazer:

Yeah. We look at a couple different stages. Recruiting a partner, activating them and getting them active for the first time, and then engaging them and getting them to do more. If I have a partner, and I know they do really well, let's say this is in the baby space and they do really well around shoes. I might reach out them and say, "Hey, I see you're promoting this page, but you might do better with this page for shoes. Or are there banners that you would like about certain baby shoe products that we have? Or did

you know that in two weeks is our biggest sale of the year? If you need to promote that, let me give you some stuff to help you promote that."

Bob Glazer:

A lot of companies communicate with their partners as if they are customers and they're not customers. They're partners who you need to train up on how to communicate with their customers. They're the equivalent of a distribution channel. They're a digital distribution channel. That is what I'm talking about. A really good manager would reach out, look at a site, see how someone's promoting, would suggest ideas to improve that, and would let that partner know about opportunities where they believe that they could sell more with the brand.

Lenox Powell:

You're talking about Company X, they sell shoes, and they might reach out to an affiliate partner, just in this example, they might reach out to an affiliate partner and talk to them about, "Hey, these shoes are great and this is why you should promote it on your site. You can save all this and they fit really well." What you're saying is that communication is ineffective because they're not talking to a consumer necessarily who's going to buy their shoes. They're talking about a partner who would help them market and promote their shoes, so they need to speak to them in that language and [crosstalk 00:10:00]-

Bob Glazer:

Yeah. I'll give you a more specific example as it relates to that, because I think that example was more meant around how to have that discussion overall in a relationship. Let's say coupons, a lot of people email out the coupons or the consumer offer. They may email out to their partners, "Hey, 10% off sale this week at babystore.com." That's a consumer oriented messaging. What I would recommend that they do with a partner is send out a thing saying, "Hey, we're having a 10% sale off this week to our clients and actually it's one of our best ROI things of the year.

Bob Glazer:

"It covers three or four categories, so what we've done is we've made you banners around these sales, we've focused on these categories and things, here's some content that you can talk about it. We've actually found that if you promote this Wednesday to Thursday, you'll see the best luck." That is a totally different form of communication, right? That is coaching your partner on how to leverage that sale versus just telling them about the sale as you would a consumer.

Lenox Powell:

That makes sense. Why now? Why is this so important? Why is this topic of discussion happening now? Why not five years ago?

Bob Glazer:

Yeah, that's a great point. I think the technology wasn't there and I think what you're seeing around attribution and trying to manage multiple channels is the same issue in trying to consolidate a lot of partnerships. You just have so many things going on within a marketing and sales department, that it's just gotten to be too disconnected. Also, five years ago, the concept of more private label programs really didn't exist much, particularly in the largest partners. Almost every program was a network-based program. You have more of these direct programs, things being called the partner program, and

different business models that allow companies to leverage the affiliate ecosystem and use it in a different way.

Bob Glazer:

One of the biggest challenges to that over here, there's just been only one fee model, which is the performance fee model that's been around for about a decade or more. For companies that were generating their own business development and relationships, while they could've leveraged all the tracking and payments of that model was not going to make economic sense for them. As new technologies, and new business models, and pricing schemes come out, it changes how folks are thinking about working with these technologies.

Lenox Powell:

Mentioned more companies are looking to go to the private label route, which is back to the origination of affiliate marketing and how it started. Talk a little bit about that. What do you mean by private label?

Bob Glazer:

Yeah. A company can either maybe work with an affiliate network or work with at SaaS platform and have a white label version of a partner or affiliate program where, let's use the old ACME analogy and the Road Runner, instead of the ACME affiliate program on X network, where you'd be set up to sign-up, it's posted on the site and all you see ... These have been around for a long time, but I think in a quieter fashion in the smaller companies, but it's really an in-house program. It's all branded with the company's name, they control it, they make all the decisions.

Bob Glazer:

For large brands who really take their brands very seriously and have high standards, that control element is becoming a requirement. They don't want to deal with other folks or other permissions. They don't want to have to answer to anyone about rule violations or things where someone has violated the brand standard. Someone that we work with spoke on a panel that I helped moderate a few months back in London and he runs a program for a large global brand. He made the point that when you sign a wholesale agreement with that brand, you sign a 200 page agreement about what you can do and not do. If you violate it, you just don't work with the company.

Bob Glazer:

The affiliate agreement, he said, "Look, it's only seven pages," and in his mind it's even such a lower threshold to begin with, but that the two really shouldn't be that different. When you want to work with a brand, there are rules. I think there's been a lot of toleration in the affiliate space in the last 10 years of, "Whoops, I made a mistake," or, "Sorry I bid on your brand, that was automatic," or, "It won't happen again." Three strikes. The large brands just aren't buying that anymore. If you look at social media, and the instancy of news, and just one small misstep can cause a real issue.

Bob Glazer:

There's a real demand for control there. I think people really need to pay attention to that and I think they're missing the message in this, in that there's a real desire by brands to have more control over their partnerships; particularly, people that they're working with and paying seven figures to a year.

Lenox Powell:

A company's listening to this, they're going, "Oh, my gosh, I don't have a lot of performance partnerships, things are chugging along, but it's not in a performance way. I don't have good CPA, I don't have necessarily an awesome relationship with my partners, there's not a lot of transparency." What would you advise them to do to shift that into more of a performance partnership type of relationship?

Bob Glazer:

Yeah. The first thing I would do is start with an audit to see where they are. We just launched this great new tool called Affiliate Grader, it's at affiliategrader.com and it give you a chance to input all the elements of your program, give you a quality score about where you are, and I think that will set a pretty good baseline of where you are and if you have that. I think the next step would be, again this is not a self-serving comment, but sit down with someone who's objective, and review the program, and review the options. Where could they be working differently with the partners they have? Where are their partners that they could be working with? Get an understanding of the technology landscape and whether they have the right technology partner network or what would work better for them?

Bob Glazer:

One of the things that we like to do with clients or prospects is really plan out with them a year or two. Okay, you have your affiliate program and you're thinking about you'd actually wrap in this influencer stuff, and your referral program's getting too big for what it was originally meant for, you have some of these partnerships that you've been managing with spreadsheets, and checks, and stuff like that. You want to be in the U.S. but maybe you also want to be in London. You have a desire to maybe in Australia in a year or two. All of those inputs would determine a certain set of recommendations about the type of program, and the type of partners, and the type of platforms.

Bob Glazer:

Those who really, from the agency side, who have an objective standpoint, should be able to sit down and look at what your needs are and propose solutions that would fit those, rather than propose what it is that they sell, if they represent just a single stakeholder in the industry. That, to me, is we're seeing the need for more consulting and audit work in this space to say, "All right, where are you now, and what is the plan, and where do you want to be? Then what does it look like to get there?"

Bob Glazer:

Look, resourcing is going to need to change. I think the biggest thing in a performance partnership program is it has business development principals. You need people that know how to outreach and that are spending considerable amount of time doing that on a weekly basis. A lot of affiliate programs have just been on autopilot. Regardless of whether you believe it's \$10 million in affiliate revenue if you pay two hours a week in attention for it, I can tell you that running a high quality program is going to take a lot more time than that.

Lenox Powell:

That's really great advice. Before we wrap up, any other final thoughts you'd want to leave our listeners?

Bob Glazer:

No. Again, I think our-

Lenox Powell:

Besides to buy your book. To get your book that's coming out in May?

Bob Glazer:

There'll be plenty of content about the book if they don't want to buy the book, but I do think it has some good perspective on why performance partnerships are what people want and how we got there. How we got there, history's always part of the story, was a lot of great things, but a lot of mistakes around incentives and the wrong type of partners. I think what we're trying to do with this framework is learn from those mistakes and say, "Look, here are all the best parts about the industry, and here's what it was meant to be, and what excites people.

Bob Glazer:

"Here's what's hijacked it and taken it off the rails. If you follow this playbook, you should be able to get the positive aspects and avoid some of the mistakes that others have made." Again, really bring some clear definition to this label of affiliate marketing, which is just so broad for so many people that it's hard for them to even reach a consensus definition on.

Lenox Powell:

Having seen a few elements of the book, one thing I will say about it is I think it's really, really helpful for both affiliate and for companies to wrap their head around really what affiliate marketing is. Some companies even have an affiliate marketing program, but all of their other eCommerce, and digital marketing, and business development channels don't really have a grasp on what it is, and they're missing so much opportunity. I think that book helps complete the circle for a company's marketing. Big picture marketing across domestic, and global, and internal, and external, and all different kinds of partnerships. There is that element of it, too. It's about having any kind of marketing from a performance based and a partnership based relationship.

Bob Glazer:

Yeah. One thing to that, that I also speak about in one of the chapters, is the difference between the U.S. and the U.K. or European markets and how those have evolved. In the U.K. the performance and affiliate channel is much more integrated into the marketing team and the elements of business. It's seen as an equal partner at the table. A lot of the U.S. companies, the affiliate program is this misunderstood little stepchild that no one knows what it does and it's not integrated. We've had discussions where a company is not doing something and there's not a retargeting or maybe shopping cart abandonment and there's an opportunity to do that in the performance channel. The answer will be, "Oh, that's not affiliate team's responsibility." Or they look at it very siloed.

Bob Glazer:

To me, the affiliate is not necessarily even a channel. It's a way to work with partners, so if you're doing something and you have the opportunity to do it on a performance basis, I don't see why you wouldn't take a more integrated marketing approach to that and look at your affiliate program as a way to fill gaps that you have in search, or paid social, or content marketing. It can really work across all those areas. That's one of the things that I hope for the industry here, is that as we elevate more talent and we train more talent in the industry, it takes a more prominent role and a seat at the table in the marketing department and the acquisition department at a lot of these brands.

Lenox Powell:

Thank you for sharing your insights on performance partnerships, Bob. I know it's a really complex topic but I think you really simplified it and boiled it down for people to at least be able to wrap their heads around our perspective of what it is. As we're hearing time and again from clients, this is what they're wanting. We're calling it performance partnerships, but it's not just for their affiliate program. It's for every type of marketing and business partnership they have. I think that's really unique to remove it from thinking of it as an affiliate channel to an affiliate ecosystem, an affiliate model. Integrating that type of model into their entire company.

Lenox Powell:

To our listeners out there, if you would like to learn more about Acceleration Partners, check out our website at www.accelerationpartners.com and our blog. For more insights and weekly inspiration from Bob, be sure to check out www.fridayfwd.com. That's www.fridayfwd.com. You'll find his thoughts on topics ranging from leadership and company culture to personal growth, so definitely check it out. We'll also include links to the book page, to the affiliate grader, some of these topics we even have a blog post written around performance partnerships, so we'll be sure to include that on the blog for this podcast and also on the podcast page.

Lenox Powell:

We've got more insightful discussions to share with you related to performance partnerships, affiliate marketing and digital marketing, including company culture, and leadership, and the like. Stay tuned.