

AFFILIATE MARKETING GLOSSARY

The Ultimate Reference Guide to
Common Affiliate Marketing Terms



The affiliate marketing industry uses a LOT of homonyms – words that are spelled the same, often even pronounced the same, but have different meanings. Think of words like address, kind, rose and well.

These homonyms, in addition to the vast amount of jargon used within the affiliate industry, contribute to affiliate marketing’s reputation for being a rather **confusing and complex marketing model**.

In an effort to clarify and simplify the semantics of common affiliate marketing terms and definitions, we created this *Affiliate Marketing Glossary*. We hope you find it helpful!

A

Affiliate: A person or company that uses trackable links to promote a brand’s products or services in exchange for compensation (e.g. percentage of a sale). **Affiliates** are brand’s marketing partners. They can be bloggers, active social media posters, niche content sites, personal website owners, product review websites, shopping sites, mobile apps, app-to-app marketing platforms, mass media sites, loyalty, coupon and reward websites, and even other brands. Affiliates are compensated by a brand only after delivering on a desired action (e.g. sale, lead, new customer, etc.).

Synonyms: Publisher, Partner, **Performance Partner**®

Affiliate Network: A type of affiliate technology provider. **Affiliate networks** create tracking

links for affiliate to use in their marketing promotions, store creative such as images and pay affiliates who've driven a conversion. To varying degrees, affiliate networks also run reports of the affiliates' performance data. In addition, affiliates are able to join brands' affiliate programs through an affiliate network; some affiliates even work exclusively through the affiliate network. In some cases, affiliate networks also provide program management services.

Average Order Value (AOV): The average dollar amount spent each time a customer places an order. It's calculated using the formula: Total revenue / number of orders.

Affiliate Software as a Service (SaaS) platform: Similar to affiliate networks, an **affiliate SaaS platform** is a type of affiliate technology provider. **SaaS affiliate technology** creates tracking links, tracks affiliates' performance, stores brand creative such as images, pays affiliates once they've driven a conversion and runs detailed data reports of affiliate activity and performance. Affiliates can also join brands' affiliate programs through a SaaS platform.

A few key differences between most affiliate networks and SaaS solutions is that there are no exclusive affiliate partners to a SaaS platform and SaaS providers do not offer program management services. Their focus is only on the performance marketing technology.

Affiliate Text link: A clickable, trackable link that displays words (text) up to a specific character limit. When clicked on, the user is directed to a website. That action is tracked through the affiliate text link and the data is monitored by an affiliate network or affiliate SaaS platform.

C

Cart Abandonment: When a customer has items in their online shopping cart, is on the checkout page, and decides to exit the website without completing a purchase or desired action.

Click: When a customer clicks on a hypertext link or banner on a website, tablet or mobile device.

Click Active: The number of affiliate partners that have at least one click during a given period. A click active percentage can be obtained using the formula: partners who have clicks divided by total partners.

Click Stream: The different clicks that a consumer makes before completing a purchase. This is a concept can be visualized with a straight line. The start of the line is the first click; the end of the line is the purchase. The clicks between first click and purchase (including the first click) comprise the click stream. Each “click” refers to a consumer clicking on a marketing ad.

Click Through Rate (CTR): The percentage of people visiting a web page who click on a hypertext link in a particular advertisement. To calculate the CTR, the following formulas are used:

- For ads on a website: clicks divided by impressions
- For emails: clicks divided by opened emails

Commission: Money paid to an affiliate for a customer **completing an action** (i.e. a sale or lead generated) that they helped make happen.

Commission Rate: The **percent of a sale an affiliate will receive** as payout. For example, if your commission rate is 6% on a sale of \$100, the commission rate would be \$6. $100 \times 0.06 = \$6$.

Content: An article that is editorial in nature. Could be a blog, product or service review, a video, a social media posting, an image or pictures, or other form of information.

Content Affiliates: **Partners** whose main form of advertising a brand, product, or service is to create content (blog, review, social media post, editorial, etc.).

Conversion Rate (CR): The average percent that a **customer will convert** on a sale, action, or lead. Conversions divided by orders (leads).

Cost Per Action (CPA): The cost it takes to obtain an action or sale. **Cost divided by actions** (or sales).

Cost Per Click (CPC): The average cost for a click. Costs divided by clicks.

Cost Per Thousand/Cost Per Mille (CPM): Refers to cost per thousand impressions or email list size.

Coupon: A coupon (also known as a voucher) is an offer that includes a discount typically with a code for the consumer to use at check-out

Coupon Site: An affiliate partner who's main offering to customers are **coupons and deals**.

D

Deal Affiliates: An affiliate that promotes brands' offers (e.g. discount or other incentive) through images and descriptions. Deal site editors curate deeply discounted or Best of Web prices. Deal affiliates are often considered a hybrid of a coupon and content partner.

G

Geo-Targeting: The process of identifying a group of customers by their geographical area and advertising to those customers in that specific area.

I

Incrementality*: An action or metric (like revenue) that would not have occurred without the action being taken. **Incrementality** is the ability to directly tie spend (or other efforts) to revenue produced (or any other KPI).

**a company's definition of incrementality will vary from one company to the next depending on goals and KPIs.*

Influencer: A person who has a **dedicated following** on social media or blog readership whose audience trusts their opinions and recommendations. Influencers are often compensated by brands on a flat-fee basis (or free product) at the outset of the partnership before results have been delivered.

Influencer Network: Companies that can offer a breadth of resources, giving brands access to thousands of influencers within their network. Before being allowed to join, each influencer is thoroughly vetted by the **influencer network**.

Insertion Order (IO): An **insertion order** is a contract between two parties. The insertion order is a binding contract detailing the payment details and terms and is usually signed by the affiliate partner and brand directly. Insertion orders also are considered contracts in SaaS platforms with the designated commission rate, timeline and program terms and conditions.

K

Keyword: Words or phrases that people type into a search engine to obtain relevant results. In affiliate marketing, keywords can be used to search for a specific brand or category on affiliate sites.

Key Performance Indicators (KPIs): A type of performance measurement that is used to evaluate progress toward a strategic objective or goal. Different companies have different KPIs by which they measure success. In affiliate programs, common KPIs are sales, orders, average order value, conversion rate, click through rate, return on ad spend, return on investment and incrementality.

L

Lead Program: In affiliate marketing, some companies use their affiliate program to drive **high-value leads** for their business (often **B2B companies**). The objective is to reach an audience that's interested in the company's service by capturing their identifiable

information. This identifiable information could be captured through an email sign-up, a form-fill or other information submission form.

Loyalty Affiliates: *Loyalty affiliates* are partners that offer a reward to consumers for purchasing through them. This reward could be cash back, redeemable points, airline miles, college fund accounts, offers to apply rewards toward charitable organizations, etc.

Loyalty partners come in many forms but are generally websites, apps or companies that incentivize potential consumers with a reward in anticipation of a desired action, typically a sale, free trial offers, signing up for a service, form-fills, etc..

M

Master Service Agreement (MSA): A master service agreement is a contract that governs the work between two parties. In affiliate marketing, MSAs are used as the binding agreement before an insertion order. The MSA includes the expectations for how the affiliate partner will promote the brand. If the expectation is not met and/or an affiliate partner violates the MSA, the affiliate partner can therefore be terminated from the brand's affiliate program for non-compliance.

O

Offer: An offer is a promotion that a brand shares with their affiliate partners to promote. For example, "Jeans are \$10 off today through Friday!"

P

Pacing: Distance from a goal, often displayed as a percentage. Current metric divided by goal. For example, if your goal is \$100 and you have \$75, you are pacing at 75% to goal or $\$75/\100 . If a media package was booked with an affiliate partner for the month and the partner guaranteed a **return on ad spend (ROAS)** or a revenue goal, the brand would review revenue month-to-date and confirm if the partner is pacing to hit the expected goal.

Paid Placements: Ads that appear on an affiliate's website or influencer's posts that are negotiated at a set price between the brand and the affiliate/influencer or between an affiliate marketing agency and the affiliate on behalf of the brand.

Partner: A **person or company that uses trackable links** to promote a brand's products or services in exchange for compensation (e.g. percentage of a sale). They can be bloggers, active social media posters, niche content sites, personal website owners, product review websites, shopping sites, mobile apps, app-to-app marketing platforms, mass media sites, loyalty, coupon and reward websites, and even other brands.

Synonyms: affiliate, publisher, Performance Partner[®]

Performance Partner[®]: An **affiliate/partner** that promotes a brand's product or service in an aligned, transparent way. Their activity is monitored by a link they use in their promotional efforts and tracked through a technology platform (e.g. SaaS). The performance partner is compensated only after they've delivered a desired result (e.g. a sale, a lead, a new customer, etc.).

Programmatic Marketing: A marketing strategy that uses an automated, real-time bidding process to purchase ad inventory; can help brands advertise to specific users in specific contexts.

Projections: An estimate of results for an outcome of a specific event or program. For example, if a brand is planning to spend \$10,000 for a homepage placement for a week with an affiliate partner, the brand will typically require a projection to tie back to their specific

return on ad spend goal. If the brand must meet a \$10.00 ROAS, the partner would need to drive \$100,000 in revenue for the placement to be successful.

Publisher: A person or company that uses trackable links to promote a brand's products or services in exchange for compensation (e.g. percentage of a sale). **Publishers** are brand's marketing partners. They can be bloggers, active social media posters, niche content sites, personal website owners, product review websites, shopping sites, mobile apps, app-to-app marketing platforms, mass media sites, loyalty, coupon and reward websites, and even other brands. Publishers are compensated by a brand only after delivering on a desired action (e.g. sale, lead, new customer, etc.).

Synonyms: affiliate, partner, Performance Partner®

Push notification: Clickable pop-up messages that appear on users' browsers via a phone app, desktop or tablet. Many affiliate partners especially loyalty partners have their own APPS. They can market their push notification packages to engage with their app users and drive incremental traffic and revenue.

Q

Quarterly Business Review (QBR): A quarterly report and analysis of an affiliate program; includes recommendations/strategies for the future.

R

Return on Ad Spend (ROAS): Critical business metrics for online advertisers. Captures how effective media investment was in delivering positive value versus how much was spent on that media. **ROAS** is especially important to brands who want to identify which aspect of their media spend deserves more budget. Historically, brands have used **ROAS** to evaluate the effectiveness of a specific marketing campaign, ad group and even the overall effectiveness of a specific keyword.

Revenue: Money earned from the sale of a product or service.

S

Sale Active: The number of affiliate partners who have driven one sale during a given period is calculated with the formula: Partners who have sales divided by total partners.

Search Engine Optimization: The process of optimizing a website to attract organic (unpaid) traffic from a search engine's results page.

Search Engine Marketing: The use of paid advertising and other marketing strategies to increase a website's position and visibility in search results. This is most often used in the context of paid search ads, which are ads on search engine sites like Google, Bing, and Yahoo.

Statement of Work (SOW): A contract that outlines the work one party will perform for the other.

Sub-Affiliate Network: A company that offers services and support to both brands and affiliates (content creators, bloggers, influencers, website owners, etc.) and helps these "sub-affiliates" monetize their blog, website, social channel, etc. on a cost per action (CPA) basis.

Sub-affiliate networks can help affiliates simplify the process of monetizing their site by acting as the affiliate of record within a brand's affiliate program. The sub-affiliate network provides the centralized link building, communications, reporting and payments from the brand to the sub-affiliates on their platform.

T

Total Return on Ad Spend: A measurement of revenue divided by all costs or additional costs relevant to the marketing channel. This could be revenue divided by (commission + paid placement costs + platform costs + agency costs).

Tracking Pixel: Specific code that is placed on a website to track online activity. In affiliate, the links that affiliates use in their marketing content or information to promote a brand has tracking pixel code embedded into it so that the affiliate's activity – and the performance generated from that activity – can be tracked.

Trademark Plus (TM+) Campaign: In affiliate marketing, a TM+ campaign is when a brand gives select affiliate partners permission to bid on their trademark search terms. This is typically done in exchange for a complementary paid placement on the affiliate partner's site and as a way to help brands block competitors/unauthorized bidders and generate incremental exposure.



Get in touch to learn how to optimize and grow your affiliate program with the right partners.
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