

Michelle Morgan:

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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 brands are doing to outperform in their business and marketing partnerships.

Lenox Powell:

Welcome to the Outperform podcast. We get a lot of questions related to affiliate partnerships. Everything from what types of partners would be good for my program, to will this type of partner be able to help me drive the results I'm looking for, and what new types of affiliate partners should I be considering? Well, the answers to some of these questions tend to vary from one affiliate program to another. There are important insights that we've gathered from our many years of affiliate program management. Here to share some of those learnings, as well as shed light on what the future of partnerships might look like, is Michelle Morgan, Director of Publisher Development here at Acceleration Partners. Welcome Michelle.

Michelle Morgan:

Thanks, Lenox. I'm happy to be here and excited to dive into these topics.

Lenox Powell:

To set the stage for our listeners, when we say affiliates, or partners, or publishers, who are we talking about here?

Michelle Morgan:

Yeah, so affiliates, publishers, and partners are one and the same. The names are really used interchangeably. And when I think about who that group is, I really think that anyone and anything could be a publisher. In the traditional sense, it's the likes of a blog, or a loyalty site, but we also work with publishers who are new to affiliate, such as some really cool tech companies who manage product fulfillment and shipping and returns. And this year we've also created partnerships with some large content and informational sites, mass media partners, email partners, who historically just didn't work through the affiliate channel, but we've been able to change that and got them to partner with some of our brands.

Lenox Powell:

That's great. I always think it's helpful to start off with a solid terminology foundation as there are a lot of jargon and terms within the affiliate industry, and meanings can get confusing very, very quickly. So before we look into what's ahead for affiliate partnerships, I think it would be helpful to our listeners if we first take a look back at what the affiliate partnership landscape looked like in 2020, and even in years prior to that.

Michelle Morgan:

So prior to 2020, our industry was primarily filled with what we would call a traditional affiliate partners. So again, those would be considered the likes of content sites, coupon, loyalty, and deal. But in recent years, we've seen some of those traditional types of partners evolve in non-traditional ways. And when I think about some examples, some would be loyalty partners who now have in store and card linked offer technology, or coupon sites that create white label solutions for large media houses online.

Michelle Morgan:

We've also seen new types of affiliate partners come onto the scene altogether. Some of those examples would be tech partners who can offer solutions for advertisers on a performance basis. Some examples of that would include personalized offers and product recommendations for shoppers who are already on the brand's website, conversion and abandonment solutions, and sourcing user-generated content from the social channels of the brand's advocates into curated galleries on an advertiser's website, and much more. Really the opportunities there are endless.

Michelle Morgan:

And another area that we've seen really grow, I would say over the last year or so, is reaching offline customers in a variety of different ways through partners in the affiliate channel who have print capabilities. Some examples of that would be mailers to demographically targeted households, customized inserts consumers can see when they open their packages from brands. And another one that we've been working closely with recently, right before back to school, was a company that can advertise to parents via folders that children would actually take home from school, and much more.

Lenox Powell:

I think that's so cool. Like I've been so excited about this discussion because there's still, across the board in the US and probably globally, people who understand, or companies that understand affiliate marketing, so many of them are still, their head space is still in the traditional affiliate partners. And I love that we're having this conversation because I'm hoping that it'll blow the top off many of our listeners to say, "Whoa, that's really cool. I had no idea that there was so much variety of affiliate partners."

Michelle Morgan:

There's so much out there. I really do think that the opportunities are limitless. And when I say that literally anyone or anything could be a publisher, I truly believe that.

Lenox Powell:

As affiliates and how brands are partnering with them via their affiliate program, how that's evolved over the past few years, and in that process of that evolution and kind of in your seat, what are some of the things you and your team have learned?

Michelle Morgan:

Where do I start? I think there's a couple of different things. So the first is that it's really vital for companies with affiliate programs to understand that they can't, or at least they shouldn't, take a one size fits all approach to their affiliate partnerships, because while publishers may fall into the same vertical, for example, deal partners, certain ones may have special capabilities that can really help a

brand hit their KPIs more efficiently and effectively. And the main takeaway I think, is that there's just unlimited opportunity in the affiliate marketing channel. So it's really important for both brands and whoever is managing their affiliate program to consistently think ahead and outside of the box.

Michelle Morgan:

And there are ways that advertisers can work with people or different organizations that can be brand advocates, or simply promote a brand's products. And some examples of those could be collaborating with groups, such as sports teams, or even fitness instructors to promote sports gear and athletic clothing, turning makeup artists into makeup and skincare brand advocates. We've seen a lot of that on TikTok and other social media platforms, especially as of late. Turning sales associates and employees into publishers who can promote a brand through their social channels, and potentially even on perks, such as a commission, a vacation day, free product, et cetera, et cetera.

Lenox Powell:

How you've described some of those examples sounds a lot like influencers, and influencer marketing. And so something I really want to be clear here is that you are saying, yes, that activity, what they're doing, the content they're producing via social channel, or what have you, might be influencer-esque, however, it's all being run through an affiliate program on a pay on performance basis.

Michelle Morgan:

Yes. Correct. That's a great clarifying statement for sure. And I think that's often where some confusion lies, but it's really just a matter of getting this entity, this person, this group, set up as a partner, even if it is through an influential, some sort of an influential setup, like you just mentioned, but they could be set up as publishers or partners within your affiliate program. Correct. Thanks for clarifying that.

Lenox Powell:

Yeah, because I mean, I hear that and I think, well, that sounds like what most brands I think would just define as, oh, influencer, check. We're already doing that. But it's the compensation that really is vital here to pinpoint. A lot of those brands are used to paying those types of partners upfront, a big kind of fat flat fee, where this perspective, what you and your team are doing and helping our clients do is to say, "No, you can work with those people, those companies, those individuals through your affiliate program and only pay them after a result has been driven."

Michelle Morgan:

Exactly.

Lenox Powell:

Anything that has surprised you? Kind of looking back on 2020, and even in the few years prior, what are some things that have surprised you?

Michelle Morgan:

So I think the main thing that continues to surprise me is that some brands are still hesitant to work with specific verticals, such as coupon sites. I can see why this may have been the case a few years ago, but with how much these types of publishers have evolved over time and not to mention the technology platforms that manage the partnerships and the commission structures that are available, and just how

much more sophisticated things like click path and attribution are. In addition to all the case studies that publishers can provide in conjunction with advertisers, it's really just, that's all more than proven that coupon sites can offer a significant incremental value to brands. So that's something that's just really still surprising to me when we come across brands that say, I will never work with publishers in A, B and C vertical because they will bring no value to my program. But really the reality is that partnering with coupon sites through an affiliate program has more than proven to drive the value. It's just requires an understanding of the needs and the goals of both parties and a team who can structure the partnership in a strategic way.

Lenox Powell:

I think that's a really good point to drive home. I'm right there with you. Having been in this industry for almost six years and having written so many of those case studies that you mentioned about how much value coupon sites, loyalty sites, deal sites are adding to our client's programs, I too am always really surprised when I hear from anyone on our client services team or whomever that when I hear that there's hesitation or pushback from a brand not wanting to work with them, I think we always say, it's not if you work with a certain type of partner, it's how you work with them, because as you so eloquently stated, there's so much flexibility for a brand with how they choose to partner with one type of affiliate.

Lenox Powell:

Kind of going back to that, do you think that that reticence to work with say a coupon partner is a carry over from many years back when there were some bad actors in the affiliate space?

Michelle Morgan:

Yeah, I would say I think that's possible, but mostly what sticks out to me is the tech that I just mentioned and how different and more evolved it is today in comparison to years ago. When brands just didn't have the options to really view true incrementality and attribution across all partners within their affiliate program.

Lenox Powell:

That makes sense. Any other surprises? Things that have kind of stood out to you and your team?

Michelle Morgan:

Yeah, for sure. I think a couple of things that have really stood out are, I think this even goes back to what you were just saying to clarify influencers versus turning those influencer type partnerships into publishers for an affiliate program, it's internal politics, and getting within a brand teams organization, getting those different departments to work together if needed, and getting partnerships approved and over the finish line. Because sometimes there could be crossover with a certain partner that we're working with, or they may be an influencer network that's working through the affiliate channel only, but the PR team at the brand's company may want to work with them instead, it's really getting over those internal politics and getting those partnerships approved and ready to go. And that's something that my team and I could imagine account managers and other people across client services at other companies often struggle with as well.

Michelle Morgan:

Beyond that, sometimes we'll identify a really great partner and pitch it to our client who gets excited about the opportunity. Then they have trouble getting budget for the partnership to be run through the affiliate channel, because it might fall under a different channel, which goes back to the statement I just mentioned prior. So we've seen this happen with not only influencers, but with some email partners, mass media and others.

Michelle Morgan:

And with partners that are new to the performance channel, it can sometimes be tough for those partners to get buy-in for affiliate across the organization. As I mentioned earlier, we've been working closely with some partners that are new to the affiliate space, and we identify a contact and have great conversations with them, and they're excited about it, about the pay on performance opportunity with brands, but it's hard for them to justify that internally within their company to be set up as a publisher sometimes. So hopefully we'll get over some of these hurdles as we continue to prove the value through the performance channel, but those are probably the biggest difficulties that tend to stick out.

Lenox Powell:

I'm finding myself nodding my head right now. I'm sure a manager or somebody overseeing an affiliate program is totally getting this. They're like, "Yeah, we're having those challenges too." So yeah, it's exciting to see how you and your team are overcoming some of these challenges, and I think that the key, what I've learned from you all is testing. It doesn't have to be, yes, we're going to do this and we're going to do this forever. It's I know a solution that you all have come up with is to approach this on both sides. The brand side, and also the partner side, and to approach it as would you be open to doing a test, a 90-day test, just to see if there is some viability here for this type of partnership, on your end and on the brand's end or vice versa. But I think that that's a super smart strategy that you all have brought to the table as have our client services team.

Michelle Morgan:

For sure, and I think the majority of publishers, at least any that I've ever spoken to about running tests, are always interested and agreeable to doing it. It's just a matter of, as you said, making sure that there's a long enough duration to actually prove the test. So instead of 10 days let's look at 90 as an example. And then beyond that, just making sure that the brand or the account team, whoever's overseeing the affiliate program, is communicating to the publisher what their goals are and what their KPIs are, so that the publisher can focus on the right activities to help the brand reach that goal. And then at the end, reviewing the data and seeing if there is incrementality that has been proven there or whatever KPI the brand was focused on. But yeah, test, test, test. Don't just say no.

Lenox Powell:

Oh, absolutely. So now here we are on the cusp of a whole new year, which a lot of people, I'm sure like, Oh thank goodness. 2021 could not come any faster, but looking into your proverbial crystal ball, what lies ahead for affiliate partnerships?

Michelle Morgan:

Lenox, What a question.

Lenox Powell:

You know I love this, give you the best ones, right?

Michelle Morgan:

Yes. I mean, I think this year, especially in a COVID-19 reality, we've seen shifts with some publishers, including savings destinations, mass media, and more, who've been taking more of a holistic approach with brands and offering optimizations and placements across the entire marketing funnel, including programmatic and social, which really allows brands to reach consumers through various channels and stages of their purchase journey. So based on that, my prediction is that more publishers like this are going to offer a full commerce solution to brands.

Michelle Morgan:

A second prediction, based on what we've seen in 2020, is that more brands will shift their marketing budgets to performance based marketing such as affiliate. So that, coupled with continued shifts of marketing channels, such as programmatic and email moving over to the performance channel, this will also likely bring a need for new, or additional headcount, to affiliate teams being built into the organizations.

Michelle Morgan:

And I think we'll also see a continuation of influencer networks working on a affiliate/performance basis, because this year, especially, I mean, we've seen an influx of new influencer networks who are moving over to the performance channel, similar to some of the traditional, well, what I call traditional through affiliate influencer networks that we work with, and I can see more of that happening, and a lot of our brands have been interested in those opportunities and those partners are really driving volume, along with publishers, with print capabilities that can continue to help bridging that gap from online to offline and vice versa. And I think also just given everything with COVID, we'll see more shopping via curbside and buy online pickup in store. We have quite a few publishers that have dedicated sections of their websites that can list advertisers who offer this, and the publishers are also willing to promote it on the brand store page.

Michelle Morgan:

An idea that's tied to that is for advertisers to run campaigns that can actually help publishers to incentivize this activity, if that's something that the brand is interested in. So for example, they can offer a bonus to loyalty partners on top of the commission that those loyalty partners will earn for the transaction, and the publisher can pass the bonus back onto their users. If that user selects to at checkout use curbside or buy online pickup in store, it's just a good way to drive that activity instead of focusing on shipping. And especially as we look through to the end of the year with shipping delays, and that could also continue into the future, it's a good way to extend shopping periods as well.

Michelle Morgan:

And I think the last thing that really sticks out to me is brand to brand opportunities. So earlier this year, there was a lot of buzz around these types of partnerships, but unfortunately COVID put a bit of a wrench into things and advertisers just had to shift priorities. However, I've really seen renewed interest from AP clients and within the industry overall and I anticipate this will pick up more in the coming months and into the new year.

Lenox Powell:

So this concept, this type of partnership structure was new to me. And candidly took me some time to wrap my head around it, because I kept conflating it with B2B partnerships, business-to-business, as far as like an affiliate program, which is different. So for our listeners who might not have any idea what the heck a brand-to-brand partnership is and how it differs from other types of partnerships, such as the traditional business-to-business affiliate programs that have partnerships that help them drive leads and sales and what have you, can you provide a high level explanation of brand-to-brand partnerships?

Michelle Morgan:

Sure. Yeah, that's a great question. So we view a brand-to-brand partnership as a collaboration between two noncompeting advertisers or brands, they're one in the same, who have common goals, similar audiences, or products and services that happen to align well with the other. So for example, you could be looking at an advertiser that sells pet food, and they want to partner with an advertiser that sells dog beds, since they have similar audiences in pet lovers. This activity can be tracked and paid via the affiliate channel by having each brand sign up as a publisher within each other's programs. And some campaign examples to think about could be social media swaps, such as the brand posting each other's offer via Instagram and tracking by a promo code. Or you can promote an incentive, such as the gift with purchase at checkout. So if I look back at the example of the dog food and the dog beds, if someone is checking out and they purchased a dog bed, on the confirmation page, they may get an offer that pops up for that other brand that sells the dog food, and that would incentivize the person to use the offer and make a purchase.

Michelle Morgan:

And it's just important to note that, or really just drive home that this doesn't technically involve publishers. It really is two brands working together, but they could be set up as publishers within each other's affiliate program for tracking purposes, or if they happen to want to pay each other for that activity via commissions.

Lenox Powell:

First, excellent explanation. You made it very clear, and I so appreciate you doing that because this is a very exciting opportunity within the affiliate space. And as far as the logistics of getting it set up, and I know we've internally tested these types of campaigns with our existing clients before. So it's exciting, a huge opportunity for brands, and really glad we're able to touch on this one.

Lenox Powell:

Well, Michelle, I know that you and I could easily extend our conversation about affiliates and all of the new cool and interesting ways they are partnering with brands in this era of affiliate marketing by at least another hour, but alas, those sequels will need to wait for another day. Thank you so very much for joining me today on Outperform to share your perspectives and your expertise. The work you and your team are doing here at Acceleration Partners is truly invaluable to our client's affiliate programs.

Michelle Morgan:

Thanks Lenox, It was great to talk to you today.

Lenox Powell:

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