

Brianna Stetson:

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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 for those of you, who've been listening to Outperform for a while, you know that there are many folds and facets to the affiliate marketing model. While these nuances are a significant part of what makes affiliate marketing so unique and valuable, the reality is that they're also part of why many consider the affiliate channel to be somewhat confusing and complicated. In an effort to smooth out and simplify some of these folds and facets we're focusing this episode on answering some frequently asked questions about affiliate marketing. Joining us today to answer some of these questions is Brianna Stetson, an Account Director here at Acceleration Partners. Welcome Brianna.

Brianna Stetson:

Thanks Lenox.

Lenox Powell:

Before we dive into the details, let's start with a high level overview of the affiliate model. Let's say you were speaking to a marketing coordinator or marketing manager, and they asked you, what is affiliate marketing and how does it work, how would you answer them?

Brianna Stetson:

So at its core, I would say that affiliate marketing is a type of marketing whereby an advertiser or a brand pays a partner, also known as an affiliate, to promote that brand. Usually these partners have some sort of active user base, it's a website, it's a blog, it's a aggregation of coupons. But the key here is that this partner affiliate, partner if you will, has some sort of user base, that's actively digesting the content.

Brianna Stetson:

The great thing about affiliate marketing and what sort of sets it apart is that it's a hundred percent performance based. That's why a lot of affiliate marketers get a lot of notoriety within the marketing channels internally because it's a hundred percent performance based.

Lenox Powell:

What do you mean by performance based?

Brianna Stetson:

So what that means is that essentially those partners or affiliates are only getting paid out when the desired action happens. So for a lot of brands, they're looking to drive sales. So what that means is that the affiliate partners are only getting paid when that sale has been driven.

Lenox Powell:

Awesome. Let's dig into some of the elements that make up the affiliate marketing model. Let's start with affiliates themselves, what or who are affiliates?

Brianna Stetson:

So affiliates also called partners, publishers or performance partners, all of those words are synonymous. Any one of those terms can be described when you're talking about affiliate partner. As the industry has evolved over the past few years, we're finding that the nature in which an advertiser and partner works together has also changed. It really has become more of a two way relationship between the publisher or affiliate partner and the brand itself.

Lenox Powell:

So another frequently asked question is what do affiliates do?

Brianna Stetson:

So at the core, all affiliate partners promote an advertiser's brand in exchange for a payment or commission. The commission itself is paid out on the action the advertiser chooses. So in most cases, advertisers are looking for sales, in other cases, advertisers might be looking for an email lead or a name or a subscription trial. So those affiliate partners are only getting paid out when that action actually occurs.

Brianna Stetson:

How affiliate promotes the brand can vary from partner to partner. Brands and affiliate partners work together and unique in different ways and the really cool thing is that even brands within the same vertical can work with an affiliate partner differently.

Lenox Powell:

To keep things simple to start, what are some common or traditional types of affiliate partners?

Brianna Stetson:

So traditionally, when we talk about affiliate marketing, there are about four main types of affiliate partners that we usually think about. So the first one that comes to mind for many people is the coupon, deal, loyalty and content partners. So coupon partners, which are what most of us think about when we think about affiliates are partners that generally are mostly just talking about a promotion or a coupon or an offer, that is their value prop is to bring an offer or a discount or a coupon code to their user base.

Brianna Stetson:

Deal Partners are similar in nature, but the thing that differentiates them is that in addition to the coupon, the offer or their discount, they're also layering in an editorial piece to their content. So they might talk about an offer tied to a certain product, but in addition they're going to be also adding in product specs, product reviews, and adding a little bit more context other than just the offer itself.

Brianna Stetson:

The other type of traditional affiliate partner that you will typically hear about is a loyalty partner. So loyalty partners are partners that use their platform and offer consumers, again, usually some sort of coupon or discount, but they have an added layer or value prop in that they also offer consumers cash back. So some of the most commonly used loyalty partners include a partner site like Rakuten, consumer comes uses their platform to find discounts, but then also has the extra incentive of earning cash back on their purchase.

Brianna Stetson:

Then lastly, there's content partners. So these are partners who primarily promote editorial type of content. They may have it a discount or promotion within the content itself, but usually that's not the main focus of the content. So these types of partners are usually bloggers and they usually include long blog posts or some sort of editorial content about how to use a product, when to use a product, ways to style a product and they're usually very visual in nature.

Lenox Powell:

Great. So then what are some other types of affiliate partners that are less known about or understood? Those partners that are sometimes referred to as nontraditional affiliates.

Brianna Stetson:

Yeah. So there are definitely a handful of nontraditional affiliate partners, a first one that comes to mind of affiliate networks.

Brianna Stetson:

So some affiliate networks are platform providers whereby they are offering up a easy and seamless way for more of those content type of partners or long tail partners to monetize their traffic. Usually some affiliate networks target a certain industry or vertical of publishers. So a sub affiliate network could have all fashion bloggers under their umbrella or all blogger type of partners or YouTube type of partners under their umbrella. So they're very specialized and the value prop is that they offer a seamless way to monetize that partner's traffic.

Brianna Stetson:

The second type of nontraditional partner that comes to mind is mobile affiliates. So these are partners who specifically play in the mobile space and they can do that in a variety of ways. They could be partners that promote in-app monetization, help with app installs, downloads, or simply target users when they're on a mobile device.

Brianna Stetson:

There's also technology partners, these are partners who leverage technology to help drive convergence for a brand, all done via performance based payment model which we spoke about earlier. These technology affiliates include things like part abandonment partners, retargeting partners, partners that partner personalization and upsell opportunities just to name a few. While a lot of in-house brands have channels designated to these things, the great thing about working with these technology partners to affiliate is, again, it's all performance based.

Brianna Stetson:

Last but not least, when I think about nontraditional partners, the other one that comes to mind is mass media. These are publications and partners that have a large audience via mass communication. These partners include partners like CNN, BuzzFeed, Meredith Publications. You've probably heard a few of those names before, but all of those partners work within an affiliate capacity as well.

Lenox Powell:

Why do brands work with these various types of partners within their affiliate program?

Brianna Stetson:

There could be a variety of reasons why a brand decides to work with a particular affiliate publisher. They lean into these publishers to help them with sales during a promotional and non-promotional time period, they may be looking to drive email signups and help grow their CRM database, or they may be looking to drive app installs or drive trial subscriptions. There's really a host of ways or reasons a publisher and an advertiser would work together.

Brianna Stetson:

The great thing though, and the reason why advertisers continue to lean into affiliate marketing is because it's all performance-based. So unlike traditional channels where you might pay on an impression with no guarantee of an order at the end, affiliate marketing is cost-effective because you're only paying out when that desired action occurs.

Lenox Powell:

Thank you for that clarification, that's really helpful. Another commonly asked question is how do brands know what types of affiliates to partner with in their program?

Brianna Stetson:

Yeah. Great question Lenox. So one way in which an affiliate agency does, this is through our publisher development team. So at Acceleration Partners, our publisher development team and client service teams actually work really closely together to find affiliate partners who are aligned with that particular advertiser's target market, mission statement, budgets and really the goal is to try to find synergies between the relationship of the affiliate publisher and the advertiser themselves. It's our job to design a relationship that helps both parties meet and exceed their growth goals.

Lenox Powell:

While I love to promote Acceleration Partners, what if a brand, they don't work with Acceleration Partners and they don't have their own publisher development team, how do other brands who have an affiliate program that might not be an Acceleration Partners client how do they know what types of affiliates to partner with?

Brianna Stetson:

Yeah. So the first thing is, look at your user base, who are your consumers? Where are they going to digest their content? Are they typically on blogs, are there certain publications that they're reading? You'd be surprised at how many people in publications and influencers work within an affiliate capacity.

So the best place to look for affiliate partners is to look at your consumer base and see where they're digesting their content.

Brianna Stetson:

The next step would be once you've identified the type of partner you want to work with based off of where your consumers are going, have a conversation. The whole goal of affiliate marketing is to make sure that you're designing a mutually beneficial relationship, so understanding what your goals are but also understanding how the publisher goals are and how you can create a relationship that meets both parties needs.

Lenox Powell:

Okay. So moving on to another aspect of the affiliate model, we get a lot of questions around affiliate technology, what is that and how does it play into affiliate marketing?

Brianna Stetson:

Yes, that is a complicated one, for sure. So affiliate technology, whether that's an affiliate network or a software as a service provider, you've probably heard the word SAS platform before, makes it possible for brands and agencies to quickly and efficiently track the activity of their affiliate partner and ensure compensation is delivered in an efficient and scalable way. So affiliate technology providers and advertisers work together to define a set of criteria that gets passed back in every conversion in which an affiliate partner was involved in driving that order lead or sale.

Brianna Stetson:

For example, most of us had gone to sites like a Rakuten or RetailMeNot before. So on the backend, the affiliate technology tracks the consumer. It can see when you're interacting with RetailMeNot, when you click on an offer and then go ahead and make a purchase on the advertiser's site.

Lenox Powell:

That's a great example. So the affiliate technology component relates to another frequently asked question, which is what are affiliate links?

Brianna Stetson:

Yep. So affiliate links are what affiliates use in their marketing. So whenever a customer clicks on an affiliate link, certain parameters could be order or lead data, including who was involved in that leader order, the order date, the order time order amount, all it gets stored in what's called a cookie within the consumer's browser. If a customer then makes a purchase from that brand within a select timeframe, that information then gets sent back to the affiliate technology provider via a piece of code or script. The affiliate technology provider then knows which affiliate was involved in that conversion and how much to pay that affiliate partner. Without these affiliate links a brand would not know who helps drive that order and conversion and subsequently who to pay.

Brianna Stetson:

So as we're going through this Lenox, all this actually relates to another frequently asked question that we get which is, what are common affiliate marketing key performance indicators also known as KPIs. So different brands have different KPIs by which they measure success. The most commonly used ones

though are sales, orders, average order value which is the amount that was spent on that order, conversion rate, click through rate, return on ad spend, return on investment and we also get a lot of brands that ask for us to monitor incrementality.

Lenox Powell:

You're right that is another question we get a lot of is what our affiliate marketing KPIs? The easiest answer is it depends. It depends on the brand. It depends what they're trying to accomplish. So thank you for walking us through that bit.

Lenox Powell:

Pivoting a bit to yet another frequently asked question which is, what is the difference between affiliate marketing and influencer marketing?

Brianna Stetson:

Ah, yes. The million dollar question, we get that one a lot. So typically speaking influencer marketing tends to be more upper funnel, more branding initiatives, whereas affiliate marketing tends to be more bottom funnel, more of those actions that happen right before the sale or the conversion. Many times influence marketing requires upfront costs or high sponsorship fees with no guarantee of conversions or performance. Affiliates on the other hand are typically paid on cost per action basis, which means that they're only paid after the desired action has taken place. Typically, influencer marketing are those sponsorship and partnership opportunities where a brand is working with a large influencer with a robust following and user base, I think we can all think of a few of those that we've seen before.

Brianna Stetson:

There're also influencers called micro-influencers, These are influencers who typically tend to have a smaller user base, but a little bit more engaged. These type of influencers are also more apt to work on an affiliate model or a pay for performance model. The key with micro-influencers, again is that their reach is much smaller but they tend to have a much more engaged audience. It's also easier to work with micro-influencers since typically you're working directly with the influencer itself and not having to go through a PR agency.

Lenox Powell:

Speaking of actions, what are actions that affiliates typically get paid on?

Brianna Stetson:

Yeah, so actions can really vary from brand to brand and some brands may have more than one action that they're paying out on. But to give you some examples and action could be an email signup or a registration, the subscription sign up, a sale, an app download, a form fill, or as some sort of other lead.

Lenox Powell:

That actually leads us up to another commonly asked question is how can affiliate marketing be used to generate high value leads?

Brianna Stetson:

Yeah. So one way that brands are increasingly using affiliate marketing, like you mentioned, is to actually build up their email database and sort of build out that CRM database. Affiliate partners can help drive newsletter signups, app downloads, subscription trials, et cetera, all on a performance basis. The great thing is once a brand has those email addresses or consumer data, they can then re-target and re-market to them and we've brought them in the door all done on a performance basis.

Lenox Powell:

One more, what are affiliate terms and conditions?

Brianna Stetson:

Affiliate terms and conditions are the set of terms that govern their relationship between the brand and the affiliate partner or publisher. These terms outline things like prohibited activity, payment schedule, search rights, payment lock periods, cookie durations, and all the other important terms that govern that relationship.

Lenox Powell:

That's great. And I think just based on all the things I've even learned from you and everyone else in our client services team is sometimes brands are apprehensive about the affiliate partnerships because they don't think they'll have control. I think one way that I understand affiliate terms and conditions are that it's really a way for a brand to regain that control, but also to have transparency and quality communication with their affiliate partners. As far as these are the things we're okay with you doing, these are the things we're not okay with you doing and if you do these things that we're not okay with, there are repercussions and this is what they are.

Brianna Stetson:

Absolutely. Your terms and conditions can even outline the types of promotional methods that are allowed, the types of partners you work with. The key thing there, like you said, is transparency and being able to control. So affiliate partners are all agreeing to these terms and conditions even before they're allowed to promote the brands in any way.

Lenox Powell:

Well, I think we have covered a lot of ground in this discussion and thanks to you answered some really important and frequently asked questions, questions really related to affiliate marketing and how this whole, somewhat complicated model works. Brianna in addition to you being very busy in your job, overseeing the performance of some of our client's affiliate programs, you're also an incredibly busy mom trying to navigate all of these new normals. So I just want to say how much I appreciate you coming on to Outperform to chat with me today and taking the time to talk through some of these questions that we hear so often from prospective clients, existing clients, even our family members and friends. So again, appreciate you and just thank you so much for sharing your knowledge with us today.

Brianna Stetson:

Well, thank you so much for having me Lenox, it was my absolute pleasure and you're right I think this is going to be incredibly helpful, especially for my own mother. Thank you [inaudible 00:19:06].

Lenox Powell:

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I love that. Well to those tuning in, thank you for listening. If you have any other questions that we didn't cover on this call today, please reach out to us, we truly are here to help inform, clarify, educate, really impart as much affiliate marketing related knowledge as we can so that you can make better decisions for your business until next time, keep outperforming.