

A Retailer's Guide to
Recruiting
Web Affiliate Partners

The
PARTNER
maker

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Getting Organized: Understanding & Categorizing Affiliate Partners

This seems like an elementary concept and it is; yet it's one that is often neglected resulting in chronic mediocrity – or worse. By placing affiliates into different “buckets” a marketer opens the door to understanding their needs, desires and abilities. Understanding these attributes allows marketers to structure individual pieces of creative media, campaigns and, in fact, relationships accordingly – maximizing potential for affiliate ROI.

Retail-focused affiliates come in a handful of shapes and sizes. These include:

- Deals & Promotions
- eMail (list management)
- Loyalty & Incentive (cash back, points-based, cash-to-cause, etc.)
- Product Review & Niche Content (including video and blogs)
- Price Comparison Shopping
- Search Engine Marketing
- Software Downloads (i.e. Peer to Peer file sharing software, toolbars, etc.)

Deals & Promotions affiliates in this category typically focus energies on gathering up and then distributing online and store-based coupon codes, rebates and other “deal” oriented offers such as free shipping and “free item with purchase” promotions. Many use their own proprietary technology to scan the Web and gather up coupons from as many sources as possible – including customer e-mails (opening the door to potential problems with marketers who do not wish to have promotions shared). Proprietary coupon management technology is also used by many to rotate in new and drop out old coupon codes, providing for a better customer experience. “Deal alerts” are also common with e-mail delivery and RSS (real simple syndication) being the most common methods used to communicate with shoppers. Many deals & promotions affiliates, such as FatWallet.com, have forums wherein shoppers actively swap promotions, spread the word on deals and review marketers.

eMail affiliates typically focus energies on building and “scrubbing” (making sure the lists are permission-based, legally compliant, opting-out recipients who no longer wish to receive offers) their e-mail lists. They often manage more than one list and may be responsible for generating revenue across multiple lists owned by others.

Loyalty & Incentive shopping affiliates actively encourage shoppers to take offers (fill out applications, subscribe to publications) and make purchases with affiliated marketing partners under incentive – so as to earn cash back (dollars), redeemable points or miles and/or to direct cash to philanthropic causes. These affiliates can be a source of new-to-file customers and, over time, typically send existing customers to the marketer's Web site. Therefore, marketers are encouraged to develop flexible affiliate compensation structures with these affiliates. This helps marketers meet not only revenue objectives but keeps customer acquisition and retention costs in check.

Product Review & Niche Content affiliates focus on creating unique content (text on Web pages, text blogs, video blogs, etc.) for shoppers to consume. Logically, they match commissionable e-commerce offers to their unique and sometimes compelling content. Amazon.com and CDNow.com started the affiliate marketing craze based around these types of affiliates and, today, they're among the most sought after affiliates considering their ability to influence purchase. Some product review affiliates have moved into a flexible payment scenario earning both a fee-per-click (charging a CPC) and/or a commission for referrals to marketers' Web sites.

Price Comparison Shopping affiliates are similar to affiliates providing reviews in that they provide similar information, although more focused on price than user opinions on functionality. Notably, most major Price Comparison affiliates have moved away from "pure commission" compensation to "pure cost-per-click" (CPC) models.

Search Engine Marketing affiliates use both pay-per-click advertising (i.e. Yahoo/Overture, Google's AdWords/AdSense) and "organic" or "natural" search engine optimization techniques to drive potential buyers/applicants/subscribers to landing pages that are geared to induce the desired action... ultimately resulting in a click-through to the marketer's Web site where a lead can be secured or transaction induced.

Controversial *Software & Download* affiliates run the gamut from consumer-side adware installations to browser toolbars. For more information on working with such affiliates we encourage you to stay abreast of current discussions at forums such as Revenews (<http://revenews.com>), http://amwso.com/affiliate_blog/ and JeffMolander.com (<http://jeffmolander.com>).

Remain Flexible

All of the above affiliates tend to offer marketers a variety of enhanced placement opportunities ranging from front page or “above the fold” type of slots to “featured merchant” opportunities specific to a category. Additionally, it is common for holiday specific “Shopping Centers” to be provided by affiliates (to shoppers) allowing merchants to participate in a more focused opportunity. All of these types of enhanced placement opportunities usually come at a price – either a negotiated (temporary) increased commission or a “slotting fee” (essentially, a flat rate monthly or weekly placement fee).

It’s entirely possible for affiliates to “blend together” and we’re beginning to see an increasing number of affiliates adopting multiple business models either under one roof or via separate Web sites. One such trend is for coupon aggregators (Deals & Promotions affiliates) to launch a cash-back shopping portal as a logical next step in the evolution of their business. Marketers are, therefore, encouraged to remain, likewise, flexible when designing affiliate relationships and associated compensation schemes.

Measure, Measure, Measure

Your company may have the opportunity to use a Web analytics solution such as WebTrends or Netflame. Use data from such solutions in harmony with data from your affiliate solution so as to better understand the shopping habits and “value drivers” of customers being accessed via various types of affiliates. As an example, eBates, a cash-back partner, may provide customers who order at an above average Average Order Value and/or offer higher conversion-to-sale versus other cash-back partners. Such knowledge would allow for increased understanding about shoppers coming from this particular affiliate or group/type of affiliates. Promotions that have been used to generate these results could be added into the knowledge mix and leveraged into future promotional planning... or, perhaps, new compensation structures could be considered.

Measuring also opens the door to discovering other important trends -- such as marketing channel confluence where affiliate-related sales are artificially inflating or deflating other marketing vehicle ROI metrics.

5 Tips: How to Pick the Right Affiliates

Few are in a better position than *you* to make decisions regarding picking affiliate partners. In short, there is no correct answer or single methodology for picking affiliates that works for every company. That stated, there are a few sensible guidelines (on how to arrive at the best selection criteria) that the industry, as a whole, has come to use over the last few years.

To a large degree, we provide the guidelines below in the form of guidelines for your affiliates. In order to help you select affiliates, we recommend developing and publicizing a set of rules for your affiliates – all of which focus *on accountability and your expectation* (setting it). These rules should be positioned in a way that demonstrates a genuine desire to help affiliates meet your expectations.

You should:

- 1) Develop, and publish of, *baseline affiliate selection criteria*. Give yourself an “easy out” to affiliate applicants who are obviously not appropriate business partners. As an example:
 - The affiliate site must not contain any pornographic or offensive material.
 - The affiliate’s traffic must exceed (as an example) 500 unique visitors per day (subject to the company’s approval and verification).
 - The affiliate site must be aesthetically pleasing and easy to use (subject to the company’s approval).
- 2) Require / expect *your affiliate solution provider* and/or network to have baseline *Terms & Conditions* that, in your judgment, make good business.
- 3) Court and retain only those affiliates capable of
 - Producing a *minimum of X sales/leads/actions per month* (you decide!)
 - Assisting your company in achieving its qualitative and quantitative goals in terms of delivering desirable customers (i.e. meeting Return on Advertising Spend and *Customer Lifetime Value* expectations, building / enhancing brand, etc.)
 - Generating and *delivering their own, unique visitor traffic* without relying on
 - i. So-called “browser spam” or “search engine marketing spam” by using your company’s brand name to trick or deceive search engines into delivering traffic to their affiliate property
 - ii. Unsolicited e-mail or e-mail messages that are not in full compliance with the 2003 Federal CAN/SPAM Act
 - iii. Downloadable applications delivered/installed or operated in a manner such that it deceives consumers
- 4) Clearly communicate to affiliates *that your company reserves the right to deny any application* that does not meet fundamental selection criteria. If their site is rejected, they may re-apply after XX days from the date of your initial decline. The company should also require all qualified affiliates to review its entire affiliate terms & condition agreement before applying to your program. Upon acceptance into the program, affiliates shall be offered a variety of banners, icons, text-based links and marketing copy.”

- 5) Use the below set of rules when engaging in affiliate relationships.
- Affiliates must not engage in activity wherein
 - i. Your brand image is in any way tarnished or placed at risk by their use of the company's product images, prices, trademarks or logos.
 - ii. Affiliate links and/or cookies specific to any marketer must not be auto-generated upon a consumer's arrival to a Web site (thereby facilitating potential illegitimate commission fees when a consumer visits your through any other means); as a practice, affiliate cookies are only set based on a successful click-thru to a marketer's site.
 - iii. Downloadable, consumer-side "reminder" or "shopping assistant" applications used to ensure member shopper credit for purchases are not preset to "auto click" (removing choice from the equation).
 - iv. Downloadable, consumer-side applications of any sort are not preset to overwrite legitimate affiliate links or cookies or insert affiliate links when in-appropriate (i.e. based on a consumer action yet without a legitimate referral being made from an affiliate source).
 - v. Downloadable, consumer-side applications of any sort are distributed in a means wherein consumers may know, knowingly, be downloading a shopping assistant application which will automatically run "in the background" as they shop.
 - Affiliates may (or may not) use "contextual marketing" tactics wherein your offers are made to consumers based on their browsing activity and/or search term usage within the realm of browser handling objects (BHO's) or plug-ins.

How to Effectively Court Affiliate Partners

Like people, different kinds of affiliates have different expectations of marketers... based on how well they've laid out their expectations as well as their business model. Earlier, we examined the different flavors of affiliates and by now you should be thinking in terms of how *each affiliate has different needs based on their business model(s)*.

When approaching affiliates for the first time or on an on-going basis, one must truly understand what it's like to be an affiliate – large operation or small business owner. Essentially, we recommend your affiliate outreach person always keep a handful of variables “top of mind.” Some of these consideration factors can be controlled and others cannot. These include:

- Technical software constraints
(the affiliate's own, internal, and that of affiliate solution providers and other solution providers to affiliates such as data feed management vendors)
- With smaller affiliates: The nature of small business owners
 - i. One's ability to multi-task (or not!)
 - ii. Limited human resources
 - iii. Limited financial resources
 - iv. May not have the “people skills” or organizational skills needed to effectively interface with marketers
- Time constraints
(regardless of the size or category of affiliate, they have very little)

Courting Dos and Don'ts

DO

- Realize that this is “business courtship” – you need to create desire among prospective affiliates
- Use KISS (Keep It Short & Sweet!) at every point of contact
- Do something that shows respect for their time & attention at every point of contact
- Use traditional, proven sales & business development techniques to get your messaging into their hands and to elicit the desired response
- Ask for, and use, the affiliate's preferred means of communication
- Feel free to brag about your strengths when making the pitch
- Learn how to accept rejection and move on to other affiliates
- Understand who the decision-influencers are versus the decision-makers (focus on the decision-makers); Qualify the person you're courting!
- Use e-mail as your first means to contact affiliates with the objective to set a telephone discussion ASAP

DON'T

- Be long-winded or chatty
- Use a lot of exclamation points and corny marketing-speak to trying and over-hype your offer (don't "over-market" to a marketer!)
- Nag; if rejected or you're not being given a fair chance to make the pitch... give the person on the other end some space and time; re-approach later at a "better time"
- Lose hope!

Making The Pitch

A marketer's main sales/outreach/affiliate recruitment tool is what our company calls "The Dossier." Pronounced daw-see-aay, it's a French term and is loosely defined as a "file containing detailed records on a particular person or subject." Call it a Dossier or a "pitch sheet"... every marketer must have one. More importantly, they must be effective at using it. The result must involve bringing affiliates into a relationship with the marketer. It is, in essence, your calling card on steroids. It's the "elevator pitch" that simply cannot be resisted. It creates interest in your company via its product and/or service line and, sometimes, points at serious opportunity based on research the marketer has conducted (a.k.a. doing your homework on the affiliate). Most importantly, it sets up the end goal: a telephone conversation.

What goes into an effective e-mail (and we strongly recommend e-mail) dossier? Here are the essential elements and remember to KISS when developing yours. It's critical that this document be *highly digestible to busy affiliates*. You can, to a degree, experiment with the order in which the following information is presented.

- Personalized introduction
 - i. This is critical... do not send blind "Dear Affiliate" letters; at this stage of the game you must have the recipient qualified
 - ii. Tell them they've made the "short list" and you've done your homework; confirm your belief that opportunity exists (i.e. perhaps they're not, currently, working with a marketer like you... or you may see a weaker competitor working with the affiliate; let them know the specifics but KISS!)
- Company name & "mini-biography"
 - i. Focused exclusively on history of company, size of market served/revenues, operational / fulfillment strengths (number of orders you can process in a day or packages shipped annually), customer service strengths (size of call center; e-mail response time guarantees, etc.), impressive financial statistics, brands you carry, if a wholesaler any retail relationships you may power, etc. etc.
 - ii. Present the market you serve (lead with your hottest product or service) and a brief summary of products/services
 - iii. Present your main e-commerce URL

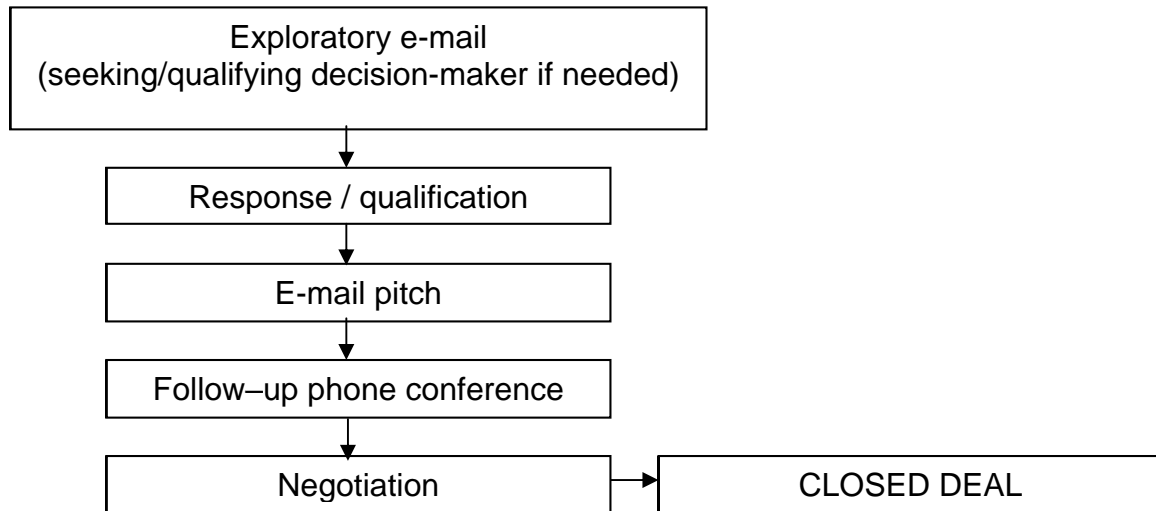
- Present the revenue opportunity
 - i. State commission structure, cookie duration, average earnings-per-click (effectively, what “pure commission” relationships translate to... click by click) among leading affiliates (if available)
 - ii. State delivery methods you approve of
 - iii. Present any “hot button” highlights of your Terms & Conditions (mainly those that impose restrictions on affiliates)
 - iv. Present current promotions available and, if possible, commit yourself to a promotional schedule and/or state typical promos you offer affiliates

- Include a sign-up hyperlink: Take them directly to your affiliate program sign-up page
 - i. Consider – ahead of time – creating an affiliate account for select affiliates; pre-populating their account with known information (name, address, phone number, email)
 - ii. Streamline the process and take the effort out of it for them – make it easy!
 - iii. Communicate your tracking / reporting vendor of choice

- Make it (politely) clear that you expect a response at the recipient’s earliest convenience and stand ready to answer questions.

Other Helpful Tips

Throughout the pitching process, marketers should work to custom tailor what amounts to a standardized approach to pitching affiliates. Focus on particular opportunities based on research conducted (largely at the affiliate site itself). What can you see? Is there a “merchant void” in a particular area of the affiliates’ marketplaces?



Negotiating & Closing The Deal

Is it having customized promotions (i.e. coupon codes that give the appearance of an exclusive deal available only to their shoppers) or exclusive promotions most important to the affiliate? Does commission percentage drive decision-making? Will sending a product sample to the affiliate help win them over? The closer an affiliate relations development person can get to understanding what makes an affiliate tick, the better. Successful negotiation will depend on your ability to understand these issues on an individual, “affiliate-by-affiliate” basis.

Good luck!