

Our Affiliate Marketing Philosophy

The Opportunity

Affiliate marketing is one of the fastest growing segments of online commerce. These days it is hard to find a major online store that does not have an affiliate program. Merchants (Retailers) love affiliate marketing because it creates an online sales force motivated by performance-based commissions. Web sites with strong traffic view affiliate marketing as a great way to convert visitors into revenue without having to carry inventory or fulfill orders.

The Affiliate Marketing Challenge

Along with this opportunity comes a tremendous amount of fraud and misrepresentation at the individual affiliate, affiliate network and outsourced program management firm levels. Starting an affiliate program means your brand is handled by very savvy technical and marketing professionals who often act in their own best interests and can employ cutting edge marketing tactics that can be difficult to identify. New affiliate programs are frequently taken advantage of by sophisticated affiliates who use deceptive practices that actually drive up a company's marketing costs and generate commissions from already acquired customers. Merchants also often have unrealistic expectations for their new affiliate program, having been promised that it is an easy way to increase revenues with minimal effort. Nothing could be farther from the truth. Like any other marketing program, an affiliate program requires careful planning, cultivation, management and oversight. It is not a "set it and forget it" endeavor.

Why Outsource?

If your company does not have at least a ½ FTE who can focus on the management of the program, you should strongly consider outsourcing. Helping affiliates effectively promote your business requires focus, attention and a deep understanding of the complexities of affiliate marketing. This marketing channel is very different from marketing directly to end consumers. It is a great opportunity to reach new customers, but there are many pitfalls that can threaten a merchant's selling potential, including the level of responsiveness to and reputation within the affiliate base. Affiliates sense when they do not have an advocate within the merchant organization and do not like to feel as if they are competing with the company's in-house marketing efforts or resources. A dedicated affiliate marketing manager can serve in the role of the franchisor whose mission is to help franchisees perform better. Many smaller companies (<\$25M in sales) find that it is better to outsource their program to a firm that manages multiple programs simultaneously, because this ensures dedicated focus and responsive service for your affiliates.

Our Approach

If you have already explored affiliate marketing and have spoken with others working in the industry, you will find that our approach and expectation setting is very different. This is why we only work with a select group of merchants who share our point of view and vision for their program.

1) Long Term versus Short Term

First and foremost, we believe that like any marketing channel, developing a profitable and sustainable affiliate program requires patience and long-term commitment. An affiliate program should not be an overnight success, and in almost 100% of the cases that it is, it is direct result of low quality affiliates receiving credit for sales that were not generated from incremental sales or new customers. Often in an attempt to link performance and compensation, merchants create an incentive system that rewards overnight success and quantity of affiliates—two factors that can negatively impact the longer-term success and viability of the program. It takes time to develop meaningful traction for your affiliate program, so don't be discouraged if results are not immediate.

You can expect that your affiliate marketing program will evolve through three stages of growth outlined here:

- I. The Beginning Stage – For the first few months of operation, your affiliate program will be in the Beginning Stage, which is the most important of all three stages. During this stage you will be building the long-term foundation for your affiliate program. This is when you, as a merchant, will create commission rates, cookie duration, coupons, Terms & Conditions, banners and other creative materials, product data feed, introduction and explanation of your program, informative webpage for your affiliates' reference, and keyword lists for PPC affiliates. Once that foundation is set, you'll then recruit affiliates, work to stay active within the affiliate community and develop your program's identity. **Who you exclude from your program at this stage is as important as who you accept.** This critical foundation building stage of your affiliate program will have a greater effect on the longer term success of the program than on short term sales, so it is important to remain patient and true to your Terms & Conditions.
- II. The Growth Stage – Months six to eight is the timeframe when you will begin to see the recruiting and program building accomplished during the beginning stage start to pay off. Sales should grow significantly (25-75%) each month until the maturity stage begins. This growth stage is vital for analyzing the value your affiliates are providing to your bottom line and developing profiles of top affiliates. This analysis is directly correlated with the long-term profitability of your program and will form the basis for recruiting.
- III. The Maturity Stage – Typically after 12-18 months, your affiliate marketing program will reach the maturity stage. At this point you will know the profile of your biggest and best affiliates. You will also understand what value each type of affiliate brings to your program's profitability. This stage does not mean the end of revenue growth or your industry involvement; it just means that you have become established within the industry and know what value your affiliate program will continue to provide. In the long term most companies can expect their affiliate program to account for about 8-10% of the company's revenue.

2) Integration versus Separation

We don't believe that affiliate programs can be successful while being run autonomously. We work closely with the company's marketing team to create an integrated approach to affiliate marketing that leverages the company's existing marketing assets and knowledge of the product or service. We have found that working as a team with frequent and open communication with the client produces the best long-term results and client satisfaction.

3) Quality and Transparency vs. Quantity and Opacity

The statistics prove that less than 10% of an affiliate base will drive 90% of the sales and 70% of affiliates who join your program will never send any traffic. Despite these widely known facts, many industry professionals and network sales representatives will focus on the quantity of affiliates they can bring to your program, when in fact a large base of inactive affiliates will just unnecessarily add to the program's administrative overhead. While it takes more patience and effort, we are determined to build a program that is based on transparency and a group of quality affiliates who can be identified both individually and by their promotional methods. Our experience has proven that if an affiliate is following the program's terms and conditions, their need for secrecy is often overstated and can be pretence for Terms & Conditions violations. We also provide the experience and ability to monitor affiliates and transactions to protect your program from fraud.

Affiliate Marketing Program Management & Assistance

Put our experience to work for you. We can help you launch a new program, revamp a struggling program or manage an existing program. If you have any questions or would like to learn more about our affiliate marketing or performance marketing services, please visit our [web site](#) or [contact us](#).

You may also enjoy our articles, the [Top 10 Do's & Don't of Affiliate Programs](#) & [Ten Things Your Affiliate Manager Will Never Tell You](#).