

Performance IN

[Performance Marketing Guide 2013]

AFFILIATE ANALYTICS DISPLAY EMAIL LEAD GENERATION MOBILE SEARCH SOCIAL

Created by PerformanceIN, its supporters, and co-sponsored by Commission Junction;
A guide for anyone involved or considering involvement in the Performance Marketing industry.



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Contributors



FOREWORD BY CHRIS JOHNSON



WELCOME to the 2013 Performance Marketing Guide, a guide that has seen a significant change in content over the last 18 months. Over 9,000 downloads of the 2011 edition were recorded by PerformanceIN.com in the 18 months since the launch of our inaugural report. It has been pleasing to hear feedback on how it has been used as a resource.

At the time of writing, all stakeholders are fully immersed in the busiest industry period of the year; Christmas. The industry is set for its largest ever delivery of sales revenue. A recent study between PerformanceIN.com and the IAB has been released showing that 61% of advertisers are set to increase their affiliate spend for the year ahead. It has taken time, but we're pleased to see the wider digital mix warming up to performance-based marketing.

The sheer pace at which innovation has continued to drive the industry forward is at exponential levels. Innovation is firmly reflected with the additional content sections that have been added to this year's guide. In the mix for this year are sections on mobile search, mobile commerce, lead generation, video, social commerce, call tracking, attribution and agile commerce. Plus there are expanded sections on data and analytics, which alongside mobile have been the big buzzwords for many marketing industries over recent years.

A big thank you must go to our ever-expanding list of contributors to this year's guide. Compared to the previous year, over 25 companies have supplied detailed insight and learning's across the performance marketing spectrum. The information will be used as not only an industry starting point, but also as a resource to brush-up knowledge on the many facets of performance marketing.

We'd also like to thank our overall guide sponsor, Commission Junction, for its continued support. Through its support Commission Junction has helped PerformanceIN.com create a must-read, educational guide for anyone new, seasoned or advantageous in the channel of performance marketing.

Chris Johnson, Content Director, PerformanceIN.com



FOREWORD BY FLORIAN GRAMSHAMMER



THE performance marketing space continues to evolve and it's doing so at an exponential rate. While the foundations of our industry, direct response and measurability, remain the same the landscape is becoming ever-more innovative and varied.

A major factor contributing to this changing landscape is the monumental rise of smartphones and tablets which are transforming the way that we communicate and interact with media aided by apps, local and social platforms. As smartphone and tablet usage starts to integrate with online and TV, the multi-screen phenomenon is allowing marketers to create exciting brand experiences for consumers. Hand in hand with new ways of interacting with content, social media brings advertisers and publishers the opportunity to build personal relationships with their audience.

Here at Commission Junction we believe that the most successful performance marketing programmes are those at the cusp of innovation, keeping pace with technological developments and adapting to ever changing consumer behaviours. It is increasingly important for both publishers and advertisers in our sector to stay ahead of the game by continuing to explore new and exciting ways to engage their audiences as this fast-growing industry continues to evolve.

As the returns from online advertising continue to grow apace, getting involved in all forms of performance marketing remains a sure-fire way to create win-win scenarios, to engage new consumers and to compete effectively in an ever-changing landscape.

For anyone involved in performance marketing the coming year will bring a phenomenal amount of opportunity to innovate, benefit from innovation and deliver outstanding results for their respective companies. This updated guide designed to give marketers an insight into these key market changes and to offer practical ways in which they can be incorporated into an effective, forward-thinking performance strategy that combines the right ingredients to maximise returns.





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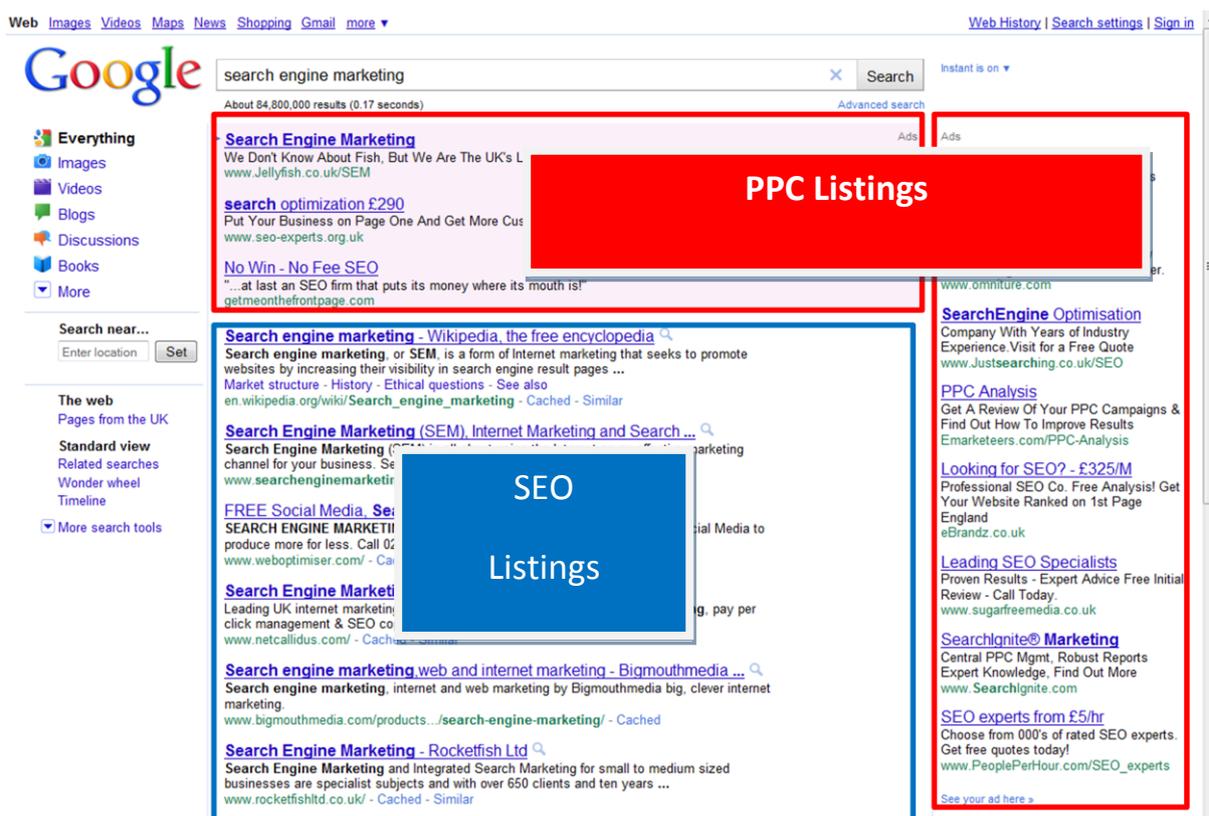


SEARCH MARKETING

MARKET OVERVIEW

Search Engine Marketing (SEM) is made up of pay per click (PPC) and search engine optimisation (SEO). The aim of these processes is to better engage customers who are looking for information related to your products or service. It is about making your website visible within the online search Engine powered spaces to attract new customers.

The online search space is a highly valued area for advertisers to achieve strong visibility in and with Google holding approximately 80% of the market share in the UK, it is a prime selling space for marketing managers to focus on. The image below indicates how the search space is split into paid search (PPC) and natural search (SEO), the red boxes show paid listings and the blue box shows natural listings.



Search marketing is constantly evolving, search engines continue to develop new innovations and change the way that they classify websites and display the positioning of your site, mix this with your competitor's development activity and the influx with new advertisers who continue to enter the search space and you have a situation which is constantly changing and means that your own search strategy needs to evolve to maximise your visibility in the search space.

PAID SEARCH

OVERVIEW

Paid search and performance go hand in hand. There is no other advertising channel that can work so acutely when measuring return on investment, or where you can target users who are actively seeking an end-goal, from information gathering to final purchase intent. The channel continues to be a dominant force in online marketing. Financial investment into the channel is growing as marketers safely rely on its immediacy of results and the ROI measurability factor.

Google represents over 80% market share of the search space. It's a prime market with everyone wanting to appear on the search terms to drive clicks and, ultimately, conversions for their business. However, Paid Search is no longer just about advertising on Google.

The channel is becoming far more disparate. It's not just about results in the search engines, it also encompasses remarketing and retargeting across content networks as well as video, mobile and social advertising. Mainly run by PPC teams, the channel has evolved into an all-encompassing pay-per-click channel incorporating search outreach through content networks to the planning, creation and optimisation of Facebook campaigns.

As already highlighted, performance and PPC have always worked very well together because it's a measurable, quantifiable and true ROI channel. With this in mind, there are some great opportunities in the space, from tried and tested strategies such as gap-filling exercises and brand protection activity to new and emerging opportunities such as video advertising and search retargeting.

THE GOAL OF PPC



The simple goal of PPC is to target the right keywords or search terms that will drive the right customers, existing and new, to your website, ideally with buying intent. Many clients equally use the paid search space to create brand awareness and to take market share. Performance marketing through paid search truly comes into its own when the pure goal is conversion – reaching users who are ready to make a purchase decision and ensuring the right ad is presented to them at the right time.

SO HOW DOES IT WORK?

When a searcher types specific keywords into a search engine, the search engine will provide a selection of paid results (PPC) and unpaid results (SEO). Pay-per-click advertising is a paid result whereby, upon a keyword search occurring, a small ad will appear on the right hand side or top left hand side of the results page of a search engine (formally, Google, Yahoo or Bing). Advertisers bid on keywords and effectively enter into an auction for that keyword to try and secure a decent advertising position on the search engine results page. The position attained is made up of a number of algorithms but is largely driven by the maximum bid an advertiser is willing to place and the quality score of the ads for that specific search. The auction methodology is somewhat similar across other platforms beyond the search engines, with the majority being price-led for both positions and impression share.

Once an advertiser has determined the keywords they wish to focus upon, getting the ad copy right is imperative. Ad copy is your chance to ensure you stand out against your competitors, and provides sufficient information to the searcher whilst also offering a great call to action, to encourage the searcher to click.

WHY USE PPC?

Paid Search can help you quickly achieve a range of online marketing objectives. Turning on a PPC campaign can be almost instantaneous, giving you immediate coverage and swift insight into what is and isn't working. You can build your PPC strategy around specific goals; perhaps you want to enhance brand awareness around certain searches? Or, perhaps you want to help encourage a searcher along the purchase path?



Where PPC meets performance is when the focus is on customer acquisition, whether this be sales or lead generation. And the great thing about the channel is that it is highly measurable. You can analyse your ads, your keywords, impressions, clicks, conversions and more – and make decisions on each factor. With performance PPC, not only are you able to further leverage a highly conversion-focused channel, you are able to do this with the comfort of no risk and only paying for a conversion.

HOW CAN I WORK WITH PERFORMANCE MARKETING PARTNERS OR AFFILIATES IN PPC?

The key to working with performance marketing partners is to understand the opportunity they can present to you. Perhaps they can manage your entire PPC offering on a performance basis? Perhaps they can provide you with routes to opportunities that you hadn't considered or that a fixed search marketing budget restricted you from testing? A performance marketing partner can work with you in a multitude of ways, all on a CPA basis. Services could include:

- Simple gap-filling. Finding keywords that you are not currently featuring on in the search engines and converting these searches into results is the key to gap-filling.
- Brand protection. Are you finding that there is a huge amount of competition on your branded terms and you're not receiving all of 'your' traffic? Brand protection partnerships provide advertisers with the opportunity to own greater real estate within the key advertising spaces, resulting in increased clicks.
- Lead generation. PPC through desktop or mobile, across all channels where Pay-Per-Click is the key mechanism, can provide solid opportunities to drive leads for clients on a CPL basis.
- Video targeting. Expansion of Google advertising across the YouTube network.
- Search retargeting. Utilising retargeting technologies to reach searchers who may have searched upon an important keyword for your business but for whatever reason did not click on your ad. Search retargeting provides the ability to reach these searchers through display advertising.
- Mobile search advertising. If you haven't quite mastered or haven't prioritised your mobile search campaign roll-out, or are struggling to feature in the prime real estate across mobile devices, Performance partners can help. You can work with them to create high performing,



highly converting ads, to ensure that the ever-growing mobile channel is one you are winning in.

- Mobile app advertising. Using similar methodical approaches as PPC, mobile app advertising provides opportunities to harness conversions from active online users.
- Facebook advertising. Despite Facebook advertising appearing in the form of display ads, the best performing Facebook campaigns are those run by PPC analysts who continually analyse, monitor and optimise ad placement for the greatest conversion return.

HOW CAN I MEASURE SUCCESS?

The greatest thing about search is that it's highly trackable; from first click engagement through to the final converting click. There are a variety of tracking solutions available to monitor the success of PPC, from Google's free Adwords and Analytics tools to affiliate network tracking and all-encompassing tag management systems. The greater the tracking insight, the greater understanding you will have into the success of the PPC channel and, importantly, how it facilitated or benefited from another channel's activity. Paid search should always be measured, where possible, in conjunction with every other channel. Likewise, working with a performance partner on paid search opportunities should be measured in conjunction with a current PPC campaign to ensure activity is not just driving conversions, but driving incremental conversions also.

TAKING THE PLUNGE

How you integrate paid search in your marketing mix, and what objectives you are focusing on it delivering against, relates to individual businesses, services and products. It's all about identifying the right opportunities for the right advertisers as PPC is never one-size-fits-all and then having the inspiration and commitment to really explore the potential it can bring. Speak to your partners, your networks, your affiliates to explore these opportunities and you will undoubtedly unfold some great and innovative ways to work together.

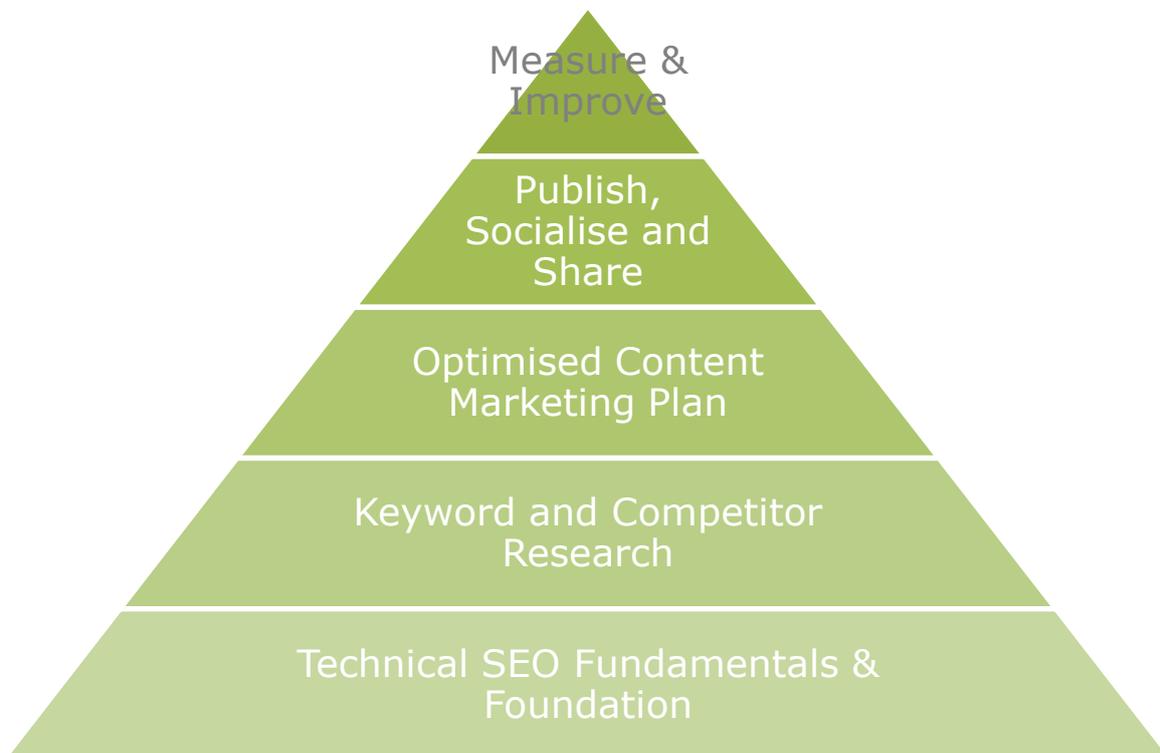


SEO

WHAT IS SEO?

Search Engine Optimisation (SEO) is the process of getting traffic from the “natural” listings on search engines. The major search engines, Google, Yahoo & Bing (in the UK) show results including web pages and other content such as videos or local listings. These are ranked based on what the search engines considers more relevant to each user’s search term.

SEO is the process of developing a website’s visibility in the natural listings by improving key areas of relevance and making them more search engine and user-friendly. The image below outlines the key attributes of SEO, however this is not an exclusive list.



WHY USE SEO?

Natural traffic sources are a great way to drive free traffic to your website. There is no cost associated with the search engines for each click delivered, which means this marketing vertical becomes very cost-effective for your website. However, the landscape of search is changing and one example of this is its integration with social media in the search results and as an algorithm ranking



factor. It proves that good SEO is like a fine-tuned engine, if you don't adapt to the changes it won't keep going. While some foundations of SEO have not changed over the years, the application of SEO is constantly evolving and the many benefits of an SEO strategy can take businesses to new heights.

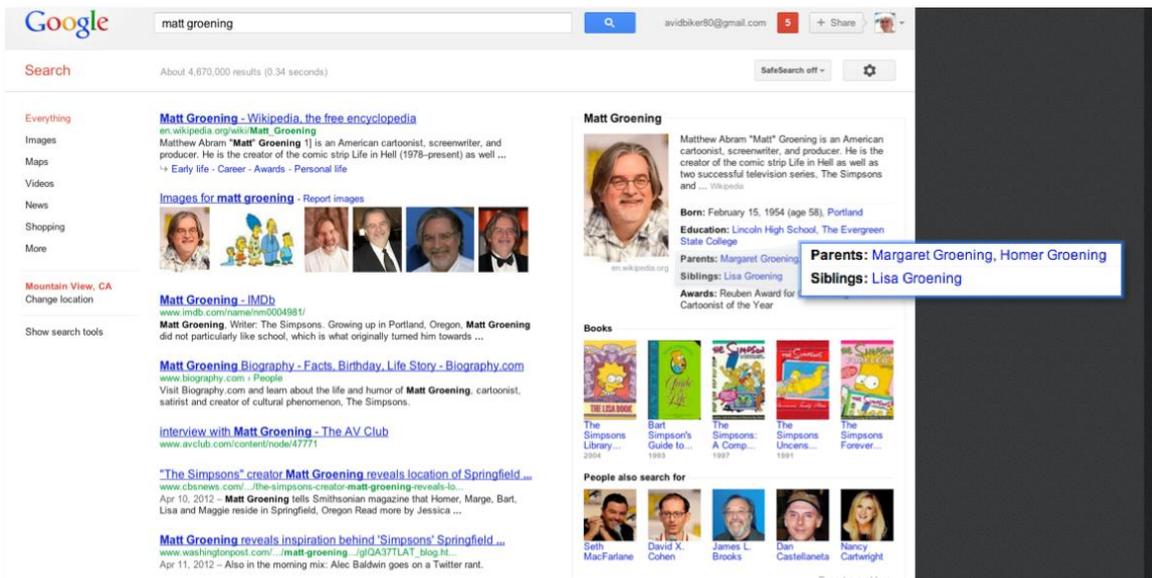
SEO can help you develop your website by evaluating users. When they reach your site, what do they do next? Did they get to the "money pages"? These pages will be different depending on your goals / business. For a retailer it might be a purchase. For a newsletter it could be a sign up or click out of the site via an ad. Small changes to your pages can increase your conversions.

TECHNICAL SEO 2012 CHANGES

SEMANTIC WEB

We are moving towards an era of Web 3.0 (semantic Web) which has been best described by experts as being like having a personal assistant. The web is moving towards knowing practically everything about you and can access all the information on the Internet to answer any question. Examples of this can be found in the launch of Google's Knowledge Graph in May 2012, a search engine result page integrated supplemental data about certain people, places, and things.





Many compare Web 3.0 to a giant database. This is why Schema.org Rich Snippets (semantic HTML) shopping has also been introduced to the major search engines.

Rich snippets are lines of additional information that appear near a Google search result. They are designed to give users a sense of what a webpage contains before clicking through to the page. The aim is to give detailed information for specific queries. It's envisaged this will reduce users returning to Google to research as they will have a clearer insight into where they will end up. Rich snippets can be a variety of information such as number of reviews, social interaction data through to product stock information. Below are some examples of rich snippets.



According to Google, marking up your data for rich snippets won't necessarily improve your ranking positions. What it will do is draw more attention to your listing and encourage click-throughs.

GOOGLE ALGORITHM CHANGES

The two main Google algorithm changes that all online marketers are talking about this year are the many versions of Panda and Penguin. Together they have impacted the keyword query search space by over 15% in their attempts to eliminate spam.

Google announced its 'Panda Update' on Feb 24th 2011. The changes target content deemed "thin" or "not good enough" and apply appropriate penalties. It was launched in the US first, then all English speaking sites in April 2011 and it's now global. There have been many versions of this since Feb 2011 because Panda is a filter that runs periodically to sift out content that Google sees has lack of substantial substance. Many websites were hit like About.com and Yahoo's content site.

Another of Google's recent search updates is "Penguin", which was rolled out in April 2012 and put tighter guidelines on website optimisation by adjusting a number of spam factors. The spam factors were mostly associated with back links signals such as paid text links, comment spam, guest posts on questionable sites and links from dangerous sites to name but a few.

KEYWORDS

Keyword and key phrase research are imperative to the success of an SEO and PPC campaign. Extensive research should be undertaken to understand which phrases should be included in your strategy. The research puts you in the shoes of your customer helping us to consider what search terms or phrases typed into the search engines could potentially put them on the path to your website and brand.

Brainstorming is a great way to develop an initial keyword bank, which can gradually be built on. The table below helps develop ideas of where the keywords may fit into a structure as well as competition and number of searches estimated. There are keyword tools available that help you develop further keywords you may not have considered along with developing a list of keywords you do not want to appear for example if you only sell women's shoes, you will not want to appear for



the term “mens shoes”. Your initial keyword bank will develop and evolve as you acruer more knowledge about how customers interact with your website.

	GENERIC TERMS	REFINED TERMS	NICHE TERMS ('LONG TAIL')
Customer's mindset	<i>Researching</i> <i>Learning</i>	<i>Browsing</i> <i>Comparing</i>	<i>Confirming choice</i> <i>Purchasing</i>
Nature of keyword	<i>Information terms</i> <i>Product descriptions</i>	<i>Features</i> <i>Brands</i>	<i>Product IDs</i> <i>Advertiser names</i>
Level of competition	<i>Highest</i>	<i>Moderate</i>	<i>Lowest</i>
Traffic volumes generated	<i>Largest</i>	<i>Intermediate</i>	<i>Smallest</i>
Traffic quality	<i>Low</i>	<i>Higher</i>	<i>Highest</i>
Probability of conversion	<i>Less likely</i>	<i>More likely</i>	<i>Most likely</i>

SITE SEARCH

If you have search functionality on your website this can be a great way of developing your keyword list. Identifying what customers are searching for when they reach your site can be invaluable information. What are the most searched keywords? Look at building these phrases into your SEO strategy with the aim to land them on the most relevant page to their search query.

GOOGLE KEYWORD TOOL

Google's data on how often keywords are searched for can be shared with bid competition (PPC). This tool provides insight into the level of searches you could expect on a keyword or phrase. It can also help you shape niche phrases. The tool's perfect for the high volume keywords, but it can also



be used on lower volume keywords as these may be more targeted i.e. the users are at a “ready to buy” mentality. The data should be used in conjunction with other research and logical thinking as it’s reliant on Google, which wants you to spend money on PPC.

KEYWORD STEMMING

A method where you take keywords and modify or extend it

- Make it plural
- Adding a prefix and suffix
- Adding words either side
- Adding other variables – ing, ed, er

It helps you think of the keywords in different ways. You’ll be able to build target keywords and discover which ones to avoid.

PERFORMANCE ANALYSIS

Unlike other forms of media, every action on the internet is recorded allowing any SEO or PPC strategy to be evaluated at each stage. There are a variety of tracking solutions available and Google has its own free system, Google Analytics. This free analytics package has a wealth of information about how users reached a website and what they did when they landed on that site. The collected data is vast, but some of the headline insights are:

- Clicks via natural listings and paid listings
- How did the users reach your site?
- How long users spent on the site?
- Where do users exit the site?
- Conversions?

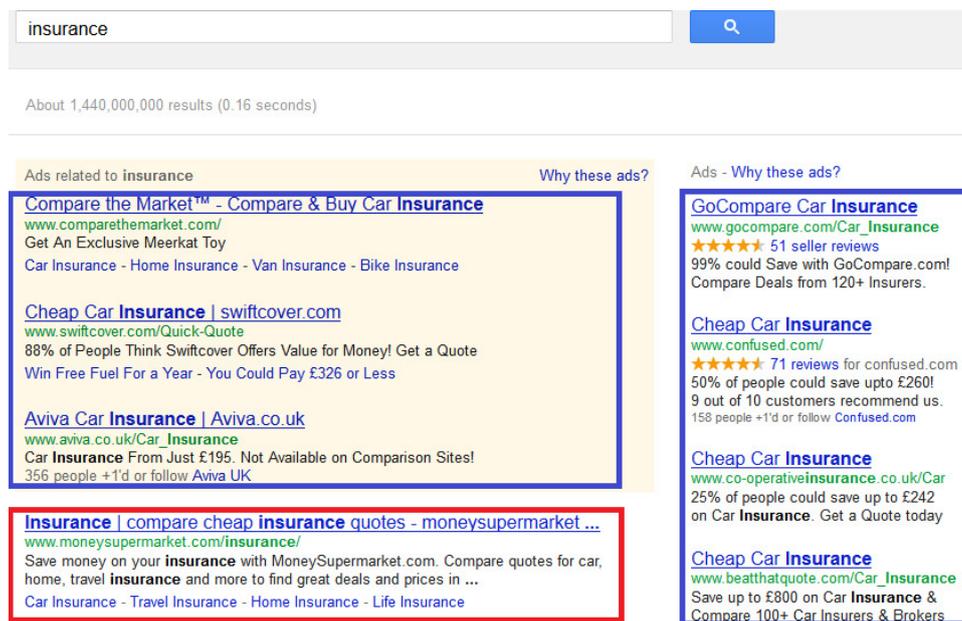
Analytics help you to optimise campaigns and generate higher returns by delving deeper into the ROI. ROI and measurement is unique to every strategy. You need to determine your goals and the value of them, which in turn will help you measure the success of the campaign.

PAID SEARCH VS SEO



90% of the UK population who are online use search engines every month. For many companies, the majority of traffic to their website is driven by search engines. The traffic comes through both natural search results and paid-for advertising. It is therefore becoming essential for companies to use search marketing as part of their overall strategy.

PPC (pay-per-click adverts) are the ads at the top and right of the search engine results pages (SERPs). The natural, or organic, results are those down the centre. Fig. 1. Shows the position of PPC and SEO results for the search term “insurance” that appear above the fold.



The interesting thing to note from this is how paid search is starting to dominate the SERPs. A recent study showed that on average, only 17% of the visible screen area at the top of the page features organic results.

However, this doesn't mean that you don't need to optimise your site for search engines, as the benefits of this can still be substantial, especially when used in conjunction with PPC.



A survey carried out by Fortune3 from December 2011 - January 2012 highlighted that 30% of respondents saw SEO delivering the highest ROI whilst 19% stated PPC delivered the best ROI for their business.

PPC (PAY PER CLICK)

Optimising a site for SEO can take time and it's well known that new websites take time to rank. Therefore, if your company is looking to quickly drive traffic to its site, PPC may be your best option, if you have the budget available.

One of the main benefits of PPC is that you can switch your adverts on and start driving traffic almost immediately. This is particularly useful if you have a new product launch or a time-sensitive offer. It also allows you to respond quickly once the campaign is up and running, where you can add or remove keywords, pause or delete campaigns and change your copy to improve conversion.

"50% of people arriving at a retail site from a PPC ad have a greater propensity to buy"

PPC is also useful in driving highly targeted traffic, as you have ultimate control over the keyphrases you rank for, and when and where your advert is shown. This should result in higher conversion rates too!

One of the key features of PPC is its measurability. ROI can be tracked down to individual keyword level, making it easy to prove whether your investment in paid search is worthwhile. The detailed level of reporting also allows you to collect data that will not only help you optimise your PPC campaign, but also provide invaluable insights to inform your SEO and other marketing activity.



However, in a competitive market PPC is becoming increasingly expensive and may be prohibitive for smaller players. Even large companies such as Aviva and RAC don't appear on key terms such as 'car insurance' where CPCs are very high.

PROS & CONS

SEO		PPC	
Pros	Cons	Pros	Cons
Potentially high traffic volumes	No guaranteed results	Fast implementation	Greater restrictions on content, length, etc.
Fewer restrictions on presentation	Vulnerable to algorithm changes	Highly measurable	Can be prohibitively expensive
Sustained visibility	Can take significant time to see results	Unaffected by algorithm changes	Once budget is gone, the ad's gone
No actual CPC		Greater control over position	

INTEGRATION

As you can see, there are pros and cons to both SEO and PPC. The real benefits are realised when you use them together. The old adage, "the sum of the whole is greater than the sum of the parts," is particularly true here. According to a recent Google study, when PPC and SEO are used together websites received on average 50% more clicks than when just one was used.

Depending on your overall strategy, there are many ways in which PPC and SEO can work together. It's also getting easier to track the two channels side-by-side, especially because now you can link your Google Adwords account with Google Analytics.

PPC AND SEO

If parts of your site cannot be optimised for technical reasons, then PPC can be used tactically to win back that traffic.



PPC data can prove invaluable for informing your overall search strategy. This data can be used to identify your highest converting keywords, those that drive the most traffic and also any that are under-performing.

Optimising your high converting keywords for organic search will increase your presence on the terms you know work for your business.

High volume keywords that are too expensive for PPC can be included in your SEO strategy to ensure visibility.

Optimise new landing pages for groups of keywords that are relevant to your business, but currently have a low quality score. Optimising these pages for organic search will increase your visibility in the natural listings, whilst simultaneously improving your quality score.

Given the amount of real estate that PPC occupies, PPC can be prohibitively expensive if you're not appearing on key terms. You could lose traffic to your competitors if you rely on SEO alone. In a competitive market where you already rank well in natural search for your main keywords it's worth considering PPC on longer-tail search terms, which are considerably cheaper.

CONCLUSION

A fully integrated search campaign should be something every business aims for. However, budgetary, technical and resource constraints can often put barriers in the way. To start working towards this goal:

- Spend time optimising your site for search engines. Long-term SEO investment reaps long-term results
- Use PPC tactically and gain learnings from the data
- Don't see SEO and PPC as isolated channels, recognise the strengths and weaknesses of both and use them together to make the most of your search campaigns





DISPLAY

Contributors



DISPLAY MARKETING

DISPLAY OVERVIEW

Display advertising is currently one of the fastest-growing online channels, as we can see from the 13.4% year-on-year increase released in the IAB's annual AdSpend study. It is exciting times for the display industry, especially with online marketing as a whole beginning to eclipse traditional media.

All eyes are on the industry. The advent of the four screen approach to media buying (IPTV, mobile, tablets and online) and the increasing consumer popularity of new formats and social media has helped fuel this growth and put display advertising back at the forefront of the online advertising industry.

Audience response also seems to favour display advertising online. The IAB and ValueClick's Consumer and Online Privacy Research in 2012 found that only 15% of people are unhappy to see advertising on retail websites. Compare that to the 18% who were unhappy about TV advertising, a medium that's far more established than display.

We are at the stage where both consumers and marketers truly recognise display's value. However, the display landscape remains a complex structure as technologies are developed to help utilise the data and insight we receive from consumers. The result is it's difficult for many marketers to currently navigate the landscape and ensure they receive the best from a campaign.

WHAT IS DISPLAY ADVERTISING?

Whilst the display ecosystem may seem complicated, it hasn't intrinsically changed since its inception.

Essentially it is this:

A marketer **buys** online display **inventory** in order to reach a **targeted audience** with their **advertising creative** to achieve their **objectives**.



Targeted audience: In the past we've thought of an audience being targeted by demographics such as age, gender, location etc. As technology has improved and data has been enriched, audiences can be segmented further by interest such as fashion, finance and entertainment. For the first time, marketers have the opportunity to utilise data that's amassed online. They can analyse the information and apply it to campaigns. It can then be used to target a niche audience based on their online behaviour.

Behavioural targeting is now used extensively across the online display ecosystem. Most advertisers will use anonymous user data and form an algorithm to predict behaviour and show those users the most relevant ads. At the moment marketers are buying behavioural targeting solutions based on technology, but we are beginning to see more marketers buying with the quality of data in mind. Marketers will also re-target users who have visited their site. Some marketers treat retargeting with caution and keep user experience at the front of their mind. Still, it's an hugely popular and often incredibly rewarding form of behavioural targeting.

Inventory: The amount of inventory available today is vast and marketers can be selective as to how they run display campaigns. An example may be a marketer who chooses to run a branding campaign across premium, Top 100 sites. Alternatively a marketer with more direct response objectives may choose to place their advertising on more niche, long tail sites. The result could be higher click-through rates or conversions.

Different inventory is available through different buying points, often resulting in marketers using more than one buying process to achieve objectives. A problem arises with duplication of audience, which can result in bombarding consumers with advertising. Again user experience should be prioritised and marketers must keep a close eye on the whole process.

Buying: In essence, any purchase is an exchange between a publisher and an advertiser, but nowadays the market has evolved as has the process. The landscape is now cluttered with multiple buying points for marketers. Media agencies can often take a large chunk of this responsibility, but DSPs, which allow advertisers to buy media through technology using Real Time Bidding (RTB) in a similar way to search marketing.



There is also publisher direct spot buys, networks, exchanges and SSPs who can all add to the buying process for any campaign. Savvy marketers blend the array of choices to create a bespoke campaign to suit their individual objectives.

Advertising creative: Engaging creative is crucial to the success of any marketing campaign, whether it's display, mobile or in more traditional media. There are now multiple creative options for marketers. The banner still reigns (with a growth of £150 million from 2010 to 2011), but there has been growth in numerous other formats too.

Video: The moving picture format has seen sharp growth recently and marketers are now using it in display advertising. Video is particularly pertinent for brands looking to integrate online advertising with television campaigns (14% of consumers liked ads that reminded them of other media, for example TV ads [according to the 2012 IAB/ValueClick Consumer and Online Privacy research]).

Objectives: As the display market has evolved, marketers' objectives have become more intricate. Campaigns can be measured in many ways including a cost per: thousand (CPM), click (CPC), action (CPA), view (CPV), download (CPD) and lead (CPL) dependant on the campaign and the marketer's bespoke objectives. Despite the measurement metric, most marketers will now look to track back to an effective cost per action (eCPA), which can also include their branding campaigns.

WHERE TO BUY

What was once a simple partnership between advertiser and publisher is now a complicated mix of technologies that have changed the way media is bought and sold. The industry now consists of several players, and it's important for marketers with purchasing power to have a grasp of how the landscape has evolved and exactly who is spending what budget where!

Agency – A company that represents brands. The agency does most of the legwork including tasks like planning, creating, buying and tracking an advertisement on behalf of a client.

Trading desk – A day to day campaign management platform.



Ad exchanges – An online auction marketplace that facilitates the buying and selling of inventory.

Ad Networks - An online advertising service provider that helps marketers run display advertising campaigns across various sources of online inventory.

Supply-side platform (SSP) - A technology platform that represents the suppliers of online ads (Publishers.)

Demand-side platform (DSP) – A technology platform that allows marketers to manage online media campaigns by buying display across multiple inventory in a centralised management platform.

Data exchanges - Online auction marketplace where advertisers can purchase third-party data to help reach their target audience.

Real-time bidding (RTB) – The ability to bid on individual impressions in real time via a technology platform, often DSPs.

WHAT DOES THE FUTURE HOLD?

Display advertising has changed dramatically over the past decade and it's been a tumultuous ride. However, display has proved again and again that it's the darling of the online advertising industry and can provide both branding and direct response for marketers.

As you can see above, the landscape is hugely fragmented and full of technologies for marketers to use, all offering a 'solution'. Display is unsustainable, but a few elements are pushing through as the major contributing factors to successful display purchasing. Data is one of the most vital components, offering marketers the opportunity to target online advertising in a granular fashion.

The rapid development of platforms including smartphones and tablets are playing a huge part in display too. Consumers aren't differentiating between devices and neither should advertisers. Display solutions will start to address the change in behaviour targeting individuals on each platform they use.



BEHAVIOURAL TARGETING

The most important aspect of successful ecommerce marketing is capturing customer conversion to a sale. On average around 95% of visitors leave an e-commerce site without making a purchase. While the e-commerce environment has evolved considerably over the last ten years, the "lost prospect" problem remains a key concern. The use of behavioural retargeting can successfully address this concern.

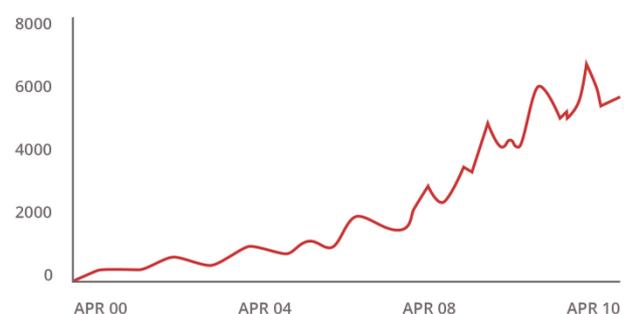
The problem is that modern consumers have grown accustomed to shopping online for almost everything, but the majority of internet consumers are slow to commit. Attention is easily distracted and it is common for online shoppers to forget about products they were interested in only moments earlier.

During 2010 UK consumers were on track to spend an estimated £56 billion shopping online, due in part to the proliferation of broadband, as well as improvements in performance and services by ecommerce companies¹. This has made it quicker and easier to purchase online, but increased the available distractions for purchasers. It is becoming a business-critical issue to retain the relationship with the consumer and retargeting those consumers provides an effective of doing this.

Consumer behaviour is becoming more challenging to track, analyse and interpret and this has required a more customer-centric approach to emerge.

The increasing sophistication, efficiencies, and scale of retargeting means that retailers and advertisers can now solve the lost prospect problem.

Total E-Retail Market - Month on Month



¹ IMRG/Capgemini eRetail Sales Index



A recent study by Criteo² found that retargeted customers are 70% more likely to complete a sale than their non-retargeted counterparts. By incorporating additional product recommendations, those same retargeted visitors spend on average 50% more than non-retargeted consumers.

UK ONLINE – THE BUSINESS OPPORTUNITY

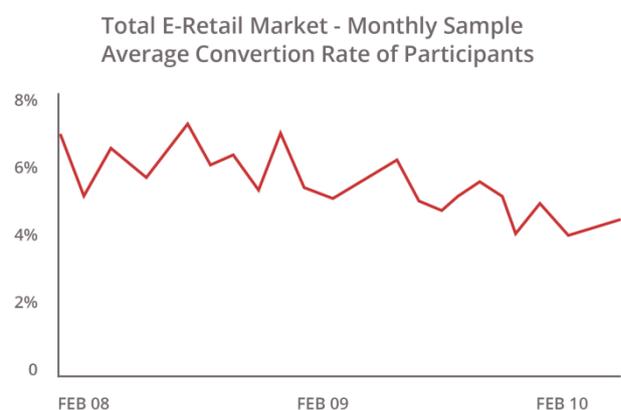
The UK internet economy currently accounts for an estimated £100 billion, or 7.2% of the country's gross domestic product. It's the largest per capita e-commerce market in the world. It is forecast to grow a further 10 % every year if current market conditions continue.³

Internet advertising in the UK alone was valued at £1.97 billion in the first half of this year - 24% of the total UK advertising spend - only 2% behind television advertising.⁴

As the value of this market grows, so does the requirement for more sophisticated, effective ways of engaging with the online consumer. Ensuring that all advertising activity provides the highest return for advertisers, whether in ecommerce or brand awareness terms is crucial to success.

CHANGING CONSUMER BEHAVIOUR

Since January 2008, the average online conversion rate of retailers participating in the Capgemini Index has been falling. There was an average conversion rate of 6% in 2008, down to 4.5% during 2009 and 3.6% to date in



²AB split tests of 5 multi-channel retailers conducted in April - .

³ Boston Consulting Group 2010

⁴ Internet Advertising Bureau & PWC UK Online Adspend Stur



2010. The decline suggests that consumers' online behaviour is changing from that of a linear transactional nature to browsing and researching products extensively before purchasing, either online or on the high street.

The increase of this type of casual shopping, and the growing number of available distractions that draw potential shoppers away from their purchases, is having an impact on advertising. It means that advertiser investments are not maximising sales from existing site visitors, and not delivering optimal return on advertising spend. What's worse is a customer might end up on a competitor's website to purchase a product not because the initial product was inferior, but because the options are abundant and locating additional information is easy.

WHAT IS RETARGETING?

Retargeting allows an advertiser to find site visitors once they have left the site, and display relevant advertising to encourage them to return and complete a transaction.

As consumers browse a website, information about their interactions is collected, which includes things like the pages and products they have viewed as well as purchases they've made. When these consumers leave the original website and visit other sites across the internet, they are shown relevant ads based on these previous interactions.

Whilst there are similarities to general behavioural marketing, which uses online actions to identify good prospects, retargeting focuses on consumers who have already indicated an interest in the advertiser. It results in a much greater propensity to respond to the retargeted ads, which in turn results in much higher click-through and conversion rates than standard display advertising.

With a retargeting strategy, you can continue to expose consumers to specific and relevant ads as they surf and shop. You can encourage and remind them to return to the site of the original advertiser. In today's ecommerce environment, bringing ready-to-buy visitors back after they have left an advertiser's site should be a key part of any customer acquisition and conversion strategy.



STATIC RETARGETING

Finding and re-engaging potential customers has been an ongoing concern for all retailers with an online presence. In its infancy, the mechanics of retargeting - also called remarketing - were fairly basic: a user would visit a site, leave, and then would be exposed to a generic branded display ad from the abandoned site.

Basic static retargeting is effective and has become the default methodology for most retargeting providers. It is only slightly more successful than existing brand campaigns because the advertising offered remains generic and not targeted to the individual user. This result is that the ads displayed are no different to a standard display campaign for that advertiser.

SEGMENTED RETARGETING

Segmented retargeting enables advertisers to engage consumers with increasingly relevant ads. It does this by creating a number of display banner executions for specific segments of online consumers. For example, if a shopper browsed the kitchenware section of a website, that consumer would be shown a banner advertising kitchen items. Similarly, a shopper who abandons a full "shopping cart" can be retargeted with a banner that offers a purchase discount.

Most intelligent networks offer this service, showing visitors ads based on the 'user segment' they fall into. It builds a greater rapport with the consumer than basic retargeting and moves further towards full engagement with the consumer. Segmented retargeting has one drawback in that advertisers can't personalise the conversation by matching a specific product or offer with each individual visitor's particular interests.

RETARGETING GETS PERSONAL



There is a third iteration of display retargeting available to online advertisers today and that's dynamic personalised retargeting. A range of



technological advances mean that the most sophisticated retargeting providers are able to offer unprecedented levels of product personalisation in the display ads they serve.

Instead of static, generically branded ads or segmented ads, retailers can now create a unique ad for the exact shoe or shirt or gadget that the consumer initially sought as well as product-level recommendations based on their browsing history.

Each personalised ad is created for an individual visitor in real time and can feature multiple products in a single banner, offering the consumer a "mini-boutique" within the ad. The placement, creative and products displayed are optimised to achieve the highest click-through rate (CTR) and conversion to sale or action which means the user only gets shown ads which they are likely to interact with.

BENEFITS OF RETARGETING

What makes re-targeting unique is its narrow focus. Advertising content and offers can be based on something as specific as an individual's product view history, not simply a section or type of site visited (like the boots category page on a fashion site, vs. a specific boot brand and style).

In addition, this level of personalisation allows banners to be created dynamically in real time, optimising the placement, content and products depending on that individual's history. Essentially, a consumer may see a different ad variation every time.

In the end this means higher CTRs and conversion (purchase) rates. Criteo's clients, for example, achieve CTRs that are 400-600% higher than standard banner ads, and their conversion outperforms current standards.

Ultimately, sophisticated retargeting provides a combination of personalisation and dynamic interaction. It means that online consumers can be shown ads for relevant products, at the right points in the buying cycle, ensuring that advertisers experience a tremendous return on investment (ROI) on their ad spend.

RIGHT MESSAGE AT THE RIGHT TIME



Retargeting can be leveraged at virtually every phase of the consumer lifecycle, from building awareness to driving purchases and customer loyalty. The greatest benefit of retargeting however is its ability to convert browsers into buyers at the right time – when they are considering a purchase.

DISPLAY A PERSONALISED MESSAGE TO AN ULTRA QUALIFIED AUDIENCE

Retargeting only potential customers that have previously been to an advertiser's website allows the advertiser to personalise their marketing message and focus their efforts on their most valuable prospects.

TAKING THE GUESS WORK OUT OF MESSAGING AND DELIVERY

Retargeting technology enables advertisers to spend less time and money on creative design and execution, by taking the guess work out of predicting customer intent. Sophisticated algorithms determine in real-time the most effective creative template, products and messaging as well as the placement that will deliver conversions.

TAILORING THE MESSAGE - ACQUISITION FUNNEL MANAGEMENT

By identifying where consumers are within the advertiser's acquisition funnel, messaging can be tailored accordingly. This means advertisers can retarget visitors who have just browsed the homepage differently to those who have viewed several products or added products to their basket and then left without purchasing – depending on which is more important to the advertiser.

CROSS-SELL / UP-SELL

The sophistication of retargeting technology means that advertisers can extend their campaigns to include recommended products in addition to those viewed by the consumer. They can also retarget existing customers with products and offers that may be of interest. A good example would be a travel website where a customer who has bought a flight to New York may be targeted with hotels for the dates they are travelling.



SEQUENTIAL RETARGETING

For products with a longer purchase cycle, retargeting can leverage sequential advertising to reinforce the message as the consumer goes through the research and consideration process. A potential customer who has not responded to the first or second ad can be presented with a discounted offer in the third ad to incentivise the purchase. Certain providers can optimise the messaging sequence based on the response to each creative.

COMPARABLE TO SEARCH MARKETING

Display advertising has historically been less successful in providing the direct response measurement of search, but is still viewed as one of the strongest forms of advertising to demonstrate creativity and build brand awareness.

Retargeting acts as the perfect hybrid of the two. It allows advertisers to benefit from the rich environment of display advertising, engage with consumers who have shown an interest in the brand and, when results are measured on a post-click basis benchmarked against conversion and ROI, delivering ROI comparable to search.

In fact, retargeting is the perfect complement to a search campaign as it enables advertisers to convert interested consumers who specifically searched for products but did not complete a purchase.

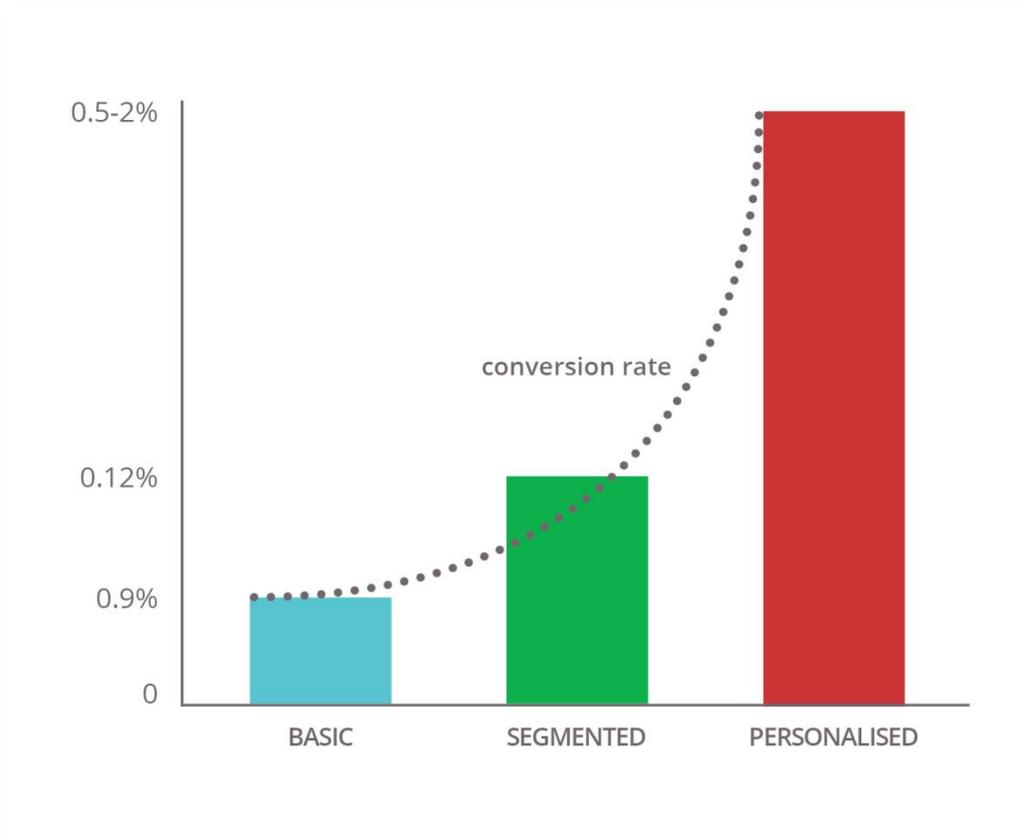
A recent comScore study, which looked at various display placement strategies such as premium, contextual, run-of-network and retargeting, found that retargeting generated the highest lift in trademark search behaviour.⁵

IMMEDIATE AND MEASURABLE RESULTS

Personalised retargeting offers attractive cost-per-click (CPC) and cost-per-acquisition (CPA) pricing for personalised retargeted banners. As a result each and every penny spent is an investment in a potential customer. Due to the precisely targeted and personalised nature of this type of advertising, the post-click conversion rates are significantly higher than other types of advertising.

⁵ When Money Moves to Digital, Where Should It Go? comScore and ValueClick, Sept 2010





Retargeting effectiveness – click-through and conversion rates

IMPLEMENTATION

The technical implementation of behavioural retargeting is simple. The relevant code is similar to web analytics code and can be integrated into a site in the same way. This piece of code enables the retargeting provider to analyse a consumer's interaction with the site such as which pages and products are viewed, and understand and respond to how far the potential customer progressed through the acquisition funnel.

An advertiser can then provide the retargeting company with product feeds containing all the information they would like displayed within the retargeting ads, from pricing, images and any offers that may be available. The information is usually provided in xml or csv format.

Creative is then designed in accordance with the advertiser's brand guidelines.



When a consumer visits the site, an anonymous cookie (a small text file which does not contain personally identifiable information) is automatically placed on their browser which enables the retargeting provider to identify that browser across the web.

Everything else, from determining when and where the ad is displayed, to which products to show, is optimised by the retargeting engine and is dynamically generated on-the-fly in real-time once the consumer has left the advertiser's site.

WHERE DO THE ADS APPEAR?

The retargeting ads appear across the network of the provider, which can differ in size and range. There are two loosely defined inventory sources that a company looking to aggregate inventory can access: automated supply and managed supply.

The growth of ad exchanges, supply-side platforms and new evolved networks or demand-side platforms (DSP), means that aggregating audience and inventory can be automated. The latest and fastest growing methodology is real-time bidding (RTB) which enables smarter buying decisions and a competitive advantage for retargeting providers who truly understand the value of a consumer and therefore the ad impression. Intelligent retargeters such as Criteo are using these sources to great effect and as early adopters are enjoying a significant competitive advantage.

Despite the growth in automated supply, the best performance and strongest interaction will often be achieved with a consumer visiting a premium publisher site, one whose inventory may not be available through networks and exchanges. This is predominantly accessed via direct relationships with individual publishers or networks.

A combination of the above will ensure the biggest reach and optimal ad performance.

DECIDING ON A PROVIDER

REACH



Retargeting should ideally be executed across a network that has the size and diversity of websites to reach consumers virtually anywhere. The broader the reach, the more visitors the campaign will reach in a faster time and higher frequency. This can be critical if the advertiser's products and/or services have a short window of opportunity (eg sale or flight dates).

Choosing a retargeting provider with a large media network will ensure the best reach and optimal campaign effectiveness.

FLEXIBILITY

Another key consideration is how much flexibility the provider has in both creative and campaign management.

The retargeting company should also be able to customise the creative based on an individual consumer's on and off-site activity, creating banners on-the-fly based on as much data available to drive the highest CTR and conversion rate.

PRIVACY

In the current environment it's critical to ensure that technological advances fully take into consideration consumers' privacy. Every consumer should understand the following with regards to online advertising in general and retargeting in particular: why am I receiving this ad, what kind of information was used to tailor the ad to me, and if I want to, how can I stop receiving these ads and others like it?

Retargeting providers do not collect personally identifiable information. The data gathered is completely anonymous and is used for statistical purposes only, and there is no way to identify a specific internet user. No data is shared with advertisers or publishers and no third-party data is used for targeting purposes. Providers simply record specific product browsing data in order to create ads that are the most relevant to each unique consumer. The best providers are transparent about their privacy policies and give clear, simple instructions to consumers on how to opt out of



future retargeting, if they so prefer. Criteo was the first retargeting company to proactively make this information available to consumers by establishing an “i” icon in every banner they serve.

CONCLUSION

In the universe of behavioural marketing strategies, retargeting is a great way to cost efficiently capitalise on each and every site visitor. Search marketing, generic display ads and offline efforts will do some of the work, while retargeting will finish the job - converting browsers into buyers, buyers into repeat buyers and repeat buyers into life-long, loyal customers.

“Behavioural Retargeting addresses the lifelong advertiser quest of recovering lost traffic and non converting visitors. It helps improve customer engagement, push up conversion rates and increase revenue from the received traffic.

This advertising method is nothing new, but the widespread accessibility of BR providers, the availability of advanced targeting platforms, the use of product feeds and the shift to paying for the results it generates has created a high interest among advertisers, who are interested in maximising the return of every advertising penny.”

Robert Glasgow, Managing Director, Webgains Ltd





MOBILE

Contributors



MOBILE MARKETING

MOBILE OVERVIEW

Mobile marketing in the performance space is a game changer. Traffic through mobile handsets and tablets has increased tenfold through Affiliate Window over the past two years and the power of mobile marketing is now tangible. Advertisers and publishers alike can no longer sit back and ignore both the potential and pitfalls. So what are the key trends and themes we should be aware of?

Let's clarify to begin with what we mean by mobile marketing. Much of the analysis and research Affiliate Window has produced over the past two years has sought to separate out mobile handset traffic and sales from tablets. It's fair to say that a tablet experience is more akin to desktop browsing. Successive research has shown that the majority of consumers use tablets at home, so whilst they are mobile, they are not necessarily used on the move.

As our statistics will show tablets account for roughly half of our mobile traffic which leaves the remainder split between handsets with the iPhone roughly sitting at about double that of Android devices.

Conversion rates and average order values across all devices vary with the iPad offering both the best converting traffic and highest baskets. One of the most telling facts that emerges from our statistics is the disconnect between traffic and sales, indicative of a range of factors, one of the most notable being tracking that we'll cover in the next section.

If we therefore focus on handsets as being the true measure of mobile then it's clear we need to expand our current understanding of performance marketing. Quite simply, consumers interact completely differently with a mobile handset than they do a desktop machine. Not only are they more impatient at accessing information on the move, but their purchasing behaviour and decision-making differs.



Consumers are comparing prices and products in store and this is only set to continue with a stream of brands offering free in-store wi-fi. Publishers in turn are creating their own mobile-optimised price comparison sites boosted by barcode-scanning technology.

Beyond this voucher code publishers specialising in incentivised traffic are exceptionally well-placed to take advantage of the seemingly symbiotic relationship between mobile and discounting. For many consumers their mobile handsets are a gateway to deals and promotions, fuelled by the obvious restaurant two for one offers.

The most well-known cashback and voucher code sites have built databases of millions of engaged members over the past five years and therefore introducing a mobile element to that interaction is a natural step. The nature of rapid app adoption has meant these publishers have managed to achieve downloads in the millions in the space of a few months. Now their armies of savvy shoppers are eager to take advantage of the discount deals that can be offered on the high street.

A natural evolution is for interruptive and possibly aggressive marketing of deals, with retailers poaching customers from under their competitors' noses based on a handset's ability to serve up promotions based on location.

Mobile in the performance space won't be all about deals and discounts, but at the moment it is these publishers making the inroads. Undoubtedly as the channel matures, so more advertisers and publishers will mould their businesses to the demands of the mobile world. Call tacking could see a surge in use offering advertisers and publishers the opportunity to drive both leads and transactions. Paid search could also receive a welcome shot in the arm with mobile ads offering new territories to explore.

Dedicated apps and mobile sites will emerge alongside new technologies. Advertisers will recognise the need to develop dedicated mobile strategies to sit alongside their existing traditional affiliate programmes and for those with a multi-channel presence they will want to join all the pieces together to create seamless consumer experiences.



In truth we're just at the start of the mobile journey in the performance space but in keeping with the nature of performance marketing it's guaranteed there are plenty more innovative and exciting opportunities to come.

MOBILE COMMERCE

Mobile commerce has seen considerable growth over the past two years. While there has always been talk of 'the year of the mobile', there is now significant evidence to suggest this has finally arrived. The introduction of the iPhone and subsequent smartphone releases has meant consumers are accessing the internet in new ways. With mobile devices becoming increasingly sophisticated and connectivity issues being overcome, consumers are regularly turning to mobile devices.

We have been monitoring mobile trends across the network closely over the past two years and in this time the growth has been phenomenal.

TRAFFIC

We have seen a staggering increase in the share of traffic through mobile devices, peaking at 12.6% of all traffic. If we compare this to the traffic volumes for the same period last year, traffic through mobile devices has quadrupled. Such a significant increase in traffic is now coming through mobile devices and it is important that advertisers have a mobile strategy in place to be able to convert the traffic.

SALES

Our latest stats indicate that 9.4% of all sales through the network came from mobile devices (including tablet). With tablet sales stripped out, this stands at 3.9%. If we look back to the same period last year, the share of sales stood at 4.5%.

CONVERSION RATES



Conversion rates through mobile devices have been improving gradually. We are currently seeing mobile traffic convert at 3% with the iPad leading the way at 4.5%. Each of the mobile handsets is below this rate but with advertisers developing mobile optimised sites, they are in a better position to convert visitors through mobile devices. We are unable to get a true representation of conversion rates through smartphones due to a number of advertisers not including affiliate tracking on their mobile sites. This is a pertinent issue across the performance channel.

AVERAGE ORDER VALUES

We are typically seeing higher average order values through the iPad when compared against desktop. This is not highly surprising considering the demographic of iPad users and higher levels of disposable income.

We are seeing AOVs improve as a result of an advertiser having an optimised mobile site in place. For a number of advertisers we have seen customers transacting through the mobile optimised version of the site spend more than customers who have opted to view the full version of the site through a mobile device.

DEVICE TRENDS

Apple products are dominating mobile commerce. 57% of all sales in 2012 to date have been generated through the iPad with the iPhone the second most popular device for transacting with 27% of this year's transactions.

They are also the dominant devices in terms of traffic, although Android handsets are gaining ground. With upgrade options typically involving Android handsets, Android is really the driving force behind smartphone adoption. We expect the share of traffic and sales through Android to increase but it is important for advertisers to understand the consumer behaviour of each mobile device.



As more advertisers embrace mobile commerce through the performance channel, we expect these figures to continue to rise. There are still a number of leading retailers that do not have a mobile optimised version of their site, and even fewer that have affiliate tracking in place.

AFFILIATE TRACKING CONUNDRUM

Tracking is the cornerstone of affiliate marketing. Without tracking, publishers would go unrewarded for the sales that they have generated. The same is true of m-commerce as it always has been for e-commerce. The mobile tracking conundrum is one of the most pertinent issues within the channel at the moment.

The significant growth in m-commerce has meant it is essential that advertisers are including affiliate tracking on the mobile optimised version of their site. Without this tracking in place, publishers will not be rewarded for the sales that they have generated through mobile devices. Considering that [latest reports from the IMRG](#) estimates that 1 in 3 visits to retailers will be through a mobile device, this is a significant issue.

If an advertiser does not have a mobile optimised site in place, tracking is unaffected through mobile devices as customers will visit the standard e-commerce site. The issue arises where an advertiser has a mobile optimised site without affiliate tracking.

An optimised mobile site without affiliate tracking is a severe form of leakage, much as call centre numbers on landing pages are. The vast amount of affiliate traffic through mobile devices means it is imperative that transactions are trackable. Without tracking in place, publishers will not promote advertisers within their mobile apps/sites. It causes a poor user experience from the publisher site as retailers are limited and ultimately it will cost advertisers in lost sales.

Additionally, where a mobile optimised site is in place, but no affiliate tracking, the customer journey may be interrupted. For example if a cashback member is navigating a cashback site on a mobile phone and opts to purchase from an advertiser that does not have mobile tracking in place, a disruptive message will be displayed. The message will state that the advertiser does not offer cashback through a mobile device and encourages the user to complete their purchase from a



personal computer. The potential customer abandoning the purchase all together, or the advertiser could lose the sale to a competitor that does offer tracking through a mobile device.

Advertisers are constantly looking for publishers to innovate and offer a mobile presence. However, with the current lack of advertisers that support mobile tracking, there is not an incentive to really pursue mobile opportunities. Some of the largest advertisers across the affiliate channel do not support mobile tracking. It's leading to a significant loss in earnings where affiliates are effectively driving free mobile traffic to advertisers, which is not something that is going to continue. Publishers will start to remove advertisers without tracking at a far greater rate.

We have estimated (based on our current mobile trends) that a staggering £28m of revenue is driven for advertisers without commission being awarded on these transactions. In essence, it is estimated that throughout 2012, £2.1m of commission is not being paid to affiliates.

We reiterate that this can't continue.

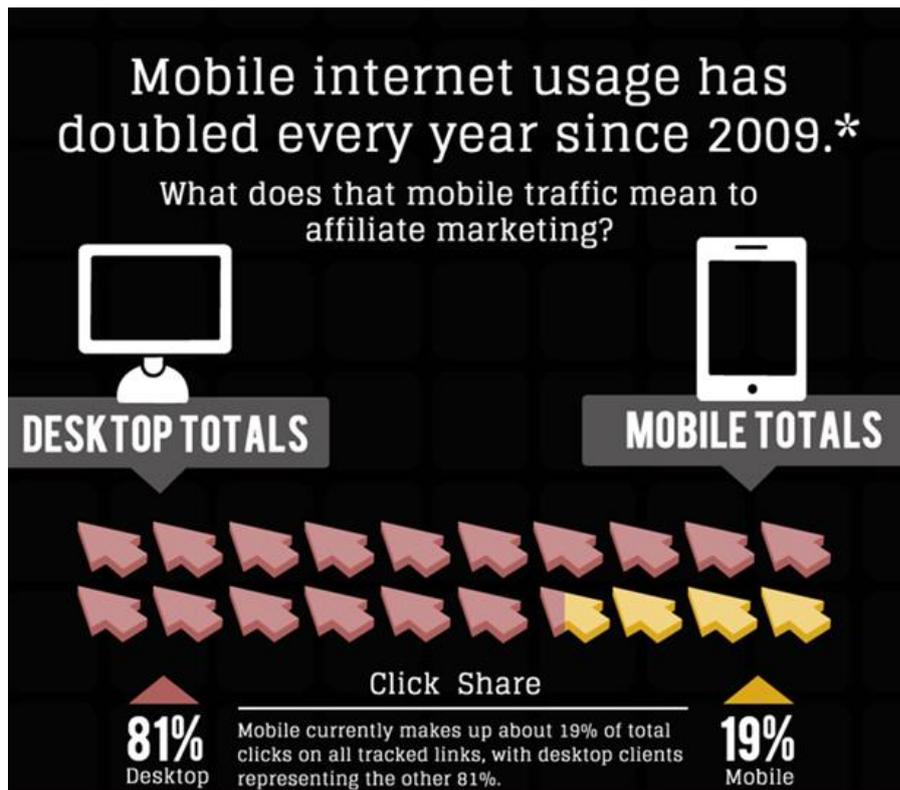
Affiliates will not put up with the situation for much longer, especially with increasing volumes of traffic naturally being generated through mobile devices. Affiliates do not want the experience of their sites/apps being affected by not sending mobile traffic to the advertiser. They will start to remove these advertisers altogether for mobile traffic and this could have a significant impact on advertisers as the volume of sales driven through mobile devices accelerating rapidly.

For advertisers to fully embrace m-commerce through the performance channel, affiliate tracking is vital.

MOBILE SEARCH

UK smartphone usage stands at 46% (26.4million) and mobile revenue is continuing to grow at an exponential rate. It is an attractive channel for all brands, especially when considering mobile currently makes up 19% of total clicks on all tracked links (see infographic below) and its role in performance marketing is only going to increase.





(source: Has Offers)

Whether designing an SEO or PPC strategy for traditional online on the desktop, keeping the customer at the core is vital. Mobile is no different.

The mobile consumer expects these three things:

Simplicity – offer consumers a simple experience that works for them

Immediacy – provide instant access to the information customers are looking for

Context – the experience and information needs to be relevant to who they are, where they are (on the high street/in-store, on the move or at home), and what they are looking for

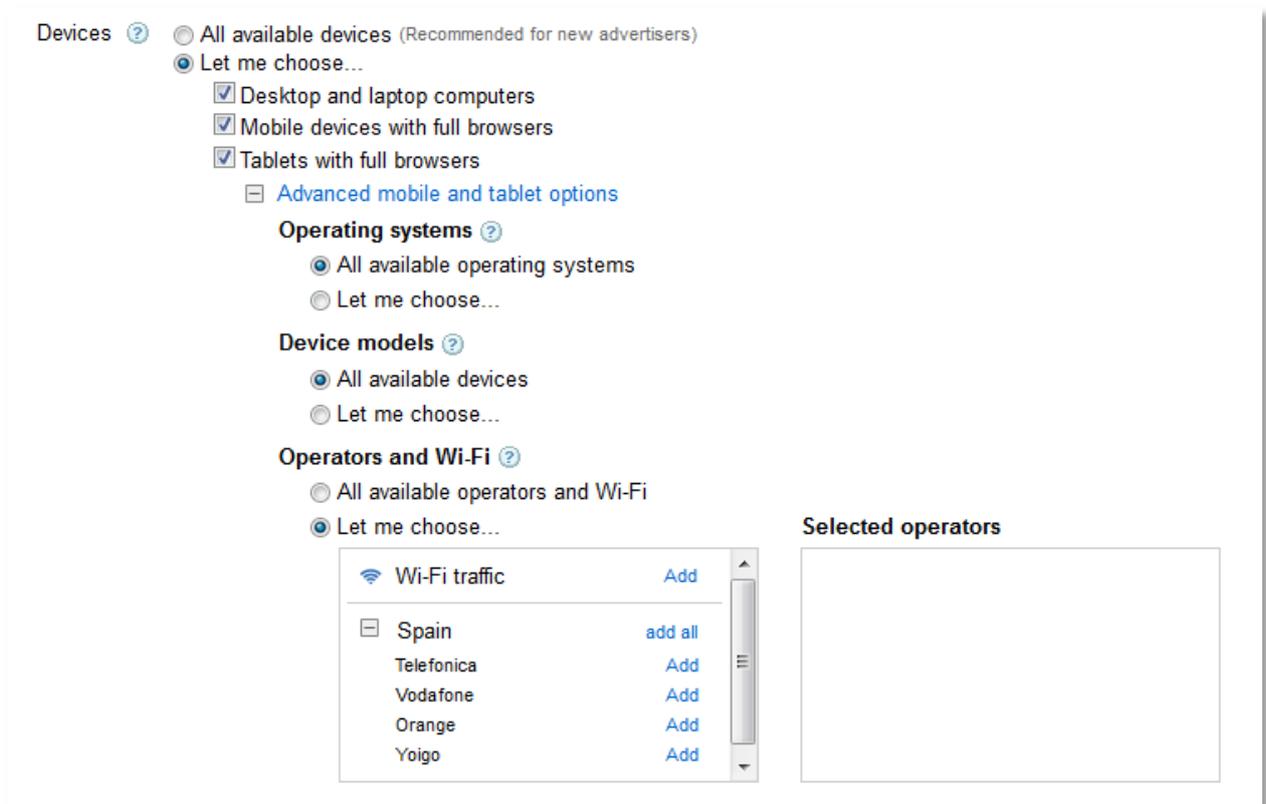
TECHNICAL ASPECTS OF MOBILE SEARCH

TARGETING TO INCREASE ROI



As with online, increasing targeting when it comes to mobile will improve ROI. There are numerous ways of targeting consumers via mobile search. The key is to target according to the customer's needs, i.e. where they are and what they are looking for.

Within search there are lots of features to enable better targeting of campaigns. Indeed, as the screenshot below shows, it is now possible to target by device, mobile operator, device model or device operating system.



(source: Google Adwords)

CONNECTING WITH CUSTOMERS TO INCREASE CONVERSION RATE

Giving customers easy access to what they are looking for at the right time and on the right device can also significantly increase conversions. For example, in a recent test for Papa John's Pizzas where Net Media Planet targeted mobile consumers on their commute home from work and their way



home from the pub using adverts with “appetite appeal”, revenue per click on mobile device increased 48%. Average order values also increased 12.7% on mobile devices.

There are a number of tools available to give the customer what they want and improve conversion rate on mobile, including Extensions in Advert creatives. The key Extensions available from Google that all companies should be considering are:

Ad sitelinks - provide additional links to specific, relevant content deeper within the sitemap (up to two on mobile rather than the usual six on desktop or tablet)

Click-to-Call extensions - provide a dedicated forwarding number that enables brands to track calls that come from PPC adverts

Location extensions - serve the phone number or location of the closest store to a consumer so that the click puts them through to the store

Mobile App extensions – enable deep linking to a specific page inside an app

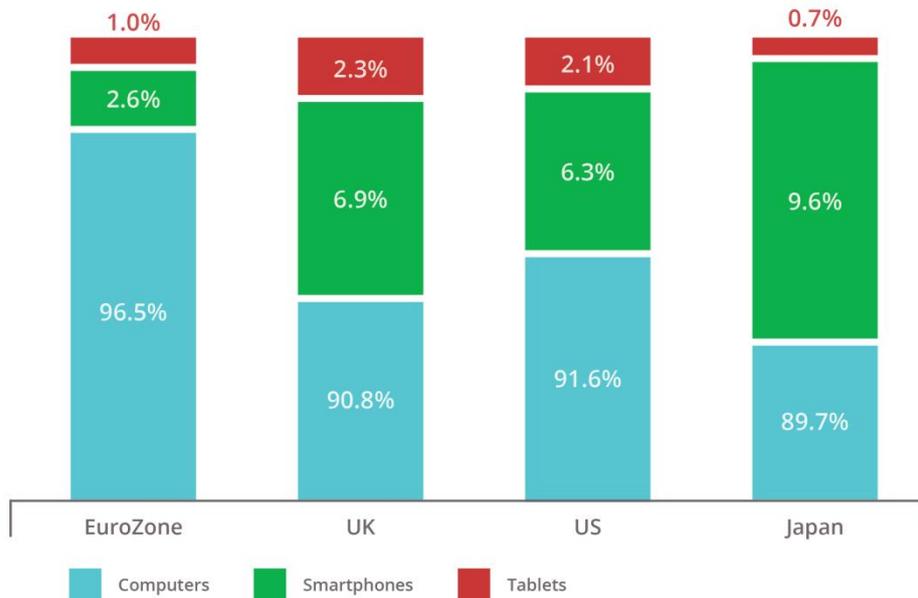
Offer extensions i.e. Google Offers – allow companies to take an offer from online and track redemption of that offer in-store

THE GROWING IMPORTANCE OF MOBILE SEARCH / PAID SEARCH CHANNEL

Mobile search in the UK may have doubled in terms of year-on-year growth but there is still significant potential for growth here. In addition, as indicated by the success seen in Japan below, the UK and EU has more opportunity is on its way.



Chart to show share of search clicks by device and region

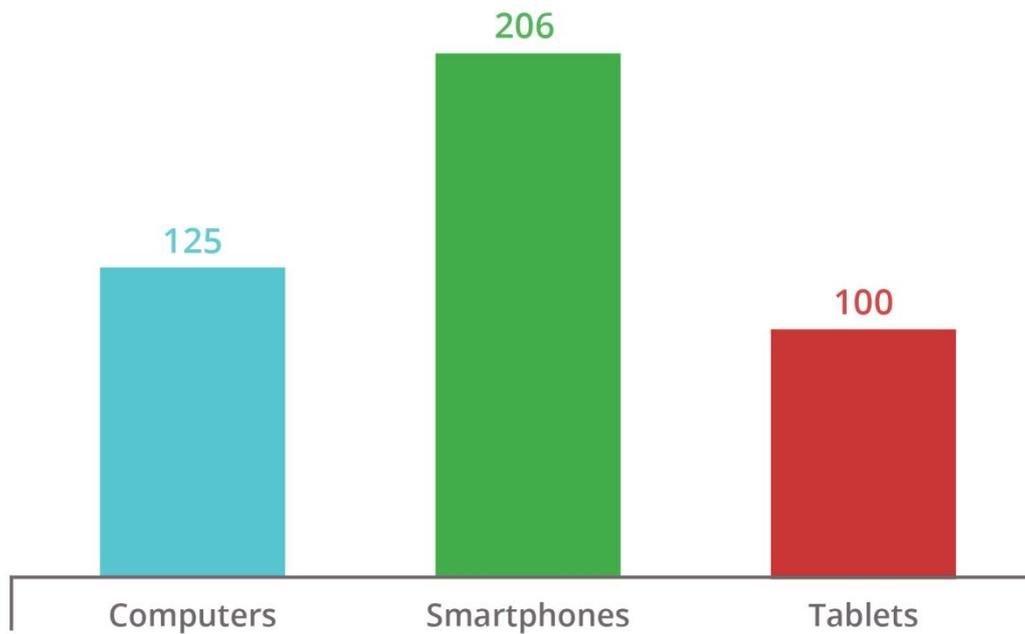


(source: Marin)

Cost per conversion is not as low as we would like on smartphones yet (although it is better than anticipated on tablets) as can be seen in the graph below. It has meant marketers looking to target mobile consumers should look first at the mobile consumer that isn't really mobile – the consumer at home on a tablet.



Average cost per conversion by device (indexed)



(source: Marin)





SOCIAL COMMERCE & MARKETING

Contributor

Auke Boersma – @MrBoardsma



SOCIAL COMMERCE & MARKETING

MARKET OVERVIEW

The digital marketing arena has changed dramatically over the last five years. So too has the roles of its many players and the levels of expertise found in-house, within agencies and for those working supplier side. They are in a position to respond to the exploding diversity of channels now open to brands for marketing and sales potential.

Specifically, Advertisers' own knowledge and understanding of how the market works and how to manoeuvre their brands within it has considerably increased. Almost all FMCGs now employ digital marketers, and in growing numbers focused social media and search specialists. What's also interesting here is that these roles increasingly don't just report into the Marketing Head, but also have a dotted line into the finance function too.

Matching the evolution of increased knowledge and expanding channel options, the key growth areas within digital marketing have also begun to blur and overlap. Evidence can be found in performance marketing, which has been part of our busy scene for over 20 year. It has fast become an important cog in most online, and more recently, offline marketing plans. The march towards greater ROI and the need for operational transparency have always been at the forefront of performance.

The last few years have seen performance marketing become recognised as a discipline in its own right. It has grown far beyond its robust, flexible and highly efficient 'Affiliate' channel roots as a payment on results business model, to now being efficiently applied across multiple channels and uses.

At the same time, the meteoric rise of Social Media has continued. Facebook and Twitter have become part of our everyday culture and now not only represent respected forms of communication, but are also useful business networking tools, trusted opinion former mediums and most significantly, hugely influential lifestyle forums.



Consumers have a more savvy approach to purchasing, actively investigating best deals and locating cash back or voucher discounts. They're specifically taking the recommendations of others into consideration. Social media has given purchasers a massive shop window for seeking out best prices, best products and best suppliers. It's all backed by personal recommendation or warnings from their ever-growing peer group.

Nielsen's Global Trust in Advertising report substantiates the key social trend further .It uncovered how the voice of fellow consumers continues to be strongly heard when it comes to the most trusted forms of advertising. In fact, 92% of consumers around the world said they trusted earned media such as word-of-mouth or recommendations from friends and family above all other forms of advertising. When you look at how the digital market has grown, it's not surprising to see this huge figure has also increased by 18% since 2007.

The rise and popularity of social media has therefore created one of the largest untapped aggregators of engaged consumers. For marketers focused on their return on investment, performance is the perfect transparent and highly effective marketing discipline to tap into the huge sales potential of 'word of mouth' recommendation.

DEFINING SOCIAL MARKETING

Social marketing is today's thing, the buzzword that everyone loves to use, the thing to talk about, but what is social marketing?

Let's dissect it:

Social - The word derives from the Latin word *socii* ('allies'). It refers to the interaction of organisms with other organisms and to their collective co-existence.

Marketing - Marketing is the process of communicating the value of a product or service to customers.

However, two words stick out in these definitions; interaction and communication. Interestingly, they don't only have a lot in common, but also differ from each other. The biggest difference



between them lies in their overall aim: social's 'interaction' is all about sharing with no commercial aim, whilst marketing's 'communication' is focused on commerce and financial gain.

The best explanation of social marketing is that it represents a key part of the overall marketing mix where consumers pro-actively interact with each other about a commercial product. It is the joining together of two worlds (social and marketing), where consumers willingly share their own opinions, thoughts, ideas and favorite deals for their favorite brands. Further conversation and the creation of groups of like-minded individuals who are equally open to further ideas, offers and interactions about their shared passions/likes can be created.

The very nature of it being all about 'word of mouth' provides marketers with a huge opportunity to successfully and positively build awareness of their brands and services.

DEFINING SOCIAL COMMERCE

Now let's do the same with social commerce.

Social - The word derives from the Latin word *socii* ('allies'). It refers to the interaction of organisms with other organisms and to their collective co-existence

Commerce - Commerce is concerned with the distribution of goods and services and involves money.

So when we add 'money' to social marketing, the social platform is being used to actually sell a product or service.

Social Commerce is all about monetising the shared trust, loyalty, passion and enthusiasm of the collective engaged consumers that social marketing provides.

SOCIAL MARKETING / COMMERCE PLATFORMS



Essential to successfully combining social and marketing/commerce is the right choice of platform. Depending on the product, target group and business objectives there are several types of social media platforms available. I'd like to highlight the main social media platforms and the largest players briefly:

- Social networking sites like Facebook and Google+
- Micro blogging sites like Twitter and Tumblr
- Publishing tools like WordPress and Blogger
- Collaboration tools like Wikipedia and WikiTravel
- Photo sharing sites like Flickr, Instagram and Pinterest
- Video sharing sites like YouTube, Vimeo and specifically for business Slideshare
- Virtual worlds like Second Life, World of Warcraft, Farmville
- Location based services like Facebook Places and Foursquare
- Group buying platforms like Groupon and LivingSocial
- Social bookmarking and news aggregation like Digg and Delicious

LEAD GENERATION IN SOCIAL MEDIA

Social media can be measured in so many ways: likes, followers, reach, tweets, awareness, sentiment and more. The main question for advertisers is, what is a lead? It can depend on the advertiser, the product and the business objectives, as a lead could be any of these.

Firstly, let's acknowledge how important it is for any business that wants to sell a product via social media, to start by getting a consumer's attention first. The initial task will then provide focus on acquiring data on the consumer and their purchase, so there is an ongoing relationship which has far more use than a simple one-off interaction. Brands must ask, "who is the consumer? What does he want? When does he want it? Why does he want it?"

The very nature of social is that it's more casual, so social existence provides brands with a perfect environment to generate leads. Once a relationship is developed, your interaction is then perceived as more one-to-one and not like more traditional media. You have direct access to your prospective



audience and have the chance to interact in a more informal and low pressure way. You're equally in pole position for when any of your target audience group decides to purchase.

A recent Nielsen survey revealed that a mere 33% of buyers now believe what a brand has to say about itself because people view any brand-to-buyer communication as an advertisement. As marketers we need to understand how to respond to this and social is an excellent low, or even no, cost tool for allowing your customers to be involved with your brand. They can become brand advocates, supporting your brand authenticity, and ultimately assist in your marketing efforts.

Social media is a perfect platform to draw consumers' attention to a product. Facebook introduced its Like button in April 2010. Currently the Want button is being piloted. It's starting to look like social commerce is a direct link between a consumer and the advertiser. Invaluable data can be yielded by an advertiser for follow up and future usage.

Could the Have button be next? Wouldn't it be great to know that one of your best friends has a certain product? If you trust their opinion or knowledge of a product you would be much easily persuaded to buy it as well. Contentiously, this can always be incentivised via kickbacks, offers and discounts. However, just knowing that a friend has that product can already be enough and would assist in making the platform less commercialised with users blocking friends because they push too many offers in their friends' faces.

There are also a multitude of ways to interact with your potential customers beyond simply via status updates and tweets. These include promoted posts and ads on Facebook, promoted tweets, initiating groups on LinkedIn, utilising videos and infographics to develop channel specific apps. Most incur additional costs, so the incremental value of social performance may be skewed. The biggest tip here is to still approach all of these activities in the same way and to never underestimate the word of mouth potential.

CURRENT LIMITATIONS AND OPPORTUNITIES TO SOCIAL

There are currently no technologies available track the value of social media activities with 100% accuracy. For example, what is the value of a Facebook like? What is the value of a photo posted on



Pinterest? What is the value of in-game advertising in Farmville? With the ongoing development and innovation of tracking technology, we will finally be able to use social media as a commerce/performance platform. It will prove its value and budget resource. Head count allocations will be justified based on the amount of incremental sales it generates.

Does this mean we have to wait till this technology comes available? No! Lessons were learned with direct marketing. We now know that every consumer goes through the same stages before it purchases a product or service:

1. Identifying a want, need or problem
2. Searching for a solution
3. Evaluation of available options
4. Purchase
5. Evaluation of the purchase

Social media platforms already help consumers with steps 1/, 2/, 3/ and 5/. The actual purchase of a product or service may still mainly happen on an advertiser's website or even in store, but social media still acts as a traffic driver and review source.

A significant hurdle in the evolution of social commerce solutions is also the integration of a payment gateway inside the social media networks. Currently most of the players are re-directing potential buyers to their website to complete the purchase. The technology is not good enough yet to enable true measurement of the channel and therefore allow brands to understand what impact they can make. With technology in place that can fully track a purchase and/or measure its conversion attribution the commerce driven by social media platforms will be bigger. It will eventually become more important as consumers spend more time on social media.

Does this mean that technology is not there at all? No it doesn't. There are lots of players having a go at trying to crack this one. Most recently, AffiliateTraction and Webgains launched an integrated tool that, "finally enables publishers to drive sales directly from social media, and in turn allows advertiser clients to track sales via the channel without a tracking link," by "introducing a unique system of click-less tracking which will open up the full sales potential".



You shouldn't forget that using social media to engage with consumers in their purchase flow doesn't only result in a purchase. It can also deliver consumer data (n/a/s/l); consumer insights (preferences, likes/wants/haves); feedback on the marketing message (what message works when for men on facebook?/what message works when for women on Twitter?); plus what triggers consumer engagement (how many people talk/broadcast my message/product?). Social data and knowledge has considerable incremental value. It can be collected just like the data gained from old school direct marketing to feed back into a brand's marketing and sales strategy.

There is one threat to the market that should be mentioned. Social is all about people power. It is all about people's interaction, people's opinions and people's activities. It's not influenced by companies or marketers.

Brands have to understand that their control is limited in this environment. There are many examples of where marketers have tried to manipulate or steer a conversation on social media in a specific direction. McDonalds is one of the most memorable. The fast food giant asked people to share stories on Twitter about their fondest memories at McDonalds' restaurants using #McDStories. Consumers had a very different idea and instead tweeted about their worst experiences with McDonald's food and service. Overall, more than half of the tweets with the hashtag were negative, making it more of a "bash-tag."

Marketers should never forget that consumers have a voice and social media is where they can express it. Every company should focus on creating and maintaining a positive social media presence. However, communication with consumers should always be honest, fair and fast. Missing out on the opportunity to have a direct line of communication could result in negative social media publicity and that then negates any strategy or effort.

THE SOCIAL MARKETING TOP 10 TIPS

1. Be clear about your overall objective for engaging with your consumers and refer to it constantly. As soon as you deviate, you are diluting your efforts
2. Content, Content, Content – remember you want quality interaction. If you don't have the offers or content your fans want, they will move to someone who has



3. Remember Social is all about personality so ensure you have you create a personality for your brand which the audience will like and want to follow
4. Social Media is a two-way street. You must engage and not just listen. But equally don't post for the sake of posting
5. Make yourselves valuable to your audience. If they appreciate your efforts, they'll tell their friends
6. Stay ahead of the game. Know what's happening in your market and always be in a position to respond quickly, telling and offering something new
7. Never flatter or be condescending. You are at the coalface of dealing with your potential consumers so don't irritate them
8. Don't be scared to use humour, but also know when it's not appropriate
9. Realise the value of the data you are now in a position to collect and use it
10. Appreciate the value of 'word of mouth', and equally don't under-estimate it!





AGILE COMMERCE

Contributor



AGILE COMMERCE

AN INTRODUCTION TO AGILE COMMERCE

We are on the verge of a new era in performance marketing where the doors are firmly opening for fresh publisher business models to reap incredible financial rewards.

For many years we have seen significant sales volume driven through incentive publishers (that's cashback and voucher sites). Sales will continue to grow, but there will be a drive for such publishers to prove incremental sales and importantly shift consumer behaviour and loyalties.

2012 was the year of devising actionable insights through smart use and mining of data. 2013 will be the year the multi-device world really comes to the fore. Shifting consumer behaviour will be one of the hot topics. KPI's are set to be used by forward thinking publishers and advertisers to drive the sector forward.

Today's customers are becoming more interconnected, which they're doing through devices such as mobile and tablets. You'll likely see emerging interactions, such as the usage of apps on the high street to compare prices, discover new venues and be enticed with discounts.

Consumers expect a connected and brand rich mobile web experience. They are increasingly turning to their social web to influence their daily activity, friends and purchase behaviour.

Publishers and advertisers that empower, influence, inform and reward consumers during as many touch-points as possible will grow enormously in power and value.

You should re-read that last sentence, it really is key. The age of agile commerce is now upon us.

We've seen forward thinking retailers open up Wi-Fi in-store and encourage social interaction or order online via the store terminal.

These retailers understand the potential role of social circles in a purchase decision. They understand that customers increasingly use APPS whilst shopping. The astute entrepreneurs have taken note and innovated to match.



In turn, but often belatedly, smart advertisers, networks and agencies have started to embrace and reward this publisher innovation by providing bespoke integrations and support.

Fast forward a year or so into the future and you'll likely see the use of NFC-enabled smartphones. Publishers will be looking to forge key partnerships to close the loop with mobile wallet payments. For instance where Google has strongholds, the potential to feedback data via their wallet is incredibly influential. It's a similar deal when you take into account partnerships with card issuers, EPOS providers or mobile carriers.

If you have a business model that consumes multiple touch points, is location aware and mobile-centric, then your opportunity to influence behaviour is incredible.

If we shift back to publisher models, you could argue that whilst the emphasis remains on last cookie wins, publishers will always look to design platforms around that methodology. Affiliates are increasingly locking horns in a competitive landscape to influence a consumer to navigate to their site off the back of advertising, organic or paid search, to plant the cookie and attract the sale.

The concept is still valid, however not particularly innovative and is in fact a rather old school way of thinking.

A publisher business model that adds value across multiple touch points could be seen as extremely wise, especially with the probable adoption of attribution.

If we were to be challenging then you could say that's it's going to be a brave player to adopt attribution modelling in mature markets such as the US and UK. This is purely due to the domination of cashback or rebate partners who contribute as much as 40% of affiliate network revenue and individual programme sales.

However this industry has always evolved due to the sheer innovation of affiliates and publishers. A consumer and technology centric offering that has a mission to purely add value to a consumer



without resorting to a chase to plant the final cookie could well be a worthy and wise winner in 2013.



AFFILIATE MARKETING

MARKET OVERVIEW

Affiliate marketing is a medium whereby an online store (also known as the “merchant” or “advertiser”) receives leads or sales from 3rd party websites (also known as “affiliates”). The beauty of affiliate marketing is that the advertisers only pay for actual sales or pre-defined actions that are agreed from the launch of the programme. Pre-defined actions could be any or a combination of the following:

- Cost per click (CPC)
- Cost per lead or per registration (CPL)
- Cost per acquisition (CPA)
- Cost per sale

The affiliate will promote the advertiser through various methods, for example through email marketing, display advertising through banners or on a comparison site, maybe even through social media. Affiliate types vary and depend on the promotional methods described above. Some typical affiliate types include content sites (that promote advertisers by including text links within the article and copy), vouchercode sites, cashback sites, email database owners and distributors, corporate/employee rewards companies, shopping comparison engines and directories.

BENEFITS TO ONLINE BUSINESSES

The benefits are quite straight forward, as the advertiser only pays for results. From the affiliate perspective, if their expertise lies within driving quality traffic that converts from clicks to sales, then they have the potential to scale their revenues too. Remember, the affiliate spends their own time, resource, and budget in driving traffic to an advertiser’s website and they only get rewarded if they deliver the required action (sale, customer, lead, registration etc.).

As an advertiser you have:



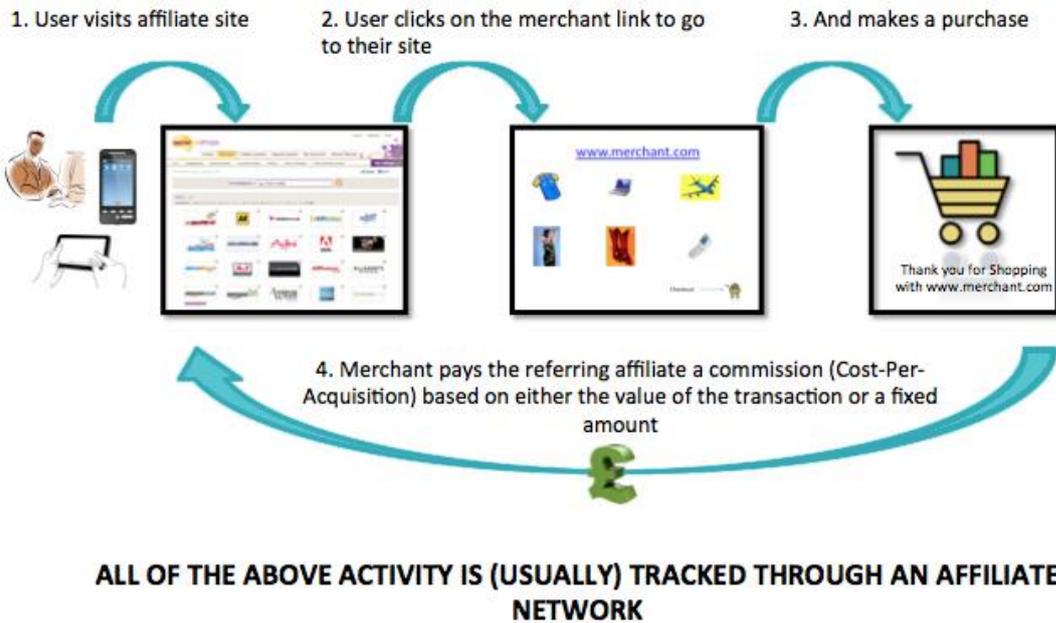
1. **Full Control of your budget**, and you only pay for genuine, validated sales. You don't pay for sales that end up being returned or cancelled within the agreed validation period.
2. **Full Transparency** so you can see exactly which affiliates are promoting you and in certain cases where you're being placed on their site (if it's email affiliates then you get to see the creative too)
3. **Full Accountability** as you can measure your advertising spend and control the return on your investment (i.e you can work out for every £1 you spend, what you're getting back in sales/profit).

All activity is tracked and recorded by an affiliate network, which then provides the reporting functionality. You can see the data within your user interface. To set up your affiliate programme, the networks may charge a fee for setting up the programme, a monthly licencing fee and a commission (also known as a network override), which is usually as a percentage of the affiliate commission.

The type of activity recorded includes impressions, clicks, sales, conversions, and details of the referring affiliate websites. The Below diagram explains the process from start to finish:



HOW AFFILIATE MARKETING WORKS



WHAT IS AN AFFILIATE NETWORK AND WHAT DO THEY DO?

The network provides a platform for an advertiser to run its affiliate programme. It provides the technical infrastructure that allows the advertiser to work with affiliate publishers knowing that there is a tracking, reporting and payment mechanism in place. Networks also benefit advertisers and publishers by offering the trust and reassurance of account management staff to assist according to specified service level.

WHAT IS THE ROLE OF AN AFFILIATE AGENCY?

An affiliate agency is an extension of the advertiser's existing marketing team and fulfils the role of an outsourced affiliate manager. The agency ensures the programme has a strategy that is understood by client and publishers and a sustainable commercial base. On a day-to-day level it is



about the practical administration of promotions, voucher codes, creative (banners) and newsletters and reporting back to the client.

- Identifying and recruiting new affiliates that fit the advertiser's target customer base
- Engaging with affiliates using a strategic communications approach
- Leveraging advertiser awareness with the network(s) so if there are new publishers/affiliates or technology solutions which aid in the sales growth, then it is the role of a good affiliate agency to bring these to the attention of the advertiser.
- Reporting and ensuring a communications feedback loop between the advertiser, network and affiliate in an effective manner.

TECHNOLOGY SOLUTIONS

Affiliate marketing has become increasingly complex in its requirements of both advertisers and publishers. A number of different providers and disciplines have emerged to provide solutions for advertisers and publishers

ADVERTISER-FACING TECHNOLOGY

Technology that requires integration on an advertiser's site.

Product feeds (Golden Feeds/Fusepump) - A product feed is a file of an advertiser's products in a defined format. It can easily be distribution by affiliate networks to all affiliates that require it and be adapted by them for displaying products on their site. Most advertisers find the upkeep of feeds too technical or time-consuming because they frequently need to be checked to ensure pricing and stock levels are protected.



Basket abandonment (Sale Cycle/VE Interactive) - Address cart abandonment issues by re-engaging with a prospect who may have left the advertiser's site part way through the purchase cycle unintentionally. If the customer email has been captured before the checkout, any customer who has not purchased after adding products to the basket will be emailed on behalf of the advertiser with an inducement to complete their purchase.

Re-targeting/re-targeting (Ad Genie / Mythings / Criteo / Struq / GDM) – builds on the interaction a user has with an advertiser's website. Technology companies, which combine media buying companies that target advertising at people who have visited an advertiser's website by serving advertising based on their interaction with individual products from that advertiser. The sophistication can vary depending upon the level and length of interaction with the advertiser site. The frequency of exposure to advertising is capped to avoid wastage and annoyance. Retargeting and pret-targeting companies operate on a cost per sale or a cost per click basis.

PUBLISHER-FACING TECHNOLOGY

Requires integration on a publisher's site.

Displaying product links (Easy Content Units / Fusepump) - provide affiliates with the ability to integrate a selection of products from an advertiser. They rely on the advertiser supplying a product feed that is processed and made available for the publisher. The same publisher then designs content units to complement the look and feel of the affiliate's site.

Integrating Relevant Textlinks (Skimlinks / Viglink / Kehalim) – provide affiliates with the ability to monetise their content and blog by linking phrases, words and brand names into affiliate links. Often aimed at bloggers that aren't affiliates and these companies share the commission on any customer transactions generated as a result of the user clicking through to the site from the related link within that article or content.

Video Creative (Coull TV) – provides affiliates with the ability to generate revenue by integrating clickable affiliate links in video content.



COMMISSION TYPES

There are several pricing models available within performance marketing, all reflecting the diverse nature of the industry. Even over the past year, these payment models have increased to incorporate mobile, social and other emerging traffic sources. Although this does offer advertisers considerable flexibility, the choice can be overwhelming. It's vital to have clear objectives and to set the pricing model and levels of commission. They should not only offer the opportunity for success on both the advertiser and publisher sides, but be the best for your strategy. If this is achieved, with the cost-per-action set at a competitive level within margins, performance marketing is a tap advertisers want to turn on.

SETTING YOUR OBJECTIVES

As with all marketing, the setting of clear objectives is vital. Objectives should be distinct and measurable and be clearly understood by all internal parties.

The objective could be to:

- Increase brand awareness within demographics or geography
- Increase traffic to your desktop site or mobile site
- Increase relevant consumer details into your CRM databases or onto your social pages
- Increase the downloads of your mobile app
- Generate warm sales leads
- Generate additional sales
- Increase basket sizes

Once the objectives and targets have been defined, it makes it easier to decide on the most relevant pricing models. Obviously, in certain cases, this might involve more than one pricing model within your objectives.

Measurement must be linked to internal monitoring systems by the advertiser to determine and monitor the overall return on your investment.



PRICING MODELS

CPM (COST PER MILLE)

CPM or cost per thousand Impressions is one of the oldest metrics used in online marketing and is closely aligned to more traditional forms of advertising. Publishers can charge advertisers a fixed cost per thousand impressions served. The costs can vary significantly depending on the reach of the site and the targeted nature of the audience. Publishers can usually target by demographics, geography, content, device or a combination. The more targeted the approach, the higher the CPM rate. CPM is best used to achieve brand awareness objectives.

Advantages:

- Can deliver targeted messages to appropriate audiences
- Cost effective brand awareness can be easily achieved
- Ease of implementation

Disadvantages:

- Performance only linked to impressions
- Difficult to measure or guarantee success
- Coordination required with multiple sales points to achieve site traffic

CPC (COST PER CLICK)

A more common form of performance marketing is cost per click, where publishers charge a fee for a click delivered to the advertiser's site. Costs can vary significantly depending on the sector and also the competition within this sector. It's a pricing model best used to achieve traffic-level objectives.

Advantages:

- Success directly tied to performance and site traffic
- Very targeted traffic
- Creative control



Disadvantages:

- Can be expensive
- Traffic increases do not necessarily equate to sales increases
- Hard to manage budgets

CPL (COST PER LEAD)

This pricing model is usually used in sectors where the customer acquisition cannot be completed in a single online “session”, for example in finance or automotive sectors. The criteria for an acceptable lead can vary significantly from an email address to a 10 page form. Leads are then usually validated based on predefined criteria.

Advantages:

- Ease of commitment from the consumer
- Can deliver significant volumes
- Allows for active customer engagement and conversion early on the purchase funnel, particularly where the overall buying process is complex
- Powerful way of generating sales lead for future follow-up activity

Disadvantages:

- Can be open to fraud if not managed appropriately
- Considerable resource can be required to ensure effective validation of leads
- No guarantee of lead conversion

CPD (COST PER DOWNLOAD)

The rise of mobile has caused cost per download activities in performance marketing to increase. The pricing model is focused on consumers downloading a specific resource, whether this is a game, mobile application or program. The criteria for success could be the initial download or activation and is centred on customer engagement. It can also be called “cost per install”.



Advantages:

- Targeted way to gain relevant customers
- Good customer engagement and branding
- Can choose success metric within CPD advertising

Disadvantages:

- Can be open to fraud if not managed appropriately
- No guarantee of conversion beyond the download
- Cost per Install is still relatively new as a pricing model so effective tracking is not widespread

CPC (COST PER CALL)

Similar to cost per click and cost per lead, this is a pricing model where publishers charge advertisers on a per call basis for each lead, which in this case is a phone call. CPC is predominately used in sectors such as telecoms and finance where the user might wish to qualify their purchase immediately, or for high value products.

Advantages:

- Bridges the gap between online and offline advertising
- Consumer engagement is high
- Performance and return on investment can be easily measured.

Disadvantages:

- Considerable resource can be required to ensure effective validation of leads
- No guarantee of lead conversion

CPA (COST PER ACQUISITION)



CPA guarantees a profitable return on investment because commission is only paid when a genuine sale takes place. The cost is governed by an advertiser's perceived value of a customer and sale combined with the publishers perceived value of their traffic. The pricing model is best used to achieve sales objectives.

Advantages:

- Affordable way to drive prospective customers
- Direct and measureable link to the generation of a customer or sale
- Transparency between advertisers and publishers
- Extremely low vulnerability to fraud

Disadvantages:

- Model is currently dependent on "last click" tracking and does not reward publishers for traffic generation at earlier points in purchasing funnel
- Tight control of messaging can be difficult to maintain

TENANCY

The tenacy pricing model is where the advertiser pays a fixed amount per month, regardless of the impressions, clicks or conversion. It's ideal for sponsorship opportunities to guarantee exposure of highly trafficked pages, emails or social networks.

Advantages

- Guaranteed exposure
- Creates buzz around advertiser, seasonality, geography, consumer offers and launches

Disadvantages

- Can be expensive
- No guarantee of conversion into sales



HYBRID

A hybrid pricing metric combines two or more of the previously described pricing models. When an advertiser's objectives mature, bespoke payment structures that focus on providing value across the whole purchase process are becoming more prevalent.

Advantages:

- Multiple objectives can be achieved easily
- May be more appealing to publishers with competitive inventory
- Can reward activity which drives consumers down purchase funnel

Disadvantages:

- Can be difficult to define appropriate models
- Complex commercial structure can make it hard to measure or gain buy-in from publishers

TRACKING SOLUTIONS

Tracking sales and leads are the heart of affiliate marketing. Without the ability to track results reliably, performance marketing doesn't exist. Affiliate tracking is surprisingly simple. Each time a visitor clicks an affiliate URL the affiliate network will set or store tracking information on the visitor's computer. The affiliate network then knows which affiliate referred that visitor to that advertiser.

The affiliate network will provide each advertiser with their individual HTML tracking code. It's then added to the page at the end of any action the advertiser is paying affiliates for, normally the "success" or "thank you" page shown after making a purchase. This tracking code will pass order or lead data to the affiliate network.

When the affiliate network's tracking code is shown, for example after each purchase, the affiliate network will read back it's tracking information, which was previously set. Commission is then paid to the affiliate, if any, who referred the visitor making the purchase or lead.



Affiliate networks in the UK currently operate on a “last click wins” basis. If before a transaction takes place multiple affiliates refer the same visitor, only the last affiliate who sent the visitor before the transaction takes place will be paid the commission. Other methods such as splitting commission amongst all the affiliates who referred the visitor are currently in the early stages of consultation within the industry.

TRACKING METHODS

Most commonly, browser cookies are used to store tracking information. Unfortunately, some reports have stated that privacy concerns result in almost 40% of users routinely deleting their cookies. Newer web browsers make deleting cookies a one click process and even offer private browsing where cookies are not stored or set. It sure sounds like we should just give up! Luckily, affiliate networks have been investing in ‘cookieless tracking’ to ensure performance continues to be reliably tracked.

Cookieless tracking is the ability to track sales and leads without relying on traditional browser cookies to store the tracking information. There are numerous forms of cookieless tracking and most UK Affiliate Networks will use at least one or two forms. These are used in addition to regular browser cookies and will normally only be called upon in cases where there is no cookie available to use. Regular browser cookies are still the primary form of tracking.

In a recent survey affiliates rated reliable tracking as the 3rd most important aspect of an affiliate program. Affiliates are investing time and money into generating sales/leads for an advertiser, so they don’t want to worry about their performance not being tracked reliably. If affiliates believe an advertiser has reliable tracking, then they will have the confidence to support the advertiser. When an advertiser is considering which affiliate network to run their affiliate program, the tracking technologies that each network can offer them should be a key factor in their selection process.

There are five common methods for cookieless tracking used today by most affiliate networks. Advertisers and affiliates should ask their affiliate network which methods they support.



FLASH COOKIES

Since version 6 of Adobe Flash Player, Local Shared Objects has been available to flash movies. The feature works much like regular web cookies. It offers flash movies with the ability to store data on the user's computer and read it back at a later date. It is the closest replacement to traditional cookies available. When the visitor clicks through an affiliate URL, the affiliate network will load a Flash movie which sets the necessary tracking information. When a sale or lead takes place, another Flash movie will be loaded by the affiliate network to read the tracking information.

IP TRACKING

One of the most basic forms of cookieless tracking is to use the user's IP Address. The IP Address is recorded when the user clicks an affiliate URL. Later when a sale or lead takes place, the IP Address of the user is again taken and compared to the IP addresses which previously clicked an affiliate URL. If a match is found that is then used for tracking.

One downside is that ISP's are using proxy or cache servers, so many users may share the same IP address. There's also dynamic IP allocation to consider where the user will have a different IP Address each time they connect to the Internet. It means IP tracking isn't a very reliable form of tracking and certainly cannot be used long term. It can be used for limited periods of, for example if that same IP Address clicked an Affiliate URL in the last few hours, you can then be pretty certain it is the same person who clicked the link. You do still have to remove and ignore common proxy and cache servers.

ETAG/CACHE TRACKING

Visitors can be tracked using the browser's web cache by manipulating the Etag or the Last Modified date of a page or file. Each time a browser requests a page it first checks its cache. A request is then send to the server asking the file if it has been modified since the local cached version or if the file has a different Etag. It's possible to cache a file in the user's cache that contains the tracking information or to assign a different Etag to each visitor.



The method isn't as flexible as the above alternatives. It is much harder to update the information stored in the cache once set and users tend to clear their cache regularly or have set a maximum size for their cache, so it's automatically refreshed regularly. However, this method will certainly help in situations where regular cookies are blocked from being set by the browser or third-party software.

VOUCHER CODES

Usually are becoming more savvy in looking for a bargain, which is fuelling voucher growth. Voucher codes can also be used for tracking depending on the tools offered by your affiliate network. By creating unique customised voucher codes for a single affiliate, your affiliate network can assign commission based on the code and its corresponding affiliate. Opportunities open up for affiliates to promote the vouchers in printed or offline media, where an affiliate URL cannot be clicked.

DATABASE TRACKING

The lifespan of cookies and cookieless tracking options may be shorter than the time a visitor takes to make a purchase. A visitor may take days, weeks or sometimes even months before making a purchase, especially when it comes to high value ticket items. Advertisers who prompt or encourage visitors to sign-up to a newsletter or create an account prior to purchase – perhaps with the incentive of exclusive offers or discounts, are able to make use of database tracking.

Once an advertiser is able to convert the user into giving their details such as an email address, this can be assigned to the affiliate who sent the visitor. No commission is paid at this stage, which means either the affiliate network or the advertiser knows which affiliate is due commission when the visitor makes their purchase. Cookies are no longer used and it is a more permanent form of tracking, which only fails if the visitor uses either different account details. Your affiliate network may be able to make this process easy, which minimised development and integration cost for the advertiser.



TRACKING SOLUTIONS AND MANAGEMENT

AFFILIATE NETWORKS

At its core, the backbone of affiliate marketing is its accountability and the transparency that it offers and the performance nature of remuneration. The ability to track clicks, match cookies and report on the individual items in a shopping basket is what sets affiliate marketing aside from any other 'referral scheme'. The technology that powers and facilitates this is at the heart of the affiliate network.

The network provides the platform for the advertiser to promote their affiliate program to the affiliates who are signed up to the network and a mechanism for payment. It allows the affiliate to easily pick up their 'links', small pieces of code unique to advertiser and affiliate. Both parties can report on their activity and the tools to manage their campaigns.

Affiliate networks are usually remunerated via the network override, which is an additional percentage (30% is industry standard) of the commission paid to the affiliate. A simple model to demonstrate this would be that in a £100 sale where the affiliate commission is 10%, the affiliate received £10 and the network would charge an addition £3. Total cost of sale £13.

There are alternatives to using a network including out of the box solutions and vanilla solutions for white labeling, so what are the advantages of using an affiliate network? On a general level advertisers benefit from the various economies of scale in the services that networks provide and that an advertiser would struggle to match for the same price in house. Affiliates benefit from accurate impartial tracking and the general activities networks perform on their behalf.

OUTSOURCED PROGRAM MANAGEMENT

Running an affiliate program can be very intense. It can take a lot of time, resource and commitment to truly make it work for your business. Of course the benefits are paramount and the above shouldn't be a deterrent to working with the channel; but what can you do if you simply don't



have the time or expertise to run an affiliate program in house, or feel like a network solution just isn't giving you what you need?

Outsourcing your affiliate program management may be the perfect solution. Agencies have evolved hugely over the last decade, with digital experts offering it in addition to their PPC and SEO services, affiliate management specialists appearing in the market and traditional agencies adding another string to their bow through a dedicated function.

So how do you decide if outsourcing your affiliate management is right for you? Take a look at some of the benefits we've outlined below to help you decide. There are also many benefits to publishers, which all parties should absolutely take advantage of!

THE BENEFITS TO AN ADVERTISER

Any good agency should be an extension of your business. They should understand your needs, the market you are in and fully understand the objectives that you are aiming to achieve. An understanding is essential to allow the agency to deliver a range of benefits.

Affiliate programs can grow organically, however these may not be in line with your own objectives or business targets. Being aware of how that little bit extra might really push the program to the next level is a key factor of success. In order to realise its full potential **strategic development** is critical. Agencies should focus on your affiliate program strategy and constantly think of ways in which to grow and develop the activity. A plan in place prior to launch and quarterly or yearly tactics to work towards can be useful. It ensures you have solid direction, which can result in you standing out from the crowd and really making the program work to its full potential.

A good strategy should consider the mix and types of affiliates plus tactical ways in which to work with them. If needed, an agency will assist in the recruitment of new partners and evolve the creative toolkit available. They can also make regular audits and reviews of your program to see how it compares to your competitors. The agency then has the chance to look at program statistics and develop a set of **targets** to reach, which gives you full visibility of your expected ROI and something to measure them against. If you are working with your agency on multiple channels there's the



opportunity to align the affiliate program with your full strategy and benefit from a true **synergy** across the mix.

As the channel has evolved, so have the different types of affiliates working in the space. Working with some of them is fairly straightforward, however **getting the right mix and types of affiliates** to work with your brand can be difficult to get right. An agency experienced in the industry should know exactly what types of affiliates are out there that best suit your objectives. They should also be able to manage your program in a way to build exactly the right mix, although you don't want all of your volume coming from one or two top performers. You also don't want just a long tail of partners generating your sales each month. Having the right mix will give your programme stability and no over reliance on any given group.

Affiliate Marketing is all about relationships. Most agency affiliate teams are built up of experienced individuals that have spent years generating a **solid list of contacts** in the space, and know how to get the most out of them. If you do work with an agency, make sure you really test their history in the industry. As well as client testimonials, ask for affiliate comments too. A good agency is worth its weight in gold if they can prove how solid their teams are and showcase the partners they work with on a regular basis. It's the best and quickest way to get you working with the best and right types of partners for your brand.

Relationships do of course require maintenance and nurturing. Doing so can be a time consuming and costly exercise, which can also be pretty daunting for advertisers. The industry is well known for **networking events** and these really are important to get together with old faces and meet new people. Outsourcing can again relieve this pressure. Agencies attending on your behalf can be a great way to keep communication levels up and discuss your campaign in an informal setting. Even if this is an aspect you want to be involved in, an agency can help by doing introductions and making sure you meet and speak to the right. **Communication** goes beyond the events though, and should be another focus for an agency. Using social media, telephone, blogs and forums will ensure your brand's message is in the right places and in front of the right people.

Years ago all you really needed to get an affiliate started was a few text links and maybe some gif banners. As digital media has evolved and consumer behaviour continues to change, it is



increasingly important to think outside of the box when it comes to the **creative toolkit** on offer to your affiliates. If you can provide better means of promoting your brand, the more likely affiliates are to want to. After all it will aid conversion and increase the likelihood of a sale. Ensuring your creative is solid enough for your program can be very time intensive and requires consistent management. Making sure out of date offers aren't present, that there aren't too little or far too many to choose from and that the sizes, messaging and style plus any product feeds are fit for purpose – plus weed out any unnecessary tools that may be unused and costing you money. Outsourcing would give this responsibility to the agency to lead and manage. Their experience will ensure what is on offer is fit for purpose and fully scalable.

Selecting the right affiliate network, or deciding to work off a technology solution, can be a tricky decision. There are many pros and cons to both options, and then deciding on the specifics. Agencies are in a unique position where they are likely to have worked with the majority of networks and solutions out there. They are therefore best placed and **impartial** when advising on what is the best fit for your business. Many agencies also work with networks to agree strong commercial rates for clients, and will negotiate on your behalf to ensure you get a cost effective solution that provides value for money.

Visibility on how your program is performing can be a challenge, particularly versus your other digital marketing efforts. Working with your agency to convey the KPI's that are important to your business means they can work with you to deliver a **reporting suite** that gives you the insights that you need. Network interfaces vary drastically in terms of the level of data they provide. They can take a long time to master and manipulate to your requirements. An agency can cut out all of this unnecessary activity and provide you with exactly the level of information that you need. If you work with a full service digital agency you should also be able to map the affiliate activity against other channels, and keep track of spend vs. budget, and actual vs. target sales/revenue etc.

Each agency has its own unique selling points and speaking to those that interest you will give you the opportunity to delve a little deeper into these points. If the above hasn't showcased the amount of **time and resource** outsourcing your program would save, perhaps considering the benefits it may have to your affiliates will allow you to consider it as an option.



THE BENEFITS TO YOUR PUBLISHERS

Without an advertiser there is no affiliate program; but the other most important party at the table is the affiliate. Outsourcing affiliate program management must always maintain focus on this and ensure that their needs and requirements are considered and catered for when realistically possible. Part of any solid service level agreement should be what services are offered to your affiliates. It can be a critical element to a contract and make the good agencies stand out from the bad – if the critical mention of the affiliate is missed, you have to question what value your agency is really bringing to managing your program.

Affiliates are extremely busy people and are renowned for being amongst the most innovative and forward thinking in the digital landscape. In order to have the time to dedicate to evolving their business, there are a number of time-consuming, but necessary tasks that an agency can do to lighten the load. **Copy writing** is a skill that a good affiliate manager and agency should possess. Offering it as a service to affiliates is a great way to build a relationship, get exposure for your brand and save partners precious time. Agencies should also be available to provide **bespoke creative or links** to landing pages on a brand's site – taking time out to do so means tracking is included promptly, making it a quicker and simpler task for partners to embed into their sites, plus will help improve the all-important conversion rate.

In addition to providing a brand with a **dedicated contact**, agencies likewise can provide a team member to act as one point of call to affiliates, and work with partners to **streamline processes** to benefit everyone. Being able to pick up the phone whenever required, or regularly meet up to discuss a portfolio of clients can be a great way for affiliates to gain information or help quickly. The level of **communication** should be far higher than that of a network, again due to the huge range of clients they may represent, plus be easier to get a hold of than someone directly at a brand who may have multiple channels to look after. The affiliate manager should also provide **regular updates** about their programs as well as **give insight** into sectors or products.

The expert knowledge of the industry an agency account manager should bring will help affiliates who are just starting out. It can also be a strong resource for those who have been in affiliate



marketing for a long time. **Site/usability advice** can be expected, or going the extra mile to get you involved with a brand, either providing feedback through a **survey** or by arranging an **affiliate day**.

SUMMARY

Outsourcing your affiliate management isn't the answer for everyone, but for some brands it really is the perfect solution. Impartial advice, experience, offering your affiliates the chance to reap the rewards and freeing up your own resource are some of an agency's benefits. You should now have some insight into the reasons why brands opt for this type of affiliate management.

Your network and affiliates should be able to recommend a few strong agencies for you to make sure that you are working with the best in the market. Before you enter into a contract with an agency, check there's a solid service level agreement in place. It means what you think and want to be paying for is actually delivered. Speak to a few agencies as well. They'll be able to advise you fairly quickly about whether or not agency management is really the best option for you, or perhaps offer an alternative like consultancy.

IN-HOUSE AFFILIATE CAMPAIGNS

The de facto way of running an affiliate marketing campaign is to do so through one of the 'traditional' affiliate networks. However there is a growing move towards advertisers looking to take greater control over their affiliate activity by bringing their affiliate campaigns in house. Many of the larger players in the market already run direct in house campaigns, for example eBay, Amazon and many gaming companies. Nowadays there are more advertisers beginning to explore this option as well.

IN-HOUSE METHODS



There tends to be two methods that companies adopt when moving in house:

- Complete removal of the network to work directly with all affiliates - i.e. eBay and Amazon
- Working direct with a section of affiliates and working with the 'long tail' through an affiliate network or multiple networks.

There are obviously pros and cons to this approach and this section attempts to outline these. There are five basic elements that an affiliate network provides and this seems a good place to start in identifying the benefits of working directly.

- The network provides the tracking technology that enables affiliates to be credited for the sales that they drive.
- On top of this the networks have historically developed additional tools that assist affiliates in promoting their advertisers.
- The network provides a payment solution to the advertiser, meaning that the advertiser only has one consolidated payment to the network rather than paying all affiliates directly.
- The network offers varying levels of account management to its advertisers, advising them on how best to drive sales and effectively utilise their online marketing budget.
- The network provides reach to a wide base of affiliates, typically being able to match up publishers to an advertiser based on the past performance of that affiliate on similar campaigns.

As the affiliate industry has evolved in the UK, more and more advertisers and agencies are beginning to gain greater understanding of the affiliate channel, scrutinising the channel more and adding increased resource to manage their affiliate programmes. In many cases there is an added realisation that there is a need to ensure that affiliates are driving not just a large volume of sales, but that those sales are valuable to the advertiser.



Allied to this, the majority of large affiliates are now investing considerable resource into account management, as they seek to get closer to advertisers in order to enhance the relationship and gain a greater understanding of the advertiser's requirements. Through doing this, the affiliate is able to work closer with the advertiser and drive more sales for them.

So we have a situation where advertisers, agencies and affiliates all have account management resource that means they are liaising directly with each other. Many of these advertisers and agencies are questioning the need to have a network sat in the middle when the relationship between them is held directly. Why are they paying the network for all five of the factors outlined above when they are only using two of them at most?

BENEFITS OF USING THIRD-PARTY TECHNOLOGY

The benefits of utilising 3rd party technology to track affiliates are:

- The enhanced relationship that comes from an advertiser/agency working directly with their affiliates, leading to a greater understanding and an increased ability to work together to achieve the desired results.
- Typically it would generate a cost saving as working direct with a partner through a performance tracking solution means you are saving the portion of the override that goes towards paying for account management and the other network services that are not used.
- As an advertiser, you are able to focus on ensuring that affiliates are driving valuable sales for you. Networks are generally paid a percentage of every sale that their affiliates drive, so the accusation can be levelled that they are focused on increasing the volume of sales with little understanding of the quality of these sales. For example, were these sales already coming to the advertiser regardless of the actions of the affiliate? By taking greater control over your affiliate campaign, you can ensure that they are focusing on value as well as volume.

The drawbacks of not working with a network



- You may miss out on the long tail of affiliates who could drive sales for you. However, a large number of affiliate campaigns are reliant on a small number of affiliates who drive the majority of their sales.
- You would miss out on the additional tools that networks make available to their affiliates. Recently, network innovation seems to have been scaled back and increasingly these tools are being developed by independent 3rd parties.
- You would not benefit from the account management offered by the network, but if you have the requisite resource in house, then you may not be gaining through having this in place anyway.

AFFILIATE DEMOGRAPHICS

VOUCHER

One of the publisher types most familiar to those both in and outside of the performance marketing industry is the voucher code site. Voucher code sites are currently seeing phenomenal growth. According to a [new report](#) from Vouchercodes.co.uk, they are being used by consumers on higher incomes as a wider demographic of shoppers become increasingly 'savvy'.

Top voucher code sites enjoy up to 5 million monthly unique visitors supplemented by email databases of up to 4 million opt-in members.

Advantages:

- Extensive reach and high performance achievable
- Increased brand awareness
- Increased average order value
- Network tools such as Webgains' *Voucher Management Tool* allow advertisers to provide and manage exclusive codes



Disadvantages:

- Sometimes perceived as devaluing brand and as cannibalising sales
- Often charge a tenancy fee for premium placement

CASHBACK AND CHARITY FUNDRAISING

Often simultaneously utilising vouchers, cashback sites work by passing on some or all of their affiliate commission to their members. On the other hand charity fundraising affiliates, allow users to donate cashback to the charity of their choice.

Some of the top cashback affiliates currently have around 2 million members with email databases of up to 750,000 members.

Advantages:

- Extensive reach and high performance achievable
- Offline display and TV campaigns are increasing visibility and reach
- Increased brand awareness
- Increased average order value

Disadvantages:

- Cashback sometimes perceived as devaluing brand and as cannibalising sales
- Often charge a tenancy fee for premium placement

LOYALTY

Loyalty affiliates work by promoting to a select group of registered members. They often convert commission into points for their members, allowing them to build up either 'points' or a 'balance' as they shop, which can then either be redeemed on further purchases or converted into cashback. The UK's largest loyalty scheme has over 19 million members.

Advantages:



- Extensive loyal consumer base
- Increased exposure and brand awareness
- Willing to work with most advertisers

Disadvantages:

- Sometimes perceived as cannibalising sales

EMPLOYEE BENEFITS

Another type of loyalty affiliate is the employee benefit scheme which allows multiple employers to offer their staff deals and discounts. While the user base of an employee benefit scheme is usually a closed group, they can be very large, with employers such as Sainsbury's, Boots and the NHS all offering their employees membership to such schemes.

Advantages:

- Closed group creates sense of exclusivity
- Affluent user demographic leads to high AOV
- Users are highly targeted and engaged fuelling high conversion rate
- Strong offers can perform as well as codes

Disadvantages:

- Most publishers require exclusive deals/offers

MOBILE

With the worldwide value of mobile transactions expected to reach £74 billion by 2015, there are a number of publishers expanding into this channel with the development of mobile apps or app plugins. Mobile strategies include:

- Affiliates building apps populated with the product feed for advertisers who lack the resources to do so themselves.
- Apps which can 'save' offline ads for later reference.



- App plugins which deliver in-app advertising of the user's choice and a variety of discount apps from both mobile specialists and by other voucher and cashback sites, offering users deals to be redeemed either online or in store.

Advantages:

- Opportunity to optimise expanding mobile market
- Target users based on location
- Drive footfall into stores
- Opens up multi-channel strategies

Disadvantages:

- Advertisers with existing mobile sites must integrate affiliate tracking
- Affiliates creating a mobile site/app for a retailer will charge additional fees

CONTENT

Considered by many retailers to be the ideal publishers, content sites are rich in original material. Content sites range from simple blogs through to interactive fashion sites which allow users to create their own fantasy outfits and add the relevant products to 'wishlists'. Such sites are usually integrated with social media, often encouraging user engagement through sharing functionality.

While their user bases can sometimes be smaller, they have a tendency to demonstrate high levels of engagement. Up to 75% of users for some content sites visiting once a week or more frequently.

Advantages:

- Added value through advice, reviews, customer feedback & professional editorial
- Authoritative and engaging content making consumers more likely to buy

Disadvantages:

- Little control over content and brand representation
- Often deliver lower traffic volumes
- Can be difficult to recruit



Additionally, there are a number of third-party affiliates who work in conjunction with bloggers to monetise their links. Some such affiliates monetise the content of over 10,000 publisher sites. This helps owners of true content sites who lack the expertise and time for affiliate activity to optimise the rich content of their sites. Such third parties are normally paid on the basis of a revenue split.

PRICE COMPARISON

Price comparison sites are ideal for electrical or technology retailers or those in the home and garden vertical. Often forming a key part of consumers' pre-purchase research, they can perform very well providing an advertiser's prices are competitive. Price comparison engines not only allow users to find the cheapest retailer but also allow them to compare delivery options, returns periods and warranty information.

Top price comparison engines list over 29 million retailer offers to 1.4 million unique monthly visitors.

Advantages:

- Trusted by consumers and perceived as authoritative
- Lowest price usually listed first offering smaller advertisers with low prices exposure they may usually struggle to get

Disadvantages:

- Advertisers less competitive in price are less likely to be found
- Imperative for advertisers to provide a good quality product feed including all relevant information such as delivery cost
- Sometimes work purely on a CPC model

SOCIAL



With the growth in social media there are a number of affiliates using this channel to promote. Many publishers promote via Facebook and Twitter while numerous affiliates encourage their users to disseminate promotions either through the interactive nature of their sites or through offering incentives for sharing. Meanwhile some affiliates can even build a product catalogue on an advertiser's Facebook page utilising the product feed.

Advantages:

- Leverage users' connections to increase reach of campaign
- Increased brand awareness
- Increased user engagement; consumers are active participants in the promotional strategy

Disadvantages:

- Advertising often unwanted within users' social media experience
- Little control over how brand is represented

PAID SEARCH

As specialists in their field, search affiliates can add significant value to an advertiser's PPC strategy. They can either supplement or replace an advertiser's in-house activity, identifying the gaps in current strategy. Building custom landing pages can ensure coverage is comprehensive and a retailer's brand is represented correctly.

Advantages:

- More real estate for the advertiser's brand
- Allows advertiser to run their PPC activity on the low risk CPA model
- For smaller retailers it can replace in-house PPC activity

Disadvantages:

- Seen to conflict with existing PPC

RETARGETING



Retargeting works by identifying consumers who leave an advertiser's site without purchasing. JavaScript is used to track customer activity before users are retargeted with custom creative, usually based on the products they have viewed to encourage them to return to complete their purchase.

Retargeting is seeing a huge rise in popularity and can achieve a significant uplift in return and conversion rates. Depending on the sector in question, it's possible to see a 300-700% uplift in return rates.

Advantages:

- Re-engage with customers
- Significant uplift in return and conversion rates
- CPA and CPC models both available with different retargeters

Disadvantages:

- Can be seen as intrusive
- Risk of retargeting and paying for consumers who would have returned and completed purchase anyway
- Most retargeters will only work with advertisers who meet a minimum number of UVs so as to be cost effective

REMARKETING

Much like retargeting, remarketing also targets users who have left an advertisers' site without purchasing. In the case of remarketing, this is done via email and is specific to customers who have begun and then abandoned the checkout process.

Campaigns can be tailored according to basket value, basket contents and geographical location. Remarketing emails can see a conversion rate of up to 22%.

Advantages:



- Chance to recover lost sales
- Re-engage with customers
- Able to optimise performance of email campaigns

Disadvantages:

- Can be seen as intrusive
- Risk of remarketing and paying for consumers who would have returned and completed purchase anyway

DATAFEED

There are a number of affiliates who utilise advertiser feeds to create resources for other publishers. Resources such as HTML content units, carousels, video units and Wordpress plugins can either be pre-populated with product selections determined by the retailer or publishers can create units with the products of their choice. The resources are often used by the long tail content affiliates as an easy way of populating their sites.

Advantages:

- Assists in working with long tail content affiliates
- Allows advertiser to offer a wider selection of affiliate resources which they don't have the technical resources to create themselves

Disadvantages:

- Requires a good quality datafeed

EMAIL

Email affiliates use direct-to-consumer email to promote to large databases helping retailers expand their audience reach. As experts in email marketing, such affiliates possess an in-depth understanding of how best to optimise campaigns including the best time to send an email campaign and the subject lines that secure the best open rate.



A well-designed email campaign can see a click to conversion rate of up to 25%.

Advantages:

- Highly targeted with segmented databases
- Email specialists able to alter send time, subject line and creative for optimum performance
- Large reach with high performance achievable

Disadvantages:

- Often work on a hybrid payment model
- Not suitable for all sectors
- Advertisers need to provide high quality html email creative





EMAIL MARKETING

Contributors



EMAIL MARKETING

EMAIL MARKETING OVERVIEW

According to research conducted by the Direct Marketing Association, email marketing generated an ROI of \$43.62 for every dollar spent on it in 2009. It outperformed all other direct marketing channels that were examined.

While email marketing may not be a new channel, its ongoing capacity to generate high returns for relatively low outlays is unquestioned.

It's no surprise some of the top performing affiliate marketers are emailers. You have the specialists who have been in the email game for a long time, but in recent times they have been joined by affiliates in other genres. The former pay per clickers, voucher code or cashback specialists have finally cottoned on to the value of building large mailing lists and now have subscriber bases of many hundreds of thousands.

TECHNICALITIES OF BROADCASTING

Email marketers will either utilise their own servers or use an email service provider for deployment. If an emailer has a large database, there can be challenges in terms of getting into inboxes and therefore considerable technical expertise is required to gain the highest deliverability. It includes using the optimal HTML, cleansing the data and authenticating the send domain names. It's also worth ensuring you have pre-warmed, high quality broadcast IPs and utilising delivery platforms with excellent reputations with service providers such as Hotmail, Yahoo Mail and Gmail.

EMAIL MARKETING ESSENTIALLY BOILS DOWN TO THREE THINGS: ACQUISITION, RETENTION AND GROWTH.

- **Acquisition**

It goes without saying you can't send out emails if you don't have any email addresses to broadcast to. Email marketers utilise an array of methods to grow their databases, some more salubrious than



others. It's given rise to the plethora of 'Win an iPod' and 'Win an iPad' campaigns, but there are a multitude of methodologies to get people to opt into databases. These can be via websites, but also many emailers utilise other mailing lists to grow their own.

- **Retention**

Once email marketers have people signing up to their databases, the aim of the game is to keep them and that means broadcasting interesting and useful mailings.

Many affiliates have weekly newsletters they send out to their subscribers with the latest offers.

Some affiliates also broadcast solus emails to their members, which are emails dedicated to advertising one company or offer.

- **Growth**

Email marketers want to grow their databases and get the word out about their mailshots to as many people as possible, and they will utilise a variety of means including techniques like 'forward to a friend' links in the email.

WORKING WITH EMAIL AFFILIATES

Advertisers can enjoy substantial volumes of leads by being featured in broadcasts which can go out to very large numbers of people.

Email publishers who send out newsletters will often feature advertisers if they are offered incentives such as higher commissions or exclusive voucher codes to offer to their readers. Bigger brands are naturally more likely to be promoted.

As these newsletters recommend several advertisers, the only type of creative that is usually required is a small logo of the advertiser in a 120 x 60, 125 x 125 or 88 x 31 pixel size.

Solus emailers are always screaming out for high quality email creative, which very few advertisers provide, and any that have it readily available have a significantly higher chance of being promoted.



LEAD GENERATION NETWORKS

Specialist email publishers generally focus more on cost per action and cost per lead affiliate programs as these tend to generate significantly higher revenue per member than cost per sale programs.

The kind of campaigns that perform well on email marketing are usually quite different to those on PPC, SEO, display, and other online marketing channels. There are a number of networks that specialise in providing email marketing advertisers. The networks are often referred to as CPA or lead generation networks, and most of the leading players with UK campaigns have their roots in the US.

These networks often utilise the DirectTrack tracking platform, an advantage of which is campaigns can be cross-syndicated to other networks utilising DirectTrack of which there are many hundreds. Unlike traditional affiliate networks, the campaigns on these platforms usually have the tools that email marketers need, which includes email creatives, recommended subject lines, and suppression lists.

REMARKETING TECHNOLOGY

WHAT IS REMARKETING AND HOW IS IT USED?

According to Forbes, 90% of the world's data has been created in the last two years alone. That's probably an awful lot of unstructured data, so how do you make a relevant marketing signal amongst all that noise?



By using new technologies to provide leads and producing granular intelligence from deep data-mining that can be leveraged to recapture a visitor's interest and sufficiently motivate them to complete a transaction.

In other words, remarketing is a way to shift the needle from a consumer who abandons their first interaction to a sale. They don't have to be people who have pre-registered on your website either. It can be a personalised interaction targeted to the churn of 'anonymous' e-commerce traffic that abandons transactions online. An oxymoron? No, not if you are using technology that can capture pre-submit data, live at field level.

Remarketing is therefore all about using your website's failure metrics as an acquisition vehicle, the objective being to foster personalised relationships with all traffic, to re-engage it and to drive conversions. And as a positive by-product - in doing so it also generates more exposure for your brand as well.

WHY BOTHER?

The fact is that abandonment statistics in the online retail industry are very high. The average across a slew of research companies, from Forrester Research to Marketing Sherpa, say it's currently 66.47%. However at Ve Interactive, we find it's actually as high as 91% across our sample size of more than 2,000 clients. Whether yours is in the sixties or the nineties, that percentage is a lot of potential revenue that is being lost at the eleventh hour, mainly thanks to the tyranny of choice. However, remarketing capabilities let you have a second chance to recover it.

SO HOW DO YOU REMARKET?

Transaction conversions might be the goal, but insight into behavioural instincts is the means. It's all about sophisticated data capture and the mapping of content to visitor attributes, to deliver relevant customer-centric remarketing messaging. Let's face it, if the visitor has changed their mind about checking out with you, they've technically said no, but at least they were evaluating you in the process. You should remix your remarketing message based on their behavioural user journey 'DNA' and use email creative and copy to re-attract their attention.



Your brand must intersect with relevancy and that means personalisation. It's about creating the right content for the right person at the right time.

SO IT'S REALLY ABOUT GREAT CUSTOMER SERVICE?

Yes, remarketing is a form of lead nurturing that offers you an opportunity to improve customer satisfaction by demonstrating your customer service, give brand reassurance, or maybe even recommend relevant products or educate the customer if a product they were interested in is a complex one.

However remarketing per say was very 2011; abandonment-triggered emails on autopilot that invited people back to complete their order. In 2013 it's about Advanced remarketing, which is the taking of a 360-degree snapshot of your audience. It's about the real time context of each one of their abandonments to help you exceed your campaign goals. It's about doing forensics on your data.

The Democrats 'got' this in their own digital marketing for the US Presidential elections: "We're going to measure every single thing in this campaign," said Jim Messina, their campaign manager. In doing just that, he created the biggest institutional advantage over the Republicans.

To remarket well means using sophisticated asynchronous JavaScript technology that will track users across multiple devices, multiple campaigns and touch points without slowing sites down. It means employing complex criteria filtering that can track hundreds of fields and set criteria to each one of them, based on valuable data-driven insight like purchase intent or location. Messaging could also be loaded to deliver specific content to higher value or designated customer groups based on gender, age, income etc. It means you can customise and micro-target your email strategies for optimal remarketing performance on multiple devices.

Consumers expect a mobile experience and we're not talking smartphones. Users today want to connect to whatever they want, from wherever they want, whenever they want on any device on any platform. You'll end up playing snakes and ladders as you attempt to accelerate your abandoned traffic through the buyer funnel. By sending brand sensitive, cleverly timed, relevant and personalised messaging however, you have an opportunity to convince them to convert. Continual



testing, evaluation and measurement of every campaign and message is paramount. You should be using that same data to also optimise clients' shopping carts and to find the right formula for on-going sales messaging too.

CART REPOPULATION

Cart repopulation is a very useful feature for remarketers. Remember, consumers have evolved expectations now. Best practice in repopulation uses live basket, product-feed technology to rebuild abandoned carts on the fly, regardless of which device the original abandonment took place on. The technology is important when on average people are using a three-screen combo a day, (Google). By using live basket you give the customer a seamless experience, tailored to their multi-screen use. Solutions that are cookie dependent however, will deliver error messages if the remarketing email is clicked on from a different device.

'CASCADE' EMAILS

'Infiltrate' a buyer's consciousness through a remarketing email series. In other words, dynamically customised drip-fed follow-ups that give unresponsive consumers further opportunities to convert. It also creates options for you to integrate other marketing features as well. It's a short term approach that layers new, timed elements to your remarketing effort, from highlighting secure shopping, free shipping or return policies, to finally a call to action 'warning' around a week after the abandonment; the customer's final chance to retrieve saved items and complete their purchase. We find that consumers who notice relevant recommendations tend to spend more online, providing that the recommendation is meaningful and relevant to them. They will often purchase additional products during checkout too and at Ve Interactive, our cascade campaigns see an average uplift in sales of 78%.

SO GO FIND YOUR REMARKETING SWEET SPOT!

Setting up data-driven remarketing email campaigns in response to a lack of action rewards your website visitors by showing that you are paying attention and are interested in a two-way



conversation with them. It uses clever content to exceed your customers' expectations. They may go on to complete that transaction and become a brand advocate for you too.





BEST PRACTICE & REGULATION

Contributor



INDUSTRY BEST PRACTICE & REGULATION

BEST PRACTICE OVERVIEW

The IAB's Affiliate Marketing Council (AMC) was formed in 2006. It initially addressed the need for self-regulation. Advertisers, publishers and external regulators all needed reassuring of the industry's integrity and by using a series of strong best practice ethics.

The IAB (Internet Advertising Bureau) is the only industry body with a sole focus on the digital marketing environment. In the UK it is the principle driver of standards that bring very disparate parts of the industry together around areas such as trading environments and advertising formats. Using the highly respected department of Regulatory Affairs, the IAB supports and protects the digital marketing industry as the regulatory environment around online and data privacy comes under increasing scrutiny.

Member-led, the IAB represents digital market sectors across the spectrum through its series of industry councils. Display Advertising, Video, Mobile and Social Media as well as the Performance Marketing Industry through the Affiliate Marketing and Online Lead Generation Councils are all well represented.

SETTING BEST PRACTICE

As the affiliate marketing channel has expanded, so has the remit of the IAB AMC. Industry best practice standards have also evolved and it's these where the council focuses its work on industry research, client-side promotion and skills education. Industry-wide standards in technology and tools are promoted. In addition, the IAB AMC addresses the changes that affect the business environment of its members, such as mobile. To summarise, the IAB AMC is the voice of the industry helping shape its business and regulatory environment.

The make-up of the council represents the 4 broad quartiles of the industry: advertisers, publishers, networks and agencies. Any company earning its revenues through the affiliate marketing channels is an eligible member.



The steering group of elected members plans and implements the programme activity throughout the year. There is a standing sub-group to oversee the significant workload of the legislation committee. For everything else, working groups are formed to address specific projects around research, best practice and marketing. Every third month the meeting is open to the assembly of the wider industry.

SELF-REGULATION

The self-regulatory work of the AMC is central to the council's activity as more budget is shifted into digital advertising. The concept of self-regulation is critical to ensure appropriate checks and balances are in place. It helps to assure both advertisers and external regulators.

So as well as best practice, the AMC's 'codes of conduct' are designed to standardise and further professionalise procedures to ensure excellence is delivered by the on a channel daily basis.

In addition to the codes of conduct and the Ethical Advertiser Charter, the AMC has also published guidance for advertisers looking to work with affiliates who may have plug-ins or downloadable software running through the channel.

The promotional method might be relatively rare in the channel, but the AMC felt clarity that an opt-in to the technology offered was required. It's a good way of ensuring advertisers are aware of the ramifications for their existing affiliate traffic. The technology tends to be offered as an add-on for current affiliates.

It was also felt the quality of product feeds offered by advertisers left much room for improvement, so a comprehensive guide to retail feeds was issued in late 2010. It comprises two documents, the first offering more of a general introduction to product feeds and why they are important. The second provides a technical specification.



As Affiliate Marketing programmes are adopted by an increasing number of advertisers, the work of the AMC will continue to harness best practice and secure the trading environment. It will also offer a consistent industry voice.

AFFILIATE MARKETING COUNCIL

VOUCHER CODE – CODE OF CONDUCT

In late 2008 the AMC decided one of the first areas that needed self-regulation were voucher codes. The growth of this market has been well documented. It's now one of the most dominant and compelling areas of affiliate marketing. With the growth came a realisation that certain practices needed to be modified in order to demonstrate the incremental value the industry has long prided itself on.

The Voucher Code – code of conduct was issued and has been modified twice since its launch in December 2008. The code deals with how discounts can be displayed on site. It also requires deals, promotions, sales and other content to be split out in order to provide clarity for the consumer. Expired content must be labelled as such with further guidelines for how this could be showcased on affiliate sites. The most recent incarnation of the code of conduct also made reference to all affiliate sites that make use of voucher codes rather than the traditional 'voucher code' sites that have previously drawn most attention.

An additional modification from late 2010 made reference to user-generated content. The activity may not typically be used by traditional voucher code sites, but codes will often be posted by users on consumer champion sites. It's imperative where these sites have a commercial relationship with the advertisers whose codes are listed, that the codes are eligible for the affiliate channel. The changes to the code therefore extend to cover these relationships.

In drawing up the code of conduct it was important that clear guidelines be provided without overly prescriptive language for fear of damaging the entrepreneurial nature of the industry. Underlying the code is an understanding that affiliates should ensure the content they provide is clear and unambiguous, offering a positive consumer experience.



In order to offer further assurances to the industry a disciplinary procedure was also drawn up outlining the process for dealing with contraventions of the code. Additionally an [email address](#) was created for potential breaches of the code to be reported to.

The code is observed by all member networks and the same networks audit the major sites that make use of voucher codes annually.

[Read the full Voucher code – code of conduct](#)

ETHICAL ADVERTISER CHARTER

The AMC is keen to offer best practice guidance for all areas of the industry. There was a general feeling amongst members that advertisers entering the channel for the first time needed standardised guidelines for a range of practicalities, which they may not be best placed to address themselves.

Affiliates can often feel there is not enough transparency between themselves and advertisers. The AMC feels closer relationships should be sought by both sides and being as open as possible will help. Inevitably, much of the responsibility for fostering this will fall to the affiliate networks.

Whilst not all areas will be relevant to all advertisers in 2009 the AMC issued the [Ethical Advertiser Charter](#). The charter was revised again in 2011 and 2012 to include additional advice on subjects such as mobile marketing in the performance space.

The charter requests advertisers are transparent with their affiliates on their de-duplication policies. As digital marketing has matured it has meant advertisers may only pay for the last referring click that led to a sale, transaction or lead. Some advertisers (for a variety of reasons) will choose to exclude some channels from their de-duplication policies. The charter suggests advertisers inform their affiliates which channels they are de-duplicating against.

In addition, the charter recommends advertisers reveal the affiliates they work with and why they may restrict certain affiliate groups from their campaigns.



One area guaranteed to frustrate affiliates is the decline of a lead or sale. For some advertisers this may be a natural consequence of not wanting to pay out on returns or credit failed transactions. There can also frequently be little guidance offered on why a sale or lead is not paid out. Advertisers should endeavour to provide the transaction information. A list of reasons advertisers might choose to give is provided in the charter.

Other areas the charter encourages advertisers to offer information on products or add-ons that are commissionable. It will finally ensure enough notice is provided if significant changes are being made to a programme's terms and conditions.

The charter is available for all advertisers and offers neutral, cross-network advice designed to facilitate transparency between all parties in the affiliate marketing relationship. It should be considered an essential starting point for client-side affiliate marketers when setting up affiliate programmes.

[Read the full Ethical Advertiser Charter](#)

BEHAVIOURAL RETARGETING

Behavioural Retargeting (BR) is a method of online promotion that entered the affiliate channel for the first time in 2010. It is based on serving banner advertising that is targeted using previous user behaviour. Retargeting helps companies advertise to website visitors who leave without a conversion, encouraging them to return and transact.

The core premise is to build on the consumer's original engagement with additional exposure (be it a general banner or banner featuring specific offers, deals or products). It's hoped the consumer will be persuaded to make a purchase when they previously may not have done.

The ads that are served will usually be bought from ad networks by BR companies on a CPM (cost per thousand impressions metric). The resulting sales from the ads are rewarded by advertisers on a CPA (or sometimes CPC) basis when operated via affiliate networks.



In order for behavioural retargeting to be effective many BR companies require post-impression (PI) or post-view (PV) cookies to be used alongside traditional click cookies. PI/PV cookies are impression-based as opposed to click-based. In other words, a cookie is stored on an impression being served rather than a click.

Historically very few networks or affiliate programmes have operated PI/PV cookies. The 'harder' action of a click is more in line with the CPA and sale function of affiliate marketing, rather than the branding element of banner creative (and therefore impression cookies).

Working with PI/PV cookies has meant the industry needed to set some hierarchy rules involving click and impression cookies. Standard overwriting procedures also needed to be rolled out across all networks.

Banner impressions are perceived as a more passive, brand-focused area of online marketing. Clarity is needed concerning whether the cookie length should be different depending on cookie type.

With this in mind, the AMC launched a best practice guide for behavioural advertising in 2011.

[Read the full version of the Best Practice Guide for Re-targeting and Behavioural Targeting Guide](#)

DOWNLOADABLE SOFTWARE CODE OF CONDUCT

In addition to the codes of conduct and Ethical Advertiser Charter, the AMC has also published guidance for advertisers looking to work with affiliates who may have plug-ins or downloadable software running through the channel.

The promotional method is relatively rare in the channel, but the AMC felt clarity that an opt-in to the technology offered was a good way of ensuring advertisers would be aware of the ramifications for their existing affiliate traffic. The technology tends to be offered as an add-on for current affiliates.

[Read the Downloadable Software Code of Conduct code of conduct](#)



DATAFEED BEST PRACTICE GUIDES

One element of affiliate programmes that is often criticised is the poor quality of advertisers' product feeds. With this in mind the AMC produced a series of documents in conjunction with feed optimisation company [Fusepump](#) to explain why datafeeds are important.

Alongside a general introductory guide Fusepump also produced three additional sector-specific documents. These can be accessed here:

[Why do I need a product feed?](#)

[Product Feed Guide: Mobile](#)

[Product Feed Guide: Retail](#)

[Product Feed Guide: Travel](#)

MOBILE BEST PRACTICE

Most recently mobile marketing has propelled itself onto the performance agenda. Networks are reporting a significant growth in sales through mobile devices, so there are important considerations for all affiliate marketing parties.

A mobile best practice guide was launched at the end of 2011. Its first iteration is a short introduction to the opportunity mobile marketing in the performance space offers. The primary message of the guide is that in order to reap the rewards, advertisers must first put the building blocks in place. Key to this is tracking being added to m-commerce platforms.

The guide is likely to expand and develop over time with the growth of mobile.

The existing guide can be accessed here:

[Read the IAB's Mobile within Affiliate Marketing Guide](#)



CONDUCTING AFFILIATE AUDITS

An ongoing bugbear for affiliates is the perception that advertisers don't understand their businesses. Similarly advertisers have concerns about how affiliates represent their brands. The IAB AMC created a document to help advertisers monitor and audit the affiliates on their programmes in a respectful way.

It takes advertisers through practical processes for auditing that should ultimately aid additional confidence in their campaigns, whilst strengthening affiliate relationships.

[Read the full guide on affiliate auditing](#)

LEAD GENERATION COUNCIL

INTRODUCTION

Online lead generation (OLG) is one of the fastest growing segments in digital advertising. A wider trend towards measurable performance-based marketing and the unique properties of OLG is thought to be behind its rise.

- **The Whole Funnel** - OLG allows the advertiser to capture consumers at various stages of the sales funnel from brand awareness and brand engagement all the way through to product discovery, purchase consideration and sale.
- **Cross Channel** - OLG is cross channel and leads can be generated through search, display, email, affiliate and even social and mobile.
- **Leads are for Life** - Leads can be turned into a sale today, but they also offer a huge opportunity to market to the consumer for years to come. It enables the advertiser to extract huge lifetime value from each lead.



- **Speed of response** - Lead capture, cleansing and delivery can happen in seconds. OLG a key tool for advertisers that want (or need) to engage with each consumer quickly.
- **Opt-in** - To become a lead each consumer must very clearly opt-in to be contacted, which enables OLG to circumvent many of the privacy concerns surrounding other forms of digital advertising.

In order to maintain standards across the industry and to ensure consistent representation at every level, the industry is represented by the IAB (Internet Advertising Bureau) via the Online Lead Generation Council. The Council is made up of representatives from more than 30 companies including technology solutions, agencies, networks, advertisers and publishers, is guided by a 12-member steering group.

The [IAB Online Generation Council](#) is responsible for setting best practice across the industry. It produces best practice documentation, runs training workshops, produces industry standard tools and regularly publishes case studies. It engages with the IAB's regulatory arm, ensuring the industry and its clients are accurately represented at legislative and regulatory levels. Additionally the council produces a range of material aimed at supporting clients, agencies and media owners with the latest information about online lead generation practice.

DEFINITIONS

Very simply, online lead generation is a marketing activity paid for on a cost-per-lead (CPL) basis. The aim is to obtain the consumer's express consent to receive future communications from a specific advertiser or advertisers via email, text, calls and other advertiser initiated messaging.

A lead is a piece of information about a consumer who has stated they are interested in a product or service. They have given their express consent to be contacted about that product or service. The consumer will have responded to some form of response-gated marketing because they are in the market for the advertiser's product or service.



In its simplest form a lead can be a consumer's name and email address, but may also contain full contact details as well as a whole range of data points about the product or service that the consumer is interested in.

Lead generation can allow the marketer to define what profile of prospective customer they want to target. Each lead only needs to be paid for when it is received and returning leads that do not match the pre-defined criteria.

OLG LANDSCAPE

The digital marketing landscape is at times tricky to navigate with its own set of acronyms, buzzwords and definitions. There are often multiple parties involved in between the consumer and the eventual advertiser. An understanding of what types of agents are involved in the process will help simplify things.

- **Consumer** – The person (or organisation) whose details and survey response are being collected to create a lead for an advertiser.
- **Lead** – A lead is the personal details (of an individual or organisation) and associated positive consent (opt-in) to receive marketing communications from an advertiser subject to their terms and conditions without an associated transactional value
- **Publisher** – A publisher generates the lead either through driving traffic to the advertiser's site or by capturing lead externally (e.g. inside a banner, co-reg path etc)
- **Network** – A network does not generate the leads directly, but 'owns' relationships with multiple publishers. Typically a network adds value through technology which enables the data capture process and supply of leads from multiple publishers
- **Agency** – An agency manages one or more aspects of a lead generation campaign on behalf of an advertiser
- **Lead Platform (Processor)** – A third-party technology platform contracted by a publisher, advertiser or agent to collect, process, attribute, and track the leads.
- **Advertiser** – The entity to whom permission is provided by the consumer to collect and use their details according to the advertiser's privacy policy.



LEGAL FRAMEWORK

As lead generation is focused on the collection and use of personal data it is essential that marketers understand the regulatory and legal frameworks which are applicable. The Information Commissioner's Office (ICO) is the

[EU ePrivacy Directive: What You Need to Know, IAB Factsheet, May 2012](#)

[EU ePrivacy Directive: Consumer Transparency Framework](#) (written for publishers and affiliates)

[EU Data Protection Reforms: The IAB Guide, July 2012](#)

Data collection pages should include the following:

Clear permission statement ('opt-in') for advertising. Note: this does not necessarily mean a tick box. Strictly speaking if users are being asked to enter their details specifically to receive marketing communications then a tick box is not required.

Use of cookies on landing pages – although not related to generating the lead in all instances, if cookies are being used to capture personal information on a site then users need to be informed.

Read more in:

[The IAB's Consumer Transparency Framework, May 2012](#)

Terms and Conditions – Where appropriate advertisers should consider using a tick box to ensure users have read the terms and conditions associated to the use of their data. This should contain detailed information about how their data will be used and can also include details of any associated incentive terms etc.

DATA USAGE

This will be relevant to the data captured and contact channel used. Advertisers need to ensure that any follow-up is in line with channel best practice and regulation. For example, emails must contain a valid header, unsubscribe, company details (of data owner) and it is also advisable to check against any existing suppression files prior to use.



LEAD GENERATION CHANNELS

One of the relatively unique aspects of online lead generation is that leads can be generated on an advertiser's website or captured externally. The variables with lead generation that can play a role in influencing ROI are extremely complex. Not only can leads be generated through a multitude of channels, but they can be captured either directly by an advertiser or externally prior to being passed to an advertiser.

LEAD CAPTURE

Broadly speaking lead capture falls into two categories, first party and third party.

First-party data collection is when data is collected by the advertiser on their own website or pages (e.g. facebook page). Traffic needs to be driven to the landing page on the advertiser's site via various external (or internal) delivery channels.

The main benefit of first-party lead generation is that advertisers have much greater control and transparency on how and where leads are generated. Additionally, lead generation pages can have friendlier URLs (e.g. www.advertiser.com/sign-up). However, the disadvantage is that in many instances advertisers do not have the same level of expertise as a lead generation specialist in terms of traffic sources or conversion from click, the end result can be lower ROI.

Basic Landing Page Best Practice:

- Single action – the only action available on landing page is data capture
- Strong and clear call to action – tell people why they should enter their details
- Simple form – generally the less fields the better as each one will decrease conversion from click (and increase lead price!)
- Form above the fold on page



The IAB's Online Lead Generation Council has prepared this best practice guide:

[Online Lead Generation Best Practices](#)

Third-party data collection is when data is collected externally and provided to the advertiser either via a live feed (POST/GET data transfer method) or via a secure file drop. The emphasis here is on the advertiser to clearly understand how and where data will be collected. There's likely to be an impact on data quality and propensity to purchase will be affected by a number of external factors including qualification, incentivisation and speed of transfer.

Understand:

- Where and how the data is collected (e.g. if through a network then see some example sites)
- Is data incentivised and if so is the incentive approved (or even relevant!)
- How the data can be uploaded to an advertiser database
- Speed of data delivery

Read the IAB's Data Transfer and Security Best Practices Guide:

[Read the IAB's Data Transfer and Security Best Practices](#)

LEAD GENERATION CHANNELS

Channel	Description	Data capture
Co-registration	Co-registration refers to a single point of data capture but multiple advertiser opt-in. This could take the form of lifestyle surveys or registration pages and is often incentivised by prize draw entries.	3 rd party
Email marketing	Email marketing refers to leads generated through driving traffic into a landing page to generate leads. Email data could be either from in-house email lists or external (3 rd party) sources	1 st party



Affiliate	Affiliate marketing refers to traffic generated through an increasingly diverse and growing number of web publishers who place links on their site in return for commissions from sales (or leads) generated. Affiliate examples would include voucher code, cashback, content and price comparison sites.	1 st or 3 rd party
SEM (organic or paid)	SEM (search engine marketing) refers to leads generated through either organic or paid for traffic (PPC). Traffic is typically driven into a landing page although recently search engines have started to rollout data capture with paid search positions. Key words used will have a direct impact on quality and volume of leads.	1 st or 3 rd party
Display	Display advertising includes banners, text links and overlays and can be purchased either directly from web publishers or through networks and ad exchanges. The format of the ad itself will dictate whether data is captured in the ad itself ('in banner') or driven into an advertiser's landing page.	1 st or 3 rd party
Social	Social media provides marketers with a number of ways of generating leads and offers the opportunity to generate leads either through traditional means such as linking to external landing pages or through using developer tools to generate leads within social pages (e.g. facebook). One of the main features of the social channel is the potential it offers to generate leads organically.	1 st or 3 rd party



TECHNOLOGY

Lead-based reporting is essential at an individual source (publisher) level to ensure publishers and traffic sources are remunerated accurately. It helps to reconcile and optimise lead performance as well.

Traditional CPA marketing activity is typically tracked by adding a pixel to the order confirmation page. Lead generation brings its own set of challenges, which make traditional cookie-based tracking methods increasingly unsuitable for the task in hand:

- Duplication with existing data – leads are usually priced based on being unique new customers, so need to be de-duped against existing customers before a positive outcome is reported.
- Duplication with other third-party data – leads are typically remunerated on a ‘first lead in’ basis as opposed to ‘last click wins’
- Invalid leads – entering data into a form is often not a guarantee that the data entered is actually valid:
 - Email – email address lacks requisite format (e.g. valid domain)
 - Postal address – postal address does not exist
 - Phone number – phone number is incorrect
 - Potential for fraud – leads lack an associated financial transaction (e.g. card details) and therefore are much more susceptible to fraud

Increasingly specialist lead generation technology platforms are employed to track the overall ROI from lead generation in the longer term and across multiple contact points. Marketers are then able to devise more robust and variable strategies for purchasing leads.

In-house technology might be developed by advertisers to navigate these issues or specialist third-party lead generation software could be used. Either way, lead generation is increasingly reliant on technology to power complex processes. It’s capable of empowering advertisers and publishers within a transparent relationship.



SETTING OBJECTIVES

A significant proportion of advertisers would state “acquiring new customers” as their primary marketing objective. Even though OLG gets you closer to a converted customer than many other forms of marketing, it is important to remember that a lead is still a prospective customer and it is up to each advertiser to turn those leads into revenue.

Before undertaking any OLG campaign, it is important to have clear objectives. You’ll want to maximise the effectiveness of the campaign and measure the results. The most important consideration for any advertiser is whether OLG is the best choice for your product or service. As a simple guide, if your objectives include any of the following then OLG is right for you.

- Brochure requests
- Test Drives for automotive
- Product sampling
- Newsletter Databases
- Call centre leads
- Competition entries
- Market research
- Vouchers
- Subscriptions

Advertisers should always have a clear definition of what constitutes success before undertaking any lead generation campaign. The objective might be to generate brochure requests or leads for a call centre, but the overall objective should be to generate a positive ROI from the leads.

CONVERSION PROCESSES

The way leads are processed should be considered at the planning stage of your OLG campaigns. Leads take you closer to a customer than other forms of marketing, but there is still a way to go



before the leads become revenue. While the Cost Per Lead (CPL) can have a significant impact on the success of a campaign, often the way in which you process leads will have an even bigger impact.

At the same time it is important to bear in mind that processing leads also has a cost, which needs to be considered when measuring the results of a campaign. For example, if you are purchasing high value financial services leads with high conversion rates then it makes sense to push these leads into a call centre. However, if you are generating leads for a low value product and are only capturing a few fields of consumer information, then pushing the leads into a call centre is unlikely to generate an appropriate ROI.

Speed of response must be as immediate as possible. It should apply to whatever types of leads you purchase and whichever your chosen method of follow up. If you are following up leads through email, make sure you send an instant confirmation email. If you are following up via call centre then make sure you can call the consumer back within minutes. Speed of response is one of the most significant factors that affects lead performance.

MEASURING SUCCESS

Lead processing and measuring success go hand in hand as often implementing processes to maximise conversion rates and ROI will use technology and software that also allows simple ways to measure outcomes. It is crucial that advertisers can track the journey of a lead between initial receipt and eventual revenue generated and often over a very long period of time.

Measuring performance at multiple stages of the journey from lead to sale is important. There's potential a large number of variables that can affect eventual conversion rates. For example, for leads followed up via email track open rates, click throughs, unsubscribes, bounces, spam, complaints etc.

Many of these variables are controlled by the advertiser so it is important to test, test and test again to find out what works. Lead suppliers can bring customers with strong purchase intent, but only the advertiser themselves can convert these prospects into paying customers.







TECHNOLOGY

Contributors



TECHNOLOGY IN PERFORMANCE MARKETING

VIDEO

It's been hard to ignore the explosion in popularity of video over the last few years. YouTube is now the third most popular website in the UK. There was a 36% increase in visits to video websites from the UK between September 2010 - September 2011⁶ and video is the most shared content type on Facebook⁷.

The reason for the growth is simple. Video is more engaging than any other content type. Music videos, film trailers, the latest viral ad campaign or just footage of funny cats. They're all generating huge viewing numbers because they are accessible and engaging.

Advertisers are taking this on board and video is being used increasingly in marketing campaigns and e-commerce strategies. Brands in Britain spent £109m on online video ads in 2011, a 200% increase on 2010⁸.

Video isn't just the preserve of advertisers with big budgets. All you need to create engaging content is a camera. Alternatively, YouTube has millions of videos available for publishers to embed on their sites. It's a huge repository of diverse, freely available content. There's no reason for publishers not to take advantage of its value for their website, blog or social media channel.

VIDEO AND PERFORMANCE MARKETING

Affiliate marketers generate revenue by opening new channels for advertisers to reach a wider audience.

⁶ Experian Hitwise, Online video bringing social media to life - 2011

⁷ Zuum, Video most shared content type on Facebook - 2012

⁸ Internet Advertising Bureau, 2011 online adspend full year factsheet - May 2012



The appeal of video content as a format and the associated SEO benefits certainly help to increase traffic to an affiliate's website or blog. With increased traffic comes increased revenue through existing affiliate methods such as display advertising.

The success of innovative companies like Skimlinks, which has a product that 'skims' text content for product references and automatically converts them to affiliate links, has shown that integrating contextually relevant affiliate links within content is likely to drive more conversions.

Video's spectacular growth highlights its ability to engage audiences, so the question in affiliate marketing should not be *how can I use video to support my existing affiliate programmes?* Instead it should be *how can I drive affiliate revenue from video itself?*

INNOVATION IN VIDEO MARKETING

The most common form of monetising video content is through pre-, mid- or post-roll advertising, an advert appearing before, during or following the video. The model suffers from a drop off in viewers who aren't willing to wait to watch their video or have it interrupted. The challenge facing affiliates is how to combine contextually relevant affiliate links with video. It shouldn't turn off their audience, but rather generate revenue from the strong conversion rate video can offer.

Coull and LinkTo.Tv are two examples of companies that aim to seamlessly integrate commerce with video content. LinkTo.tv targets the ad agency space, charging a monthly fee for the use of its technology, which enables the tagging of 'hotspots' in videos. Viewers can click on the hotspots to reveal an item description and link to the advertiser's product page.

In-video links are also the basis of Coull's solution. Its platform enables the integration of clickable affiliate links in a video. Coull also acts as an affiliate network, connecting advertisers with publishers and tracking the performance of the links in their videos.

WHERE NEXT FOR VIDEO?



Video's growth in popularity is set to continue over the next few years, a trend driven by the increased adoption of smartphones and tablets. During 2011 UK smartphone adoption increased by 30% and tablet adoption by 45%⁹. In Q4 of 2011 the share of overall video watched on smartphones grew by 41% and that of tablets by 32%¹⁰.

This move towards multi-platform video consumption poses a challenge to those who produce video and those who are building affiliate solutions around it.

With mobile data plans still expensive, publishers and advertisers creating video need to focus on punchy, concise, short-form content. They should ensure their website or blog is optimised for mobile browsers. For companies providing affiliate solutions for video it's about ensuring their product is as simple, intuitive and engaging for smartphone and tablet users as it is for desktop users.

⁹ Google, Mobile Internet and Smartphone Adoption, 2012

¹⁰ Deloitte, State of the Media Democracy Survey, 2012



DATA FEEDS

Product data feeds are used for a range of applications in performance marketing and wider online marketing generally. Product feeds are used when it is important to include specific product information within advertising. The advantage of using product feeds is that an e-commerce advertiser can easily communicate information about a large number of products, or about changes in pricing or availability of those products, or both, to partners and affiliates. Feeds tend to be particularly important for retail, travel and mobile e-commerce as their product offering varies continuously based on merchandising, pricing and availability. E-commerce advertisers and advertisers will want to achieve:

- Increased sales revenues by expanding into new performance or other online channels
- Control of their product level marketing across multiple channels
- Quick engagement in new online advertising or social media opportunities
- Improved customer experience, product engagement and online conversion
- Simple access to tools and product data for affiliate marketers that they need to be effective

WHAT ARE PRODUCT DATA FEEDS?

The simple way to conceptualise a product feed is to imagine that all the key information from your website has been condensed into a simple structured XML/CSV data file. Leaving out images, which are included and layout, a third party would then be able to use that data file to recreate your product offering in another online application. Using data feeds helps to easily distribute products into multiple online channels.

HOW DO APIS RELATE TO PRODUCT FEEDS?

An API is an Application Programme Interface. API's are used by programmers to extract product information, in near real time, which can then be used for online marketing applications. API's can be built on data extracted by other means such as site scraping, the same process used to produce product feeds. This is useful in travel where dates and destinations have to be limited, and where



there are many potential combinations of products e.g. flights + hotels + transfers to configure a product package. Data from product feeds can also be included and distributed via an API.

WHAT ARE PRODUCT FEEDS USED FOR?

Within performance marketing, feeds are used for the following types of activity:

- *Price Comparison*

By bringing lots of feeds together from multiple retailers, a price comparison affiliate is able to compare the pricing and availability of products. The consumer can then choose the cheapest, or usually a combination of the cheapest and most trusted, retailer to purchase from.

- *Shopping Comparison Engines, Travel Meta- Search & Product Aggregators*

The key difference between “shopping comparison” and “price comparison” is that the affiliate is using product attributes other than just price and availability to provide users with a shopping experience. For example, the affiliate may offer a fashion shopping experience where a user can filter products by colour size, style and price band to find products that match the users’ requirements. The affiliate will use the rich attribute information available in some retailer feeds to improve the user experience. Within travel the term “meta-search” is often used to describe the affiliate publishers who process multiple feeds and APIs from a range of flight and/or holiday companies. This data is then presented to users on a range of selection criteria, usually including destination, date, board basis and availability information. A user can review pricing and make effective comparisons between travel offers.

- *PPC Affiliates*

PPC Affiliates will use product feeds as useful sources of keywords to construct PPC campaigns and build landing pages. Key attributes for this type of activity include descriptions, titles and categories . Using the rich sources of keywords to construct both keyword lists as well as interesting advertising copy.

- *Third-party applications and plugins*

There are many applications and plugins available to the affiliate marketing sector that use product feeds. Dynamic link technologies are used by companies like Skimlinks (<http://www.skimlinks.com>).



Pre-configured widgets like Easy Content Units (www.easycontentunits.com) make extensive use of product feeds to allow affiliates to use product data on their websites. They don't necessarily require the technical capabilities to work directly with product feeds.

- *Affiliate Network Tools*

Once an e-commerce company's products have been loaded into their affiliate network platform, a range of tools have been developed to help affiliates quickly build links for specific products and categories they wish to promote. Content sites can then ensure they're promoting products that are relevant to the context of their articles, improving conversions and earnings. Product feeds are by far the easiest way of keeping this product information current within the affiliate network because they can be updated as often as required. Data is normally refreshed once a day for retail and mobile, but more often for travel. Each affiliate network will have its own range of tools and it is recommended that affiliates spend some time reviewing these on each affiliate network. It's worth ensuring that you are able to maximise the promotional opportunities available to you.

- *Content Units*

Branded content including dynamic banner adverts, 'widgets' and interactive banners are becoming more commonplace as the quality and reliability of product data increases. Advertisers can easily make these available through the affiliate network or through third parties. They differ from other types of advertising because they display dynamic pricing and rely on a degree of interaction from the consumer to browse and formulate the product they want to buy.

- *Display Retargeting*

Retargeted adverts that contain products or product features are used to bring the 98% of people who typically don't convert on an e-commerce site, back to the site. Product feeds allow the products viewed and features of these products to be used for the purposes of enticing a consumer.

- *Email Remarketing*

Similar to display retargeting, email remarketing can either be performed as part of an email programme, personalising content that a customer has previously interacted with onsite. Product feeds can also be used to retarget customers that abandon baskets before purchasing online. Product features can be highlighted in the follow up retargeted email.



- Mobile Marketing

Product feeds can be used in the same way in the mobile affiliate environment.

<http://www.fusepump.com/careers/communications-executive>

WHO ARE PRODUCT FEEDS USED BY?

This is not a comprehensive list, generally speaking product feeds are accessed and utilised by:

Content affiliates - From blogging to news aggregation, product feeds help to ensure well-matched, embedded links within content-rich sites.

Paid search affiliates - PPC affiliates will use a range of attributes within feeds to determine campaign keywords, copy creation and products to bid on.

Loyalty affiliates - Voucher code and cash back sites are starting to incorporate product information into their sites. Up to date pricing and the ability to select discounted products from a product feed makes this easier. Companies like Quidco (<http://www.quidco.com>) have also made this possible in mobile.

Email affiliates – Can use product feed content to feature products and personalise products to customers tastes. Using business logic, products can be matched to browsing habits or used to provide specific content to certain segments of the database.

Technically 'able' affiliates – Affiliates are entrepreneurs and innovators. If you have a poor product feed or don't have one at all, you could be left out of exciting and dynamic revenue-generating projects. More technically minded affiliates will be able to hone in on certain product features and produce content that is useful, engaging and interesting to consumers.

WHO NEEDS TO PRODUCE A PRODUCT FEED?



It's important to consider product feeds as part of your online sales and marketing strategy, particularly if your site retails many different products. If you sell products where pricing and availability change frequently, or where products go out of stock regularly, product feeds can be used to accurately represent current pricing and availability. You can also choose to preclude products that are bought in store-only. The three main e-commerce categories for product feeds are:

- *Retail*

Where the product feed describes each product's attributes, pricing and availability.

- *Mobile Phones*

Where the product feed describes the combinations of product (phone) attributes. Handset functionality can be as well as the contract attributes including the price per month and the number of minutes of calls per month etc.

- *Travel – Using product API's*

Where the product feed could describe one or two legs of a journey e.g. flights. It could include a combination of a product, perhaps a hotel and its facilities, along with the journey information. The combination of all the data provides us with all the information on a holiday.

Other categories can benefit from the use of product feeds too. A suitable data format can be used to communicate the products and services between the e-commerce company and the user of the product feed.

Further Information

For more detailed information please see the IAB website and free download 'Why Do I Need a Product Data Feed' <http://www.iabuk.net/resources/standards-and-guidelines/product-data-feed-best-practice-guide>



GENERATING REVENUE THROUGH PRODUCT FEEDS

Clearly, the exact amount of revenue that your product feed generates depends on several factors. However, a good quality product feed that is well distributed could be generating over 25% of all affiliate sales. A good quality product feed is an essential part of your affiliate marketing toolset and is worth investment. Your affiliate network will be able to advise you more specifically on your particular category. In practical terms, tracking is an essential part of the process. Should you wish to incorporate your own tracking into your feed activity, you simply need to apply this to the URLs as normal before supplying the feed to your affiliate network. Your affiliate network will then apply their tracking to your URLs prior to sending it out to affiliates.

WHICH FILE FORMATS SHOULD I USE TO CREATE MY FEEDS?

The most common file formats for product feeds are XML and CSV. There are advantages and disadvantages with each. The key advantages being that XML files are better at representing products which have variants e.g. colours and sizes in fashion. CSV files can be opened and viewed in standard spreadsheet software such as Excel. CSVs also have a smaller file size than XML.

CALL TRACKING TECHNOLOGY

WHAT IS CALL PERFORMANCE MARKETING?

In a nutshell, call performance marketing is like all other forms of performance marketing, except it goes beyond online – extending to offline and mobile. It is supported by call tracking technology, which enables someone to track the origin of a phone call. Details include where the caller saw the phone number, where they called from, the duration of the call and a number of other metrics. Call performance marketing goes beyond just call tracking. It includes other tools such as real time quality filtering, end-to-end campaign creation and managing the relationship between advertisers and publishers.

Most marketers are successfully running a variety of online campaigns with the objective of driving traffic to a website. The campaigns focus on tracking impressions and click-throughs, so that a



purchase, sign-up or other form of lead conversion can be accurately attributed back to the proper traffic referral source.

The missing part of the traditional equation is phone calls. Traditionally, publishers avoided promoting advertisers that featured phone numbers prominently on their landing pages and advertising materials. They feared the traffic they

Did you know?

- Including phone numbers **increases online CTR between 5-30%**
- Average phone **order values 1.5-2x higher** than online
- **30-50% call-to-conversion rates** (compared to 1-3% with clicks)

drove would not be properly credited if the customer picked up the phone. A huge number of advertisers close sales over the phone and are willing to pay large commissions to get qualified phone leads. The growing rise of mobile has also driven huge growth in the volume of sales calls. The most natural action for a customer is not to click a link or fill out a form, but rather to place a call.

Enter call performance marketing. The source of a phone call could be a phone number on a banner ad, a billboard, the radio, a website or part of a mobile search ad. It's attributed to each specific phone call that the call center or business receives. Advertisers can pay out a commission for a phone lead, crediting publishers for offline *and* online traffic referrals, rather than restricting lead attribution to online, web-based conversions. A huge growth opportunity is created for both publishers and advertisers, opening up the world of offline and mobile marketing to the performance marketing industry.

HOW DOES CALL PERFORMANCE MARKETING WORK?

Advertisers integrate with a call performance marketing platform such as RingRevenue. The first step is setting up call campaigns to qualify the caller before they reach the business or call centre. An interactive voice response (IVR) system will prompt the caller with a series of questions they can respond to via key presses. The IVR can include call quality filters, such as geographical location of caller, time of day, or keypress responses to IVR questions. The next step is to configure the payout criteria, which is often based on the duration of the call, key presses made or completed sales.



Publishers that apply to promote the pay-per-call campaign are provided with the appropriate promotional materials. There's often a specific tracking phone number along with banners, videos or text creative customized with the number. Publishers can also configure click-to-call links for mobile campaigns. Loyalty publishers might leverage some built-in features to capture the loyalty member number ID or user session. Search publishers can utilise RingPools to determine the keywords driving phone calls.

Consumers see the ads and place a phone call. Calls that meet the advertiser's qualifying criteria are connected. Then the call and its data metrics are recorded and reported. Once the call has met the payout criteria, the publisher is credited commission for the sale.



WHEN SHOULD CALL TRACKING BE USED?

ARE YOU AN ADVERTISER?

Call tracking is not for everyone. When setting up your affiliate program (or reviewing an existing one), you should consider the following questions:

- Does your business accept phone calls?
- Do you have a phone number on your website?
- Do you incorporate phone numbers in your marketing campaigns?
- Would you like publishers to drive phone calls to your business?

If the answer to any of those questions is yes, then you should be using call tracking. It is crucial in enabling you to accurately track how those phone calls are being referred, and then properly credit the publisher or referring source. It will also help you get better quality, screened and filtered calls, which in turn deliver a higher ROI.

ARE YOU A PUBLISHER?

If you are a publisher who is considering running call tracking campaigns, why not give it a try?

Call campaigns are simple to set up, and can reap big commissions.

Check out which programs in your

networks offer pay-per-call (the term for call-based performance marketing campaigns), or seek out advertisers that offer pay-per-call programs.

Benefits for Publishers

- Boost profits on current campaigns
- Increase your conversion rates
- Earn higher commissions
- Profit from offline and mobile offers
- Combine clicks and calls to optimize your campaigns

ATTRIBUTION TECHNOLOGY



Attribution is the process of apportioning the value of a conversion across interactions with marketing channels that were involved in the path to conversion.

ATTRIBUTION MODELING

Attribution models are developed based on insights garnered from analysis of marketing and website performance data and the attributes of conversions.

There are two main steps to creating an attribution model:

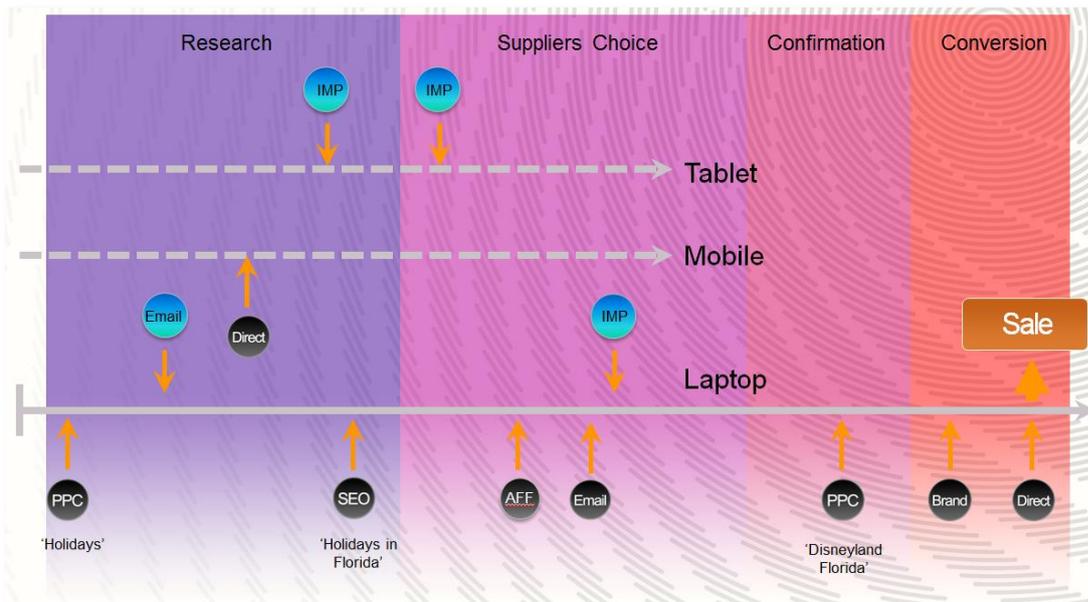
1. **Identifying the touchpoints in the paths to conversion** – this is often more complicated than it seems. Traditionally, attribution analysis techniques consider all touchpoints that occur within a set period of time prior to the conversion. The concept can be compromised because the length of the path to conversion is based on pre conceived ideas relating to cookie lengths defined in partner commercials, rather than an appreciation of customers buying and browsing habits. Advanced methods need to be utilised to accurately reflect paths of varying lengths.
2. **Share sale value between contributing touchpoints** – Once you have identified the contributing touchpoints you can then set the rules to share sale value between them. There are many different ways to do this, such as giving channels different weightings depending on their position in the path to conversion.

WHY IS ATTRIBUTION IMPORTANT?

WELL-INFORMED OPTIMISATION

Sales and leads are rarely driven by a single marketing campaign. Visitors to a site usually visit multiple times through different channels before committing to a purchase or registration. To effectively optimise all marketing channels, success needs to be measured based on overall contribution to the sale and not just on the site visit where the conversion takes place.





ACCURATE WEIGHTING OF BRAND RELATED CONVERSIONS

Based on the traditional “last click wins” attribution model, visits associated with brand will generally be reported as the biggest driver of conversions. When optimising channels it can be misleading because the model is ignoring the channels and keywords that helped to develop brand recall.

Separating brand from non-brand visits allows for unique insight when looking at the path to conversion. It also enables marketers to assess the overall influence that the brand has on conversions.

CORRECTLY SEGMENTING USERS

The path to conversion can vary depending on numerous factors, which will differ for each business sector and each individual company. Common variants could include new versus existing customers, basket value, geographic location, device, number and types of products purchased and customer demographics. Your attribution model should account for all of the variants wherever they display different trends within the conversion path. An attribution partner should be able to work with an



advertiser to segment path to conversion data in order to identify which variants need to be incorporated into the attribution model.



ATTRIBUTION SUPPLIERS – TECHNOLOGY AND CONSULTANCY

Many websites will have implemented marketing analytics technologies that track the origination of traffic by source. Web analytics technology can be used as well to measure how users engage with the content and product pages within a website. Typically, software that was engineered for marketing attribution will bridge the gap by tracking events on and off the site. For an advertiser that uses display tracking they will require their attribution technology partner to track and record impressions as interactions with marketing campaigns. For multi-channel marketers, the integration of offline marketing and offline transactional data will also be highly desirable in order to understand the convergence of their channels.

Collecting and joining up data sources provides a foundation for the development of a benchmark attribution model. Depending on the software that is being utilised, users can often run attributed reports based on standard attribution models, such as first click wins, linear or bathtub, to compare performance of channels against the traditional last click wins model. The results of an advertiser's path to conversion analysis could mean many marketing analysts will seek to move away from any models prescribed by their technology partner's dashboards and create a customised model that accounts for business specific factors. In this scenario there would be a need for a flexible system that allows weightings to be applied to sales revenue and or margin generated by each channel, partner or ad group.

Once a model has been agreed, advanced attribution technologies will be able to power automated optimisation of campaigns by pushing the attributed performance data back into marketing partners API's. A common usage is fuelling bid management strategies within search engines and DSP / RTB platforms.

In circumstances where an attribution model needs to be quickly introduced, but adding additional tracking code to a website is impractical, utilising an attribution consultancy or a technology that can import external tracking data is preferable. Consultants that are experienced in uncovering actionable insights from large volumes of path to conversion data can usually work with streams from a number of different tracking systems. The data will have been collected by the advertiser's adserver, web analytics or tag management systems and may require a degree of preparation prior to the commencement of the attribution analysis and model development.





BENEFITS OF ATTRIBUTION MODELING

ACTIONABLE INSIGHTS FOR MARKETING

The primary benefit of introducing a customised attribution model into a business is understanding which activities are actually contributing towards the ultimate goals and in what combination they are effective. Once this is understood it becomes more straightforward to allocate more resources to the successful activities and to review the activities that are not working.

In addition to looking beyond the last click it's also beneficial to look beyond the first sale. Aligning data sources (e.g. Tracking & CRM) and performing attribution analysis will help marketing teams to attribute lifetime revenue and/or margin generated by a customer, back to the original traffic sources involved in generating the initial sale.

Once an advertiser understands the position of a traffic source within the path to conversions that have been investigated, tactical actions can be taken based on this insight. A practical example could be moving a media partner that was historically rewarded on a cost per sale basis to a cost per click or hybrid payment model. The rationale being they are frequently appearing at the beginning of path to conversions but seldom at the end.

TEAM COHESION

You should aim to have attribution model universally accepted across a business including marketing, analytics, buying and finance teams. It will then be possible to better co-ordinate the delivery of respective projects in order to meet company or group-wide objectives. All department will then be working from the same page.

FUTURE PROOFING

In the real world, because of factors like restructuring, competition, regulation, seasonality or expansion, marketing goals and priorities are likely to change. Advertisers taking the time to develop a fully customisable attribution model will benefit from being able to hone and refresh the model as their business evolves.





DATA & ANALYTICS

Contributors



DATA & ANALYTICS

THE VALUE OF DATA

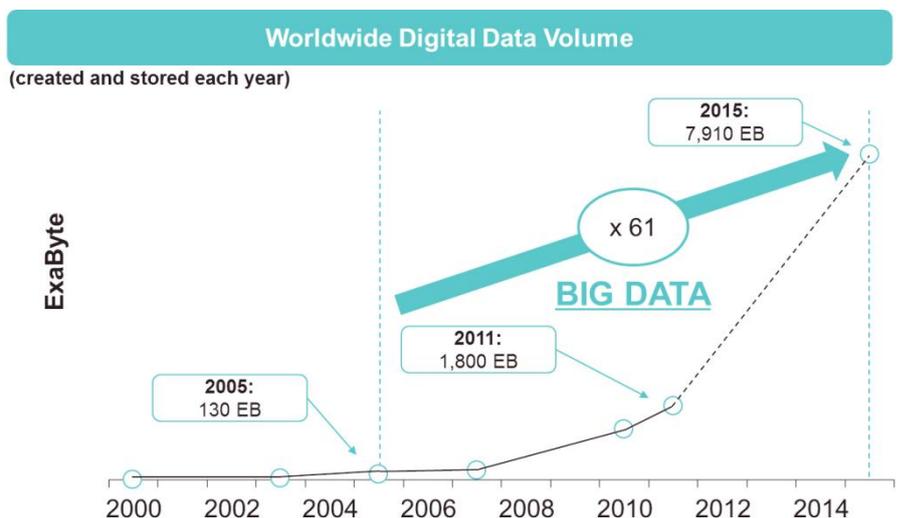
DATA OVERVIEW

Data has been an emerging trend in the performance marketing space for the last couple of years. In 2012 it has really gathered momentum as advertisers and publishers have sought to harness its value. They're using it to drive sales, gain insight into customer journeys, increase conversions and tailor the customer experience.

There is a big difference between knowing that you have to get to grips with data and actually doing it. A performance marketing programme can generate data across multiple channels and depending on your organisation, not all of it will be relevant.

THE VALUE OF DATA

As individuals we are generating more data than ever before – video, tweets, likes – all of which can impact or have some bearing on marketing programmes. In 2011 1,800 exabytes of digital data was created. By 2014 it's expected to multiply 61 times to reach 7,910 exabytes.



Performance marketing programmes mostly generate classical views of data for example the number of clicks, conversions and order information. As the industry evolves, we're also increasingly seeing the data being complemented by more compelling content such as basket insights and

product data , which can be across different and more varied digital channels and devices from the desktop through to mobile phones.

The ever-developing social media landscape and the popularity of video in the online world means that social input and visual content is something that performance marketing must also seek to capture in order to better understand the customer purchasing journey. As the industry continues to diversify and sees the emergence of specialised players, advertisers need to give due thought to how this impacts their data strategy.

Unfortunately it isn't as simple as saying a big company will generate more data than a smaller company. Data is a complex ecosystem that needs to be navigated wisely. It is most likely that your business, industry sector and target audience will dictate what data is of most importance, or value, to you. This might sound obvious, but the temptation when you first come to estimate the value of data and how you can harness it is to look at everything.

GETTING THE BASICS RIGHT

The 'all you can eat' approach towards data is arguably no longer valid. There's so much data out there that it would be futile to try and capture everything first and then consider what is of value. It is much better to be focused from the very beginning about what you want to achieve and gather the data relevant to your end goal. Furthermore, both local and international data protection laws have heralded the end of the 'Wild West' of data. They encourage organisations to demonstrate much more responsibility towards the content they capture.

A critical first step when tackling the issue of data is to think about what you want to achieve, what success looks like and what you're looking to optimise. Is it basket value or EPC? Giving factors due consideration upfront will help you to pre-structure the data and enable you to not only utilise it more efficiently, but also better communicate it. It may sound simple, but it is far from trivial. For example, look at Facebook. Its billions of users generate reams of data each day, but it remains far from certain how effectively the company is actually leveraging that information to inform its business processes.

Once you have your goals and objectives in place, the next step is to start thinking about what data is most relevant what you need to track. Depending on what they want to achieve, most advertisers typically want to generate insight into the following:

- Customer touch points
- The customer journey
- Devices/channels
- Which products are selling better than others?
- Factors influencing total basket value or drop-off rates
- Demographics
- ROI
- Acquisition vs. repurchase

The next step on your road to measure the success of your performance marketing efforts is to put in place some key performance indicators (KPIs). Some factors you might like to consider at this stage include:

- Define the basic goal you want to achieve with the data you are gathering
- Prioritise data based on how effective it will be at helping you realise this objective
- Strip out all unnecessary data to ensure your database remains highly relevant and easy to scale
- Approach data from the standpoint of how you will interpret it, not from the individual piece of data perspective
- As data can be pretty ubiquitous make sure the data being gathered will provide you with a competitive edge and USP
- Are the KPIs you have defined specific to performance marketing or are they also being used elsewhere? If yes, by whom and in what context
- Are they KPIs that are common in the industry section in which you work so that you can benchmark against competitors?

Just from working through this process, three key issues have presented themselves as needing to be addressed. Firstly, data and the need to know the how, the why and the what before you start creating it. Secondly, the need to be sure you are measuring the right data and being clear about the benefits of doing so. Lastly, the need to put in place KPIs. Don't be afraid to consult with the networks about what metrics they measure in order to help you do this. If they only measure two

elements of what you want to focus on, what does that mean for your strategy and how do you envisage it developing over the coming months and years?

HARNESSING DATA

Once you have the foundations of your strategy in place, you need to start thinking about how to extract value from it. As marketing looks to make itself more relevant to consumers, data by itself isn't enough. To turn data into gold, advertisers must have the right infrastructure in place, one that is geared towards helping them to integrate information. It's especially true as data becomes more fragmented. Content is no longer just numbers-based, but includes videos, likes, tweets etc. If you are looking to analyse structured and unstructured data together, a classical SQL database simply isn't enough. It won't generate the insights you need. You also need to be sure to set up your underlying database infrastructure in a way that allows you to easily pull in new data from external sources and start to enhance your dataset.

You should consider if you need a dedicated business intelligence team or if you have the skills within your department. There has been a lot written about how people who can draw insights from data will see their value in the job market skyrocket over the coming years and it's true. Data is meaningless unless it is interpreted and so whilst it is important to consider data from a business and logistics perspective, interpretation skills is a key area that shouldn't be overlooked. It's a task that cannot typically be done by a Key Account or Sales Manager.

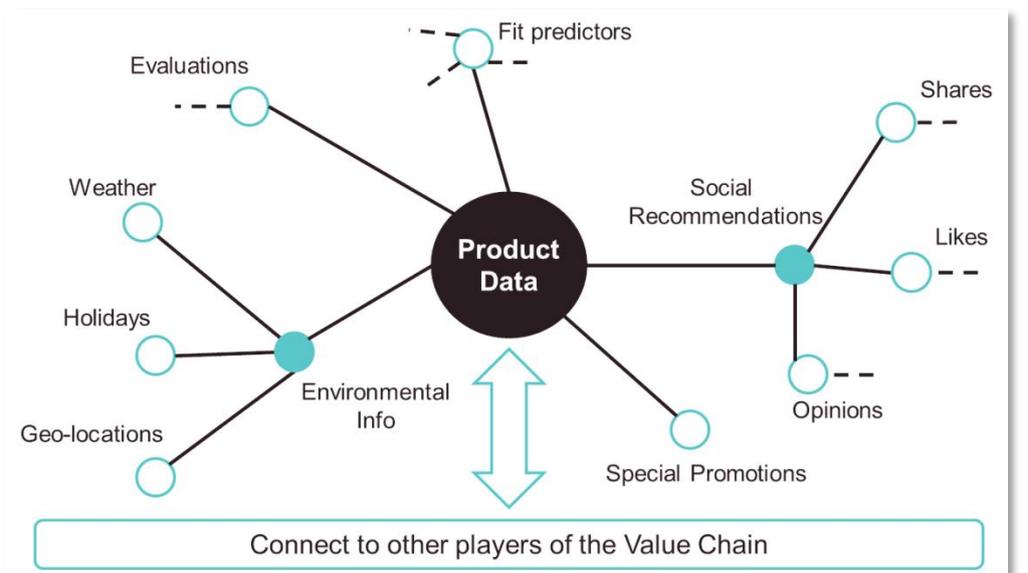
Think about how you visualise your data. It is important to generate knowledge, but the best way of bringing that to life and understanding the impact of those insights on your business is to utilise visuals. They can come in the form of infographics rather than traditional excel graphs and give some real context. The key is to present value not numbers.

PRESSING THE BIG GREEN BUTTON

Once you've started to build the data, it is really key that you continue to link back to the objectives you set out in the first place. It can sometimes be tempting to chop and change the reports, analysis and KPIs if you feel that they aren't generating the results you want. Retaining consistency is important and often there may well be external environmental factors impacting the data.

Understanding these factors enables you to build a more robust performance marketing programme. The key is to pull the data needed in the right format as discussed above. It's always easy to write new reports or analysis, but hard to change the fundamental structure of your database.

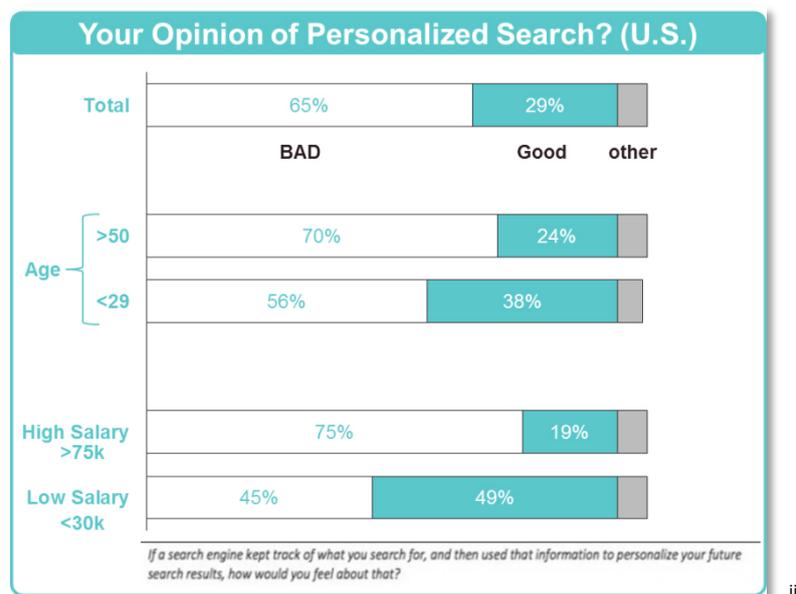
It is important to regularly review the analysis and reports as well as your KPIs. Don't just do it internally, also work with publishers and the network to see what's happening at regular intervals. Knowing when you have enough data to start drawing conclusions from your analysis can be tricky. Naturally it depends on your business sector and how you measure success. There is not a one size fits all approach. Your network will be able to offer guidance to enable you to capture peaks in activity that might be driven by a particular event such as the Olympics or Jubilee. It's also possible to record environmental factors such as weather or world events. This overview enables more intelligent and meaningful insights to be drawn from the data through your analysis and KPIs. The longer you capture data for, the more likely you are to pick out trends.



Following the steps outlined above will help you to understand what is impacting conversions and how you can best influence them as well as better getting to grips with factors outside of your control. Consistency is key and if you keep chopping and changing your metrics, the picture the data builds will be incoherent and unusable. Again key here is to think from the end-result first when developing your Business Intelligence or Customer Insights Strategy.

PERSONALISING THE CONSUMER EXPERIENCE

There is a lot of talk in the market place about using data to personalise the customer experience, but we aren't seeing this as a mass market trend. Unless customers have given their explicit consent to be targeted at an individual level via logging into a service, for example, they may not welcome such individual attention. Instead advertisers can build up cluster profiles and use the information to target customers at a higher level.



Source: PEW Institute – PIP Search Engine Use 2012, U.S.

The value data offers needs to be clearly communicated. Increased company efficiency is certainly not a primary concern for the consumer. The mantra here in the industry “gather as much as you can and think about what you can do with it later” is dangerous and short sighted. Rather than personalising communication down to the nth degree, think about how data can make your marketing communications more relevant.

CONCLUSION

Generating data for the sake of it is a fruitless task. It must be strategic, add value and also be consistent. Performance marketing is a much younger discipline than many other marketing channels and as such it is still evolving to create benchmarks and standardisation. Unlike other channels, it is directly measurable, but all too often organisations don't take advantage of this.

The networks can't do it alone. It needs to be a collaborative process between all involved including advertisers, publishers and networks. Publishers are a really important piece of the jigsaw puzzle as they have the biggest and broadest data sets. They can add a lot of value to benchmarking and reporting., but they need to see the value for them of doing this. Therefore, it is really important for all concerned that data and its value is the trigger for the industry. All involved should be working more collaboratively together to drive the real value of data forward.

¹ Source. 2011 IDC Digital Universe Study (2011/6). 2015 data estimated by IDC. MIC "Information Distribution Census".

¹ Source. affilinet.

¹ Source. PEW Institute - PIP Search Engine Use 2012, U.S.

ANALYTICS

THE IMPORTANCE OF GREAT ANALYSIS

Analytics is arguably the most important part of any project! After all, you can't tell where you should be going if you don't know where you are.

The emphasis of performance marketing revolves around being paid on performance only. It makes for an excellent choice of promotion for advertisers and just as good an option for publishers to engage their visitors with relevant promotions. However, without strong and accurate analysis it is almost impossible for advertisers and affiliates to improve their performance, which is of course the ultimate shared goal.

Everybody knows that there are no guarantees with any projects, which proves the strong need for analysis. Many companies still see data analysis as a secondary process, to be completed occasionally, and find it hard to spend much time keeping tabs on what is going on with their website.

Even businesses that do set up analytics software, often miss out on the importance of keeping track of this data. Over time, the benefits of analysing trends can be easily lost.

PROCESS AND OBJECTIVES OF WEB ANALYTICS



IDENTIFICATION AND ORGANISATION OF BUSINESS GOALS

Targets and goals are vital when it comes to web analytics. They are essential for ensuring that your business stays on track and should be regularly reviewed in organisational planning meetings. The most simple and important goals are to decide what your website is, what your products are and what you do in your business to generate profit.

Your overall business goal should be clear, defined and focused in order to get the best results. Can you answer the question “So, what does your website do?” in 20 words?

Deciding on a goal for your website helps the rest of your business work towards an objective with a strong sense of direction. It is then advantageous to set targets within clear time frames to achieve your goal. The web is constantly changing, so most online businesses find that it is a good idea to set short-term achievable targets (around six months). Then set bigger goals that allow room for stretching your team's efforts to achieve things that you may at first see as a long way off.

GOALS AND TARGETS HELP WEB BUSINESSES

- Focus and define strategies for development which are clear to everyone in the organisation
- Create a culture of teamwork and encourage employees to be accountable for their actions
- Are the tiebreakers for discussions when people get tied up in new ideas and start to go off track?

- Allow management to decide where money and resources should go
- Aid with the measurement of performance on an individual and overall basis

When goals and targets are used well in conjunction with web analytics you will see big changes in the efficiency of your business and everyone within it.

When used correctly, analytics should aid the definition and creation of goals. You'll be able to make good decisions, monitor the gradual performance of your business and eventually produce results that are in line with your overall objectives.

IDENTIFYING KPIS

Many websites will use the same metrics to analyse how well they are doing as a business. Different Key Performance Indicators (KPIs) will appeal to different websites and businesses, but the overall point to remember for any website is:

KPI analysis is most valuable when multiple metrics are segmented, tracked, analysed and viewed in context.

It is common to think there is a "most important KPI", which everyone should put in front of other metrics and obsess over (the one most often used is conversion rate). It's far more important to build an overall picture of how your website or business is performing. Use a variety of metrics that are tailored to your business and objectives.

Focus on one metric and you'll miss a whole world of analytics that could do a lot more to help you reach your goals. Remember that it is often only a minority of visitors who actually have the intent to convert the way you want.

There will be a handful who are in limbo and can sway either way. The majority will be doing other things such as comparing your site to the one they just came from/are going to. Lots will just be trying to work out what the point of your website is and whether it relates to what they are looking for. If you spend all your efforts on improving something like conversion rate, you can easily end up missing out on your biggest market of visitors.

ANALYSIS OF KPIS NEEDS TO BE:

- Detailed but clear
- Actionable
- Targeted/segmented/focused (general KPI analysis doesn't provide actionable data)
- Specific to your business and objectives
- Analysed in context
- Goal orientated

The point of any analysis is to produce accurate results that are actionable. You need to be able to draw something from your results and act on them, otherwise using analytics is futile. You can do this by making sure that the first thing you do is get an accurate knowledge of your business goals and the objectives that you want to achieve through analysis. Identifying these goals will mean that you can focus on the right KPIs and get the information you want from the data you gather.

CASE STUDIES

SK:N CLINICS

Websites offer a wealth of information and advice for consumers. However, sometimes the web is not enough. For products where a consultancy sell works best, it makes sense to give customers the option to talk to someone. With click-to-call, there is now a real opportunity for companies to give the customer what they want without losing the measurability associated with the web, as our work with sk:n shows.

The UK's largest skin clinic company approached Net Media Planet to improve the conversions they were getting from mobile paid search marketing.

Using research data, which showed potential sk:n customers are more likely to become customers if they speak to an advisor, Net Media Planet introduced click-to-call technology to the paid search programme. This enabled consumers viewing an advert on their mobile to click once to be put directly through to a sk:n advisor. Access to the sk:n website through mobile was intentionally blocked.



The results were significant. The click-to-call conversion rate was 26 times higher than where consumers were directed to the sk:n website first and the enquiry to conversion rate was 2.2 times higher than across all search channels.

Sk:n's results provide a strong case for performance marketers to consider click-to-call on any products where a consultancy sell is needed.

THE BODY SHOP

The Body Shop's existing affiliate programme enables affiliates to publish banners and widgets featuring items from a dynamic product feed maintained by FusePump and made available to publishers through affiliate networks such as Tradedoubler and Rakuten LinkShare.

A partnership was established with Coull to expand this affiliate programme to The Body Shop's extensive library of tips, tricks, and how-to videos. Using Coull's platform, clickable 'buy it now' buttons were added to these videos to give viewers a convenient way of purchasing the product used. Publishers can embed The Body Shop's videos on a website/blog or add links from their product feed to their own video content.

The affiliate programme works on a cost-per-acquisition (CPA) basis, so publishers earn a commission of 8% of every sale through their published videos.

By broadening its affiliate programme to take advantage of its extensive video library, The Body Shop added a new sales channel and gave its publishers a new way of generating revenue.

ZAPPOS

Zappos.com is a great example of how an advertiser can utilise video as part of their e-commerce strategy. The world's largest online shoe-retailer has so far distributed over 100,000 videos via its website and YouTube.

Product videos, how tos and style videos have directly led to an increase in conversions through their website and a reduction in item returns. Zappos' quirky presentation, regular use of staff to present products and creation of internal behind-the-scenes clips have also served to communicate its brand ethos and develop a strong following across social media channels.

Correctly optimised videos have the added benefit of increasing an advertiser's prominence in search engines' blended results pages. Zappos took note of this and a 2011 report by SundaySky¹¹ attributed a monthly increase in traffic to Zappos.com of 77,316 visits per month.

¹¹ SundaySky, State of video in e-commerce, 2011



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42
Staff

60k
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UK SERVICES

Full
Programme
Management

Pay
Per
Call

Mobile

CPC
2
CPA
Optimisation

ⁱ Source. 2011 IDC Digital Universe Study (2011/6). 2015 data estimated by IDC. MIC "Information Distribution Cencsus".

ⁱⁱ Source. affilinet.

ⁱⁱⁱ Source. PEW Institute - PIP Search Engine Use 2012, U.S.