

Attracting Top Affiliates with Dynamic Program Management



A PartnerCentric White Paper for merchants seeking to maximize online sales through affiliate marketing.

EXECUTIVE SUMMARY

E-commerce merchants are starting to understand that nearly all of the sales derived from affiliate marketing are driven by the top 2% of affiliate partners. Merchants who position their affiliate programs to recruit these top-performing affiliates stand to increase their market share and profits as a result.

In order to recruit top-performing affiliates, e-commerce merchants need dynamic program management in order to attract the super affiliates who are capable of driving clicks, sales or leads in high volume on a consistent basis.

Businesses will position themselves to attract super affiliates when they listen to what these affiliates want and respond in kind by providing the most attractive affiliate program possible with competitive commission rates and hot offers that sell.

We explore the steps e-commerce merchants must take in order to develop the kind of affiliate program and dynamic program management that speaks to super affiliates - and the thousands of customers they bring with them.

Affiliate Marketing and Top Performers Mature

Today only nine percent of merchant affiliate programs have more than 10,000 affiliates, down from 15 percent in 2006[1]. This is not an indicator of weak recruitment practices or a saturation of the market. Rather, it is a sign that merchants and affiliate program managers are beginning to respond to this key statistic - that 2% of affiliates drive 98% of sales[2].

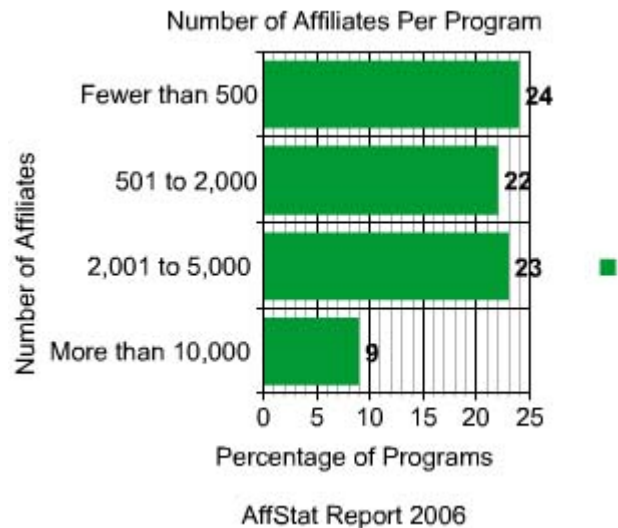
Despite an industry-wide reduction in the average number of affiliates per program, merchants are reporting an average increase in conversion rates of 5% in the past year[3]. What this means is that merchants and the affiliate program managers are focusing on top-performing affiliates, known as super affiliates, to drive traffic, clicks, leads and sales.

As the affiliate marketing industry matures, it's becoming clear that the best results come when a merchant's affiliate program is positioned to attract the top affiliates. Fewer than 5% of affiliates earn revenue of more than \$100 per month[4]. There are a number of reasons for this, including new affiliates' lack of experience and lack of perseverance. However, many of these affiliates earn revenue in the four to five figure amount monthly from multiple programs, earning hundreds of thousands of dollars a year. These are the true professionals, and these are the affiliates you want

"Signing up to be an affiliate is relatively easy to do, but having the skills and discipline to follow through and promote the program takes patience and persistence," said PartnerCentric President Linda Woods. "You may only have 10 percent of your total affiliate base actively making sales."

Because top affiliates comprise such a minority within the industry, learning to attract and recruit them to promote your program becomes a daunting task. Merchants who seek top affiliates soon become frustrated and turn to experienced outsource program managers who already have partnerships with the super affiliates.

"Unfortunately, there is somewhat of a shortage in people who are skilled, connected, and well versed in affiliate management," said Shawn Collins, co-founder of Affiliate Summit, a trade show series dedicated to affiliate marketing.[5] "So, if that's the position you are in, I'd say it's a good move to go with an OPM or outsourced program management firm to take care of your affiliate program. They have the experience and know-how to do it. They've got the connections with the affiliates you want, because they've been running a number of affiliate programs for many years."



Recruiting the best means hiring the best

It makes good business sense to focus maximum efforts on recruiting the top affiliates who can drive the most sales. Most merchants understand that but making it happen, most merchants soon learn, is easier said than done.

Who are these super affiliates? How do you get them to promote your affiliate program?

"Where a lot of merchants fall short is they fail to understand that in order to recruit the best partners, you have to create the best affiliate program that you can," said PartnerCentric President Linda Woods. "That means you have to create the best site with the best creative, the best affiliate tools, the best commission structure and the best consumer offers. You have to become the best at everything that top affiliates want."

The key to attracting top performing affiliates is to listen and understand their needs and respond in kind. The results of the PartnerCentric Affiliate Survey for the past two years has helped the company, which provides outsourced affiliate program management services to e-commerce merchants, get an inside look at the needs and wants of today's top performing affiliates.

Aligning Your Affiliate Program to Attract Top Affiliates

Top performing affiliates don't grow on trees, and they reached the top because they are very skilled at selecting affiliate programs that have the best earning potential. Therefore, a key factor in attracting super affiliates is making sure your business and its affiliate program meets the criteria that super affiliates use when selecting a program to promote.

■Ensure that your commission structure is competitive

Money is not the biggest motivator of super affiliates[6]. That said, if your offer is not worthy of their attention, there is no need for you to enact the rest of these recommendations because top affiliates will move on to greener pastures.

We recommend that you do your homework. Research what your competitors are paying affiliates and make sure you have the best offer. The more generous the commission, the more likely super affiliates are to promote the program.

When surveyed by PartnerCentric in mid-2006, the No. 1 factor in selecting an affiliate program to promote (by 21% of respondents) was the existence of a VIP commission rate for top performers[7]. Remember - these affiliates are going to bring in the majority of your sales. For best results, couple a generous commission with a tiered system where top performers get additional rewards.

■Offer a site and landing pages that are leak-proof

Top affiliates spend a lot of time, effort and money promoting affiliate programs. You must examine your site, product descriptions and landing pages. Are visitors leaving your site? Repair the leaks. You need a strong conversion rate to attract top affiliates.

"We spend a fair amount of time and resources examining the conversions of our merchant programs because nothing kills a paid search campaign like poor landing page conversions," said PartnerCentric President Linda Woods. "It's critical to the success of your program that you keep customers on your site long enough to make that sale."

While having 800 numbers on your landing pages is important to you customers, having a site with 800 numbers plastered on every page in a big, bold way will be seen by affiliates as a move to phone sales for which they won't be able to earn a commission. Consider creating a mirror site identical to your site with the 800 numbers downplayed significantly or excluded entirely for the benefit of affiliate-driven traffic.

■ Offer datafeeds that are well-designed and well-maintained

Datafeeds are the backbone of any successful affiliate program because they provide the affiliate with all of the product details needed to make a sale. Correct images, good pictures, good descriptions and accurate prices that come to an affiliate through a simple line of code - and that updates itself without additional work on the affiliate's part, goes a long way toward attracting top affiliates to the program.

■ Provide ongoing consumer offers such as sales, coupons, free shipping and discounts

Some of the biggest affiliates on the planet are involved in coupon deals and discounts. You should provide offers there are fresh and updated often. Even retailers who rarely offer discounts should have the occasional consumer offer that affiliates can utilize.

■ Make sure you're able to sell products on nationally or internationally

Top affiliates send high volume to your site and landing pages, so your business needs to be able to handle large volume traffic and sales on at least a national level. Products that are focused on a localized territory will not be something that super affiliates can promote effectively.

■ Have an average order price of at least \$60

Top affiliates prefer average order sizes of at least \$60 because of the earning potential and return on their paid search investments. If your business doesn't fall above this minimum average order size, you will encounter difficulties in attracting top affiliates. Remember: the higher the average order size, the higher the commission. This is attractive to affiliates.

■ Know your conversion rate and share that information

Affiliate marketing is all about conversion. How many customers are seeing the offer, and how many go on to make a purchase? That's the critical statistic, and any merchant program that wants to attract top affiliates should certainly know going in what the conversion rate is for landing pages. A 1% conversion rate, or anything below that, will not perform well in the eyes of seasoned affiliates. Don't forget that doubling your conversion rate from 1% to 2% means doubling your sales without increasing traffic. This one metric is critical to your long-term success online.

■ Offer quality real-time tracking and reporting

Even beginning affiliates need to be able to see the results of their efforts to promote your affiliate program. Detailed real-time reporting is the cornerstone of any successful affiliate program. Your program must be able to provide all of your affiliates with clicks, leads or sales and conversions. This is why the big network tracking companies are so popular - they provide this painlessly for both you and your affiliates.

■ Provide compelling, professional content and creative

Another measure of a great affiliate program of the variety that attracts top affiliates is one that carries well-designed creative and unique content (such as product descriptions and product reviews). Your creative should be varied (text banners work best in most cases^[8], but you need to also offer banners in a variety of shapes and sizes). Make sure to update your creative and product descriptions when the occasion or season warrants, at least four times a year. Please don't send all of your traffic to your home page. This is the least converting traffic of all. Your creative and content should match the keywords and themes of the landing pages, as inconsistent messages will confuse and detour your

"There's a very limited pool of talent out there that has both the experience and the expertise to nurture relationships with top performing affiliates," said Samantha Morris, Client Services Director for PartnerCentric. "We've been in the business long enough to understand the trials and tribulations of the super affiliate, which helps us attract top performers to our clients' programs."

There's a trickle-down effect that occurs when you align your program to meet the needs of your top affiliates. By implementing the strategies outlined here, you can also positively affect the middle tier of affiliates as well, boost your active affiliate percentage to 15% or 20% and thus greatly increasing your revenues through the affiliate channel.

Affiliate marketing is getting more sophisticated and complex, according to the findings of the AffStat 2006 Report, an annual study of the affiliate marketing industry. This means merchants and their affiliate program managers will need to continue to innovate and lead when it comes to providing the kinds of programs that attract top affiliates.[10]

"The tables have turned in affiliate marketing over the past couple of years," said Linda Woods. "The top affiliate performers control vast amounts of traffic meaning they now control where that traffic will flow and with whom they will work. So, being a positive, collaborative merchant makes for a profitable long-term relationship for both partners."

Sources:

- [1] 2007 AffStat Marketing Benchmark report
- [2] AffTrack
- [3] 2007 AffStat Marketing Benchmark report
- [4] Internet Affiliate Marketing Association
- [5] Shawn Collins AffiliateTip.com blog
- [6] PartnerCentric Affiliate Survey 2006
- [7] PartnerCentric Affiliate Survey 2006
- [8] PartnerCentric Affiliate Survey 2007
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- [10] "Affiliate Market Maturing," March/April 2007 issue, Revenue magazine

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