

Why Outsourced Affiliate Program Management Makes Good Business Sense



Information for merchants seeking the best options for running a successful affiliate marketing program.

Why Outsource?

Let there be no doubt - affiliate marketing is a full-time job. Successful affiliate program management requires a trained, experienced professional with a highly diversified skillset. As e-commerce merchants are learning increasingly, qualified talent with expertise in effective affiliate program management is hard to find yet critical to the success of any affiliate marketing program.

When it comes to affiliate program management, e-commerce merchants have three options:

- 1) Do it in-house
- 2) Turn it over to an affiliate network
- 3) Entrust the program to an outsourced program manager

Increasingly merchants are discovering the wisdom of outsourced program management, and there are a number of reasons why. First, managing a program in-house is problematic. Finding talented professionals who have the experience and expertise in affiliate marketing is hard to do. Why? Because effective affiliate program managers need to excel at a number of skills including:

- expertise in Internet marketing concepts such as site and landing page design
- technical proficiency in understanding tracking pixels, how cookies work and implementation processes.
- proficiency in written and verbal communication for relationship building
- strategic development experience and knowledge of what works and what doesn't
- proven ability to attract and retain top performing affiliates across all verticals
- ability to understand and respond to site and landing page analytics and trend reports
- insights that are key to designing effective commission structures

Finding someone with this mix of social, technical and marketing skills is extremely difficult. Even when you find a qualified professional, the cost proves too much for most merchants. Affiliate program managers earn an average of \$60,000 to \$70,000 per year. Not to mention benefits such as healthcare, 401ks and paid vacation. Merchants find that they save money when they outsource their program. This is because they don't have the overhead expenses of employees devoted to the affiliate program. They also get redundancy of additional program managers who cover for one another when one manager goes on vacation. These skilled individuals are few and far between, so there's no guarantee that you will find them within your community.

Many companies rely on a marketing person on staff to multi-task with affiliate marketing being only part of their overall duties. The problem with this approach is that affiliate marketing requires daily attention on tasks such as approving affiliate applications, answering e-mails and tracking sales.

According to the most recent AffStat Survey, which tracks developments in affiliate marketing, 71% of e-commerce merchants in 2006 had dedicated affiliate program managers. The need for strong management is clear. Finding the most cost-effective solution is key to the success of affiliate programs today.

Where the Big Affiliate Networks Fall Short

The major affiliate networks focus solely on sales without regard to the growth of your affiliate program. Professional outsource affiliate program managers focus on recruiting and maintaining relationships with top affiliates who will remain loyal advocates for your brand. A good program manager always has the big picture in view. What type of affiliates are adding value to your brand and its affiliate program and where are they? How can these affiliates be targeted, recruited and retained even outside of your current network? With outsourced program management, you have to look all over the Internet for affiliates and good public relations - not just inside the network framework.

The affiliate network's add-on management services are fine for working inside the tools offered by the network but none of them go outside of the network to promote your program or recruit affiliates outside of the network. list your program in directories, perform forum and blog posting on your behalf. The big picture is outside the view of the network, and that is why outsourced program management is preferable to relying on the networks for program management.

Experience and expertise key to success

The process of planning, launching, growing, maintaining and sustaining a healthy affiliate program that meets your goals is not easy. That's because affiliate marketing requires a mixture of highly specialized skills. A good affiliate program manager has years of experience, knowledge and expertise and comes to your program with existing relationships with top affiliates and networks that will benefit your affiliate program.

Affiliate program managers must perform a number of highly specialized tasks including:

- Technical support (with working knowledge of web site design, network tracking, etc.)
- Affiliate payments (must be proficient in tracking technologies and network policies)
- E-marketing and newsletter marketing
- Keeping up with current trends and stresses (such as pay per click policies, domain squatting and parasites)
- Fraud and spam policing
- Affiliate recruitment and application approval
- Forum and blog promotions
- Creative and print ad design
- Management of campaigns using major affiliate network interfaces
- Search engine marketing
- Representing your company in a polished, professional way at trade shows and networking events

Back in 2000, only 16% of affiliate programs were outsourced. That has changed. It is estimated that more than 50% of programs are outsourced today, and the number is expected to grow as the cost of doing e-commerce continues to increase.

Affiliate marketing isn't a difficult concept, but being successful in affiliate marketing means staying on top of ever-changing practices and trends. This is where most programs fail, but outsourced program managers are always the first to recognize and respond to industry trends. In this way, outsourced program managers become critical to program success.

Bottom line: the greater the experience of your program managers, the greater the effectiveness of your affiliate program. That's why outsourced program management makes good business sense. You're paying less and getting more value for that money by contracting with the experts in affiliate marketing to guide your program to maximum effectiveness.