

Affiliate Marketing Capabilities

Introduction to Affiliate Marketing



What Is Affiliate Marketing?

- Affiliate marketing is a pay-for-performance marketing tactic where partnering websites or advertisers (“affiliates”) are paid a commission on the transactions they drive, or in the case of retail a share of the revenue.
- Affiliate programs are generally based on retail sales, but can also be run as a vehicle for lead generation, app downloads, free trials, etc.



How Does Affiliate Marketing Work?

- A retailer (advertiser) places an ad or a link on partnering site, blog, or social network (affiliate).
- A customer clicks through the link placed on the affiliate site and arrives at the advertiser site.
- The consumer makes a purchase directly on the advertiser site.
- The affiliate network records the transaction.
- The purchase is confirmed by the advertiser, who fulfills the order.
- The affiliate is paid a monetary commission, whether a portion of the revenue driven by the transaction, or other monetary bounty.



The Affiliate Marketing Network

An affiliate marketing network plays a small, but essential role in affiliate marketing. The Network simply connects publishers (affiliates) with companies looking to promote their products or services (advertisers).

Affiliate networks generally offer reporting tools, training and support, and outreach and recruiting tools to help to expand and optimize affiliate marketing programs.

In return for making and maintaining this connection, a small (2-3%) commission is paid by the **advertiser**. Generally speaking, advertisers are not charged a fee for participation.

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Affiliate Marketing Glossary

- **Advertiser:** The owner of the product being promoted through the affiliate marketing
- **Affiliate:** The website who advertises the products of the advertisers using their own media channels.
- **Affiliate Link:** Link to the advertiser's site, passing through the network, that tracks the consumer's activity.
- **Affiliate Network:** The organization that connects and maintains the relationship between affiliates and advertisers, generally receiving a share of revenue in return for reporting and support.
- **Consumer:** The customer who makes a purchase on the advertiser site.



Pros and Cons of Affiliate Marketing

Pros

- Decentralized marketing: Branding and marketing of products and services are spread out between different parties.
- Low barrier to entry: Network setup costs are generally low (less than \$2500). Pixel placement is generally simple.
- Leverage current creative: Most affiliate creative can be repurposed from other channels - banner ads, text ads, etc.
- Low risk: Since this tactic is pay-for-performance, commissions are paid **after** sale revenue is realized.

Cons

- Minimal control over ad placement: While banners are provided by the advertiser, advertisers have minimal say in how they're presented on an affiliate's site.
- Viral coupon codes: Coupon codes could leak and "go viral"
- Attribution leakage: Some credit that would be due other channels could be attributed to affiliate marketing.



How Hallon Havre Marketing Manages Your Affiliate Marketing Program

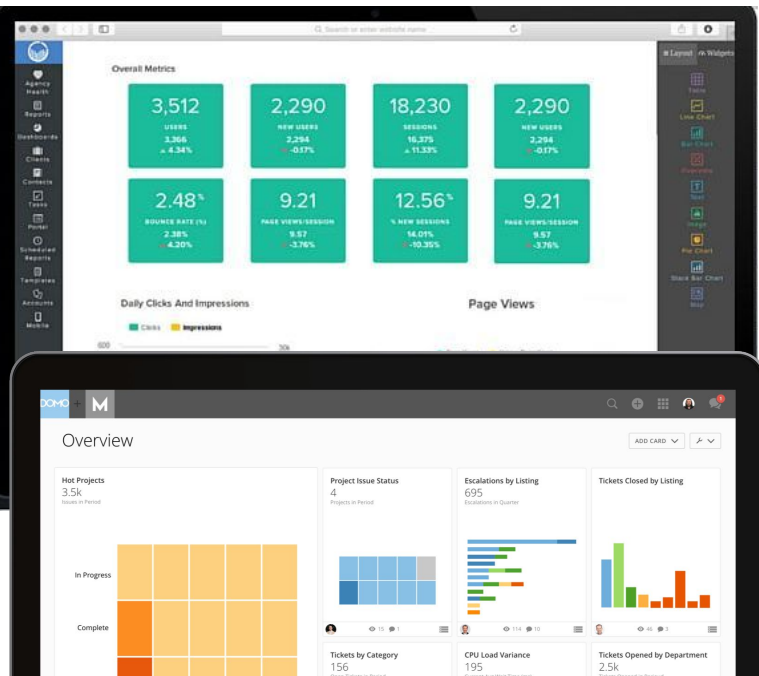


Strategy and Planning



- The results of audit are presented, and recommendations are made.
- This acts as a roadmap to lay out the tactics that will be used to sustainably and predictably achieve technical competence, as well as improve competitive standing.
- We work with the client on a partnership strategy and promotional calendar to regularly refresh offers.
- Prioritization of all recommendations is presented to manage expectations and strengthen the partnership.

Reporting



- Hallon Havre takes a collaborative approach to reporting. Our analytics team has an array of reporting options, ranging from a simple Excel report, Google Data Studio reports, to multichannel DOMO dashboards.
- In addition to reporting on results, weekly optimizations, recommendations, and next steps are presented.
- The client's specific needs dictate the cadence.