

THE PARTNER MARKETING

BEST PRACTICES CHECKLIST



See for yourself how well your partner and affiliate marketing programs stack up against industry best practices.

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INTRODUCTION

How long have you been active in the partner marketing space? Whether it's 10 minutes or 10 years, it makes sense to examine your efforts in comparison to the emerging best practices principles that are driving extraordinary results in the category. Some people outside of the partner marketing industry have the false impression that partnerships and affiliate are quiet little businesses that "click along" without changing much. While that may have been true in the early days of the category, it is no longer the case today. A variety of forces are contributing the changes that are propelling the industry forward:

1. The availability of rich and comprehensive partner marketing data from the most sophisticated tracking and measurement solutions
2. Real-time measurement that enables brands to track and optimize on the fly
3. Emergence of new segments of partnership including influencer marketing and strategic brand-to-brand partnerships
4. The emergence of increasingly large and technologically adept partners who can action data immediately for the best possible results
5. More sophisticated and active partner program management from both internal and agency teams
6. The availability of powerful program management tools to simplify partnering in whatever form a company chooses

All this has not only increased the revenue contribution from the channel but also increased the interest in partnership among senior corporate leadership. In short, CMOs now recognize the kinetic power of partnership and want to unlock it in support of their businesses.



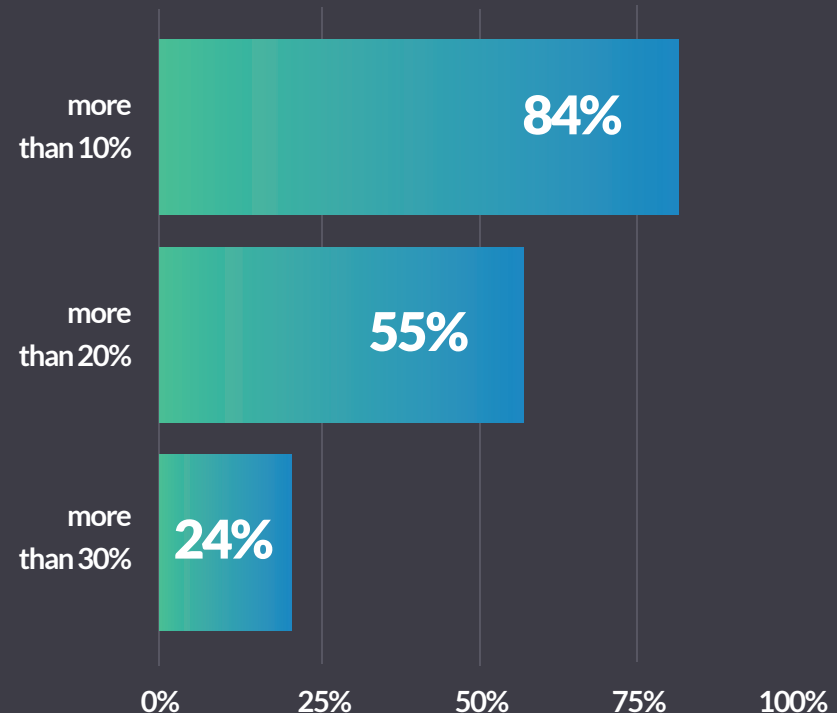
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INTRODUCTION, CONTINUED

We recently fielded a *massive research study* of 1,200 marketers asking them about their performance in partnerships and perceptions of the industry. We learned that partnerships are driving a lot more revenue at most companies than people might think. More than half say partnership accounts for more than 20% of revenue, and a quarter said it accounts for more than 30%.

If your company is looking to drive more revenue and conversions from the partnerships channel, it makes sense to explore this checklist of partner marketing best practices and how it can potentially help you drive more revenue from this large and dynamic channel.

PERCENT OF COMPANY REVENUE FROM PARTNERSHIPS



Source: The State and Future of Partnerships, a research study from Partnerize and WBR Research N=1200

YOUR PARTNER MARKETING BEST PRACTICES CHECKLIST

| Best Practices | Capsule Rationale | Yes/No |
|---|---|--------|
| 1. Does your partner marketing growth rate compare well to the total growth rate for your business? | While there is no rule of thumb that says that partner marketing should grow at the same rate as your total business, it is useful to compare the relative growth rates to determine if you are capitalizing well on the partner marketing opportunity for your business. | |
| 2. Are you taking advantage of ALL of the key segments of the performance partnerships category? | While affiliate is by far the largest segment of the partner marketing category, marketers say that fully half of the potential sales from partnerships are from outside the affiliate world, in influencer marketing, brand-to-brand partnerships, and in partnerships with mainstream media companies. | |
| 3. Are you able to measure and attribute all conversions that include mobile touchpoints (mobile web AND mobile app)? | While mobile now dominates total connected time and represents a large portion of both shopping time and digital commerce revenue, many companies still don't measure mobile in a comprehensive way. To do so requires a solution that can address mobile measurement. | |
| 4. Are your compensation models aligned to your objectives? | The best results come when advertisers and partners are completely aligned in their objectives. By incenting the partner to deliver the results that align with your KPIs, you achieve the best possible results. | |
| 5. Are you working directly with your largest partners to drive better results? | Your largest partners are incredibly important to your partner marketing efforts, delivering a strong proportion of total volume. It makes sense to work with them directly to develop new approaches and innovative programs that can help further grow your business with them. | |
| 6. Are you using data to customize and personalize messaging for better results? | All evidence indicates that tailored messages and offers outperform generic offers. By leveraging insights about the content clicked, considered, added to cart, etc. you can formulate messages that speak more directly to specific user needs. And drive more sales. | |
| 7. Are your program results and customer insights integrated into your company's attribution and analytics? | Money flows to the measurable. Your CMO and Finance team want evidence that your programs are driving profitable incremental sales. By integrating partner data into your company's multi-touch, multi-channel attribution toolsets, you'll get the credit needed to win more marketing dollars for partnership programs. It's about being "at the table." | |
| 8. Are you preparing for a post-pixel-tracking world? | Cookie deletion, ad blockers, and developments like Apple's Intelligent Tracking Prevention are the latest challenges facing third-party cookie data accuracy. While we still offer strong, reliable third-party cookie measurement, we believe that most brands will move away from pixel-based tracking in the coming years. It's a question of when, not if. | |

1. DOES YOUR PARTNER MARKETING GROWTH RATE COMPARE WELL TO THE TOTAL GROWTH RATE FOR YOUR BUSINESS?

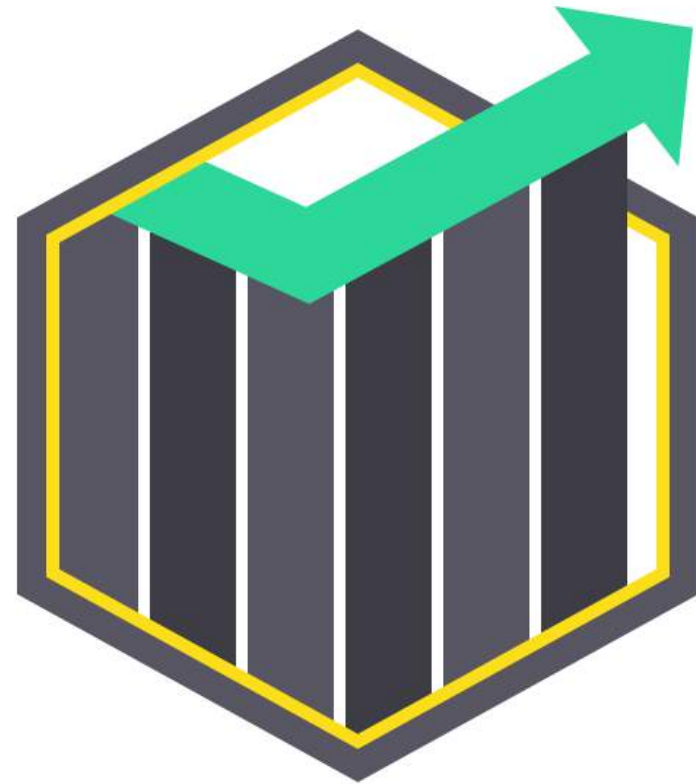
Your program's growth rate is the most important indicator of your level of success in partnerships. There's no magic growth percentage that can be used by a company to determine how its partner and affiliate efforts stack up against other partner marketing programs; every company's partner marketing growth rate is a little different because of its unique business opportunities, corporate policies, geographic footprint, and more.

A Simple Rule of Thumb

But this little rule of thumb may be helpful: For many companies, partner marketing is among the fastest growing business channels. Given that, I tell people to examine their partner growth rate against the overall growth of the business as a whole. If you don't like what you see, it probably makes sense to reexamine your strategy and business practices.

Practical Advice

The partnership sector of ecommerce is growing very strongly, and we believe that virtually every company has the opportunity to share in that ongoing success. Even the most "mature" partner marketing businesses – ones that have been around for 10 or even more years – often have large amounts of untapped sales potential if they take a broader view of their opportunities and invest in the sector. If your internal team doesn't have the bandwidth, there are many great agencies out there that can tackle the challenges on your behalf.



2. ARE YOU TAKING ADVANTAGE OF ALL OF THE KEY SEGMENTS OF THE PERFORMANCE PARTNERSHIPS CATEGORY?

In a **2018 survey of marketers around the world**, respondents say that less than half of their total performance partnership sales come from traditional affiliates. As you can see in the chart to the right, the combined sales of influencer and niche content creator marketing, brand to brand partnerships and partnerships with mainstream media companies actually drive more volume than affiliate.

Needed: A Strategy for All Forms of Partnership

Brands need to be considering each of these segments to truly maximize sales.

- **Influencer/Content Creators:** These individuals have garnered followings by delivering great content and advice on particular topics. Some companies focus on working with influencer networks while others try to cultivate direct partner relationships with the most important influencers. In order to maximize potential revenue. Many companies also work with both networks and influencer-direct.
- **Brand to Brand Partnerships:** This segment consists of partnerships between leading consumer brands that don't primarily operate as affiliates, but have customers and context that align with your brand. For example, a surf apparel brand working with a travel company that specializes in surf destinations.
- **Mainstream Media Companies:** This segment refers to media companies that might not have accepted CPA or CPC affiliate programs in the past, but are now open to such programs if they can deliver strong revenue yield for the ad inventory. Examples include entertainment companies, TV networks, and magazine publishers.

Practical Advice

Depending on your category, these segments might or might not be relevant to your brand. But the business potential is great enough to give them strong business consideration. Do a little searching for articles on partnerships in your category that step outside of traditional affiliate. Think of brands you'd like to work with and reach out. And don't be afraid to ask publishers if the new media environment makes them more amenable to CPA or CPC.

PERCENTAGE OF TOTAL PERFORMANCE PARTNERSHIP REVENUE BY PARTNER TYPE



Source: *The State and Future of Partnerships*, a research study from Partnerize and WBR Research N=1200

3. ARE YOU ABLE TO MEASURE AND ATTRIBUTE ALL CONVERSIONS THAT INCLUDE MOBILE TOUCHPOINTS (MOBILE WEB AND MOBILE APP)?

If mobile isn't part of your measurement strategy, you're likely missing out on many sales that should be credited to your programs. In many emerging markets, mobile represents 80%+ of digital commerce. Even in markets with highly developed PC bases, mobile is taking an increasingly large share of the total. In the US, for example, more than \$150B in mcommerce sales are expected for 2018. And mobile browsing also touches many of the sales that are still being made via PC as the last step.

Addressing Both Sides of Mobile

Mobile sales come from both the mobile web and your mobile app. Apps tend to attract the most loyal users of your products and services, but pixel-based measurement is not at all effective for measurement of mobile apps. It is also problematic for the mobile web, especially on iOS.

Practical Advice

To do mobile right, you need a combination of comprehensive mobile web and mobile app measurement capabilities. Mobile app measurement is typically delivered by a third party using an embedded SDK in your app. For mobile web, you have more options but typically need a purpose-built solution. Ask your partner tech provider or network for advice on how to address the totality of mobile measurement. You can also ask about how the proposed provider can help with measurement of cross-device journeys that include any of PC, mobile web, and mobile app.



4. ARE YOUR COMPENSATION MODELS ALIGNED TO YOUR TRUE OBJECTIVES?

What metrics are you and your team measured on? Total revenue? Customer acquisition? Average revenue per user? Are your partner compensation models aligned to how you and your program are ultimately measured?

Is There Misalignment?

Many partner programs have very simple partner compensation models -- often a percentage of sales. There's nothing wrong with increased revenue, of course, but if you are investing company resources into the affiliate and partner sectors, it makes sense to ensure that your commission structures are pulling in the same direction.

Years ago, affiliate had to focus on compensating for the immediate event or transaction, but no longer. These days, marketers can share data with their partnership management solutions provider on a variety of dimensions, so as to power closer alignment of partner rewards with brand KPIs.

Practical Advice

We're seeing more and more brands driving better alignment with more sophisticated commission models, including programs:

- **Rewarding partners based on LTV**
- **Adjusting commissions to favor longer hotel stays or higher classes of service**
- **Setting commissions based on product margins**
- **Dynamically setting commission based on available inventory**
- **Adjusting programs to focus on distressed inventory**

This kind of sync can make a big difference in your success.



5. ARE YOU WORKING DIRECTLY WITH YOUR LARGEST PARTNERS TO DRIVE BETTER RESULTS?

The “30/70 rule” often applies in partnerships and affiliate. That is shorthand for the concept that your top partners (the 30%) often drive the lion’s share of total sales (the 70%). Now, the actual ratio for your business likely won’t be exactly 30/70. Your top partners may be responsible for a somewhat smaller or larger share of total revenue. The point is, your biggest partners are key to your success.

Key to Your Future Growth

Given this, it’s also true that your best potential source of incremental revenue can be those same top partners. After all, these companies have demonstrated that their audiences and value propositions are conducive to helping you build your business.

As an example, I know of a client that has created tremendous growth from bespoke satellite presences on the pages of loyalty communities and content aggregators. These satellites helped dramatically improve conversion rates by removing lots of clicks from the customer journey. That has meant strong – and continuing – growth.

Practical Advice

The best way to get more from such partners is to collaborate directly with them to identify business-building opportunities. While the services of a network can make managing a program simpler, those labor savings often come at the expense of close partner relationships.



6. ARE YOU USING DATA TO CUSTOMIZE AND PERSONALIZE MESSAGING FOR BETTER RESULTS?

Everyone knows that people are more likely to respond to offers tailored specifically to their needs. But while other disciplines in sales and marketing rushed toward personalization and customization, partnership has taken a little longer to embrace the trend. A big reason why was that traditional partner management solutions could not offer the granular data necessary for personalization and customization. And certainly couldn't offer it in a timely manner.

Real-Time Plus Rich Parameters

Today, there are tools available that enable partner marketers to capture specifics of browsing and purchase actions, as they happen. These real-time “parameters” can provide details that enable dynamic creative and offer customization, and through this, drive better marketing results.

For example, browsing for a flight to Orlando can spawn creative messages that offer specific travel offers for that destination. In both the same and related categories. Similarly, a search for XXL clothing could spawn Big and Tall offers and messaging from a retailer anxious to drive sales for this growing segment of the business.

Practical Advice

To get the right outputs, like correctly customized programs and messaging, you need the right inputs. Rich, real-time data empowers both brand and partner marketing organizations to tailor programs and deliver better ROI. While brands should take care to keep their first-party data private and secure, they should also consider sharing bits of relevant information with sophisticated partners that can employ that data to tailor messages and offers. The key is sharing “need to know” info.



7. ARE YOUR PROGRAM RESULTS AND CUSTOMER INSIGHTS INTEGRATED INTO YOUR COMPANY'S CROSS-CHANNEL ATTRIBUTION AND ANALYTICS?

All marketers care about getting attribution right. But for partner marketers, the stakes are particularly high. Including partner data in attribution models is critical to demonstrating that sales through this channel are profitable and incremental. Many senior execs at brand marketing companies still have their doubts on this score, so you need hard numbers to prove the value.

Fortunately, more and more companies are focused on including all marketing touchpoints -- including those powered by partners -- in their analytics and attribution modeling.

Cross-Channel Analysis Must Include Partnerships

Understanding the interplay across media and devices is what attribution is all about. To gain this understanding, you need to include a comprehensive set of data on consumer events for the partner marketing channel. Through advanced analysis, that data -- when combined with performance insights across the marketing mix -- helps to identify the relative importance of different touchpoints toward driving a conversion. Across channels. Across devices. By understanding the true power of partnerships, marketing organizations align themselves with what works and can optimize their cross-channel allocations.

Practical Advice

It's important to streamline the process of getting partner event data into your attribution solution. Whenever available, high-quality APIs are a great way to simplify data ingestion and processing. That's as true for partnerships as for any other marketing channel.

The timeliness of the data that you ingest is important -- real-time data has far more value for optimizing results than data that is days or weeks old. Further, real-time information at the user level is essential for powering the most sophisticated attribution models. While APIs aren't entirely necessary to transport data from one place to another, they make it far easier -- and with less potential for errors. They speed initial integration and ensure that data is consistently delivered in the most timely way possible.



8. ARE YOU PREPARING FOR A POST-PIXEL-TRACKING WORLD?

Pixel-based third-party cookie tracking is by far the most common tracking technology used in the partner and affiliate marketing spaces. Over the past several years, however, advertisers have learned that such cookies, while still potent and valuable, are an imperfect way to capture the totality of customer data. Cookies of all types, but especially third-party cookies, do face some limitations or challenges, and that has been true for some time.

Facing Increasing Challenges

Here is a short list of some of the impediments facing pixel-based tracking for partner marketing and other forms of online advertising and marketing:

- **Millions of consumers proactively clear cookies from their devices.**
- **Cookies are a problematic measurement tool in mobile circumstances, particularly iOS.**
- **Hundreds of millions of people now use software to block at least some ads.**
- **Thanks to GDPR and other national and international regulations, websites must disclose potential third-party cookie-based tracking and offer consumers a choice in whether they agree to such tracking.**

While companies like ours work hard to mitigate the effects of these developments, over time pixel-based tracking is gradually losing effectiveness.

Practical Advice

API-based integration offers a great alternative to pixel-based tracking, and is increasingly straightforward to implement. With APIs, there are no deleterious data effects from actions that impact third-party cookies.

Another great advantage of an API is that it allows for more precise attribution models. Since every consumer event is captured and stored at the client server, marketers can understand the entire customer journey and develop specialized attribution/compensation models that reward contributing upstream partners in addition to the converting partner.



PARTING THOUGHTS

I hope you found this paper valuable and thought-provoking. Partnership has emerged as such an important sales channel that it makes sense to get out in front on the best practices that are appropriate for your business. Whether you work with Partnerize or another vendor, take the important steps necessary to drive the best possible results for your business.

If you'd like an assessment of your current efforts, feel free to reach out to the Partnerize team. We have a team of strategists that can examine what you are doing and make suggestions on how to drive some real incremental growth.

In addition, I welcome your comments and ideas. Please write me at info@partnerize.com and the entire team will be sure to get your messages. Thanks for reading and best of luck with your partnerships and affiliate marketing!

ABOUT THE AUTHOR

Jim Nichols is CMO at Partnerize. Jim has 20+ years experience in over 80 different categories, including developing successful positioning and go-to-market plans for more than 40 adtech and martech companies. He joined Partnerize after several years as VP of Marketing for Apsalar, which merged with Singular in 2017. Prior to Apsalar, he was VP of Marketing for Conversant, where he led various efforts in the successful rebrand of the company from ValueClick, Inc. The rebrand and associated industry attention for the company contributed to the \$2.3B sale of Conversant to Alliance Data in December, 2014. He is a prolific writer for digital trades on brand marketing, mobile, video, data, and customer profiling. Publications include Forbes, Martech Series, PerformanceIn, iMedia Connection, Inside Radio, VentureBeat, ad:tech, ShellyPalmer.com, Jack Myers, and many consumer publications. He holds a B.A. in U.S. History from the University of Pennsylvania and an MBA in Marketing from the University of Chicago.





Partnerize helps the world's leading brands build powerful business partnerships that drive extraordinary business growth. The Partnerize Partner Management Platform (PMP) is an end-to-end, SaaS-based solution for forming, managing, analyzing, and predicting the future results of partner marketing programs using artificial intelligence. Hundreds of the world's largest brands leverage our real-time technology to drive and manage more than \$6B in sales across 214 countries and territories worldwide.



 **AFFILIATE PARTNERS**

 **INFLUENCER PROGRAMS**

 **BRAND ALLIANCES**



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