



Impact Radius

A Buyer's Guide to Affiliate Management Software

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About This Guide

This buyer's guide

is designed to help companies and agencies research and select the correct management software to effectively manage a performance marketing (also known as affiliate marketing) program.

Performance marketing is a cost-effective channel and provides online advertisers the ability to partner with companies that refer leads, sales, calls, and downloads on a cost-per-action (CPA) basis.

Developing an affiliate marketing program can ramp up the distribution opportunities for many different types of business; however, based on internal client data gathered by Impact Radius, the industries of retail, travel, financial services, subscription-based services, and B2B lead generation tend to report the highest returns with the performance marketing model.

Tracking technology and software to manage partners is essential to the success of any performance priced referral program. Performance marketing relies on accurate tracking of leads, calls, downloads and sales across multiple channels, including email, mobile, search, social and web.



This guide features a detailed breakdown of the different feature sets and provides guidance in selecting a solution to fit your business objectives and marketing goals. It includes a comprehensive overview of the major features offered in today's marketplace and contrasts the differences between Software-as-a-Service (SaaS), affiliate network and in-house solutions.

A growing trend is also the popularizing of a hybrid model, which combines the control and flexibility of an in-house solution with the visibility and distribution of a hosted model. It should be noted that Impact Radius offers a suite of marketing solutions, including partner management technology.

We regard platform solutions as the future of performance marketing as they offer companies more control over their brand assets and encourage greater transparency between the advertiser and media partner.

While we are not immune to preferences or bias, the report aims to give a fair assessment of the different solutions out there. It features a comprehensive shopping list of the different features available in the marketplace. The buyer is left to decide what solution would best fit their marketing needs.

If you have any questions about the methodology or products reviewed, please reach out to us.

Performance Marketing—More Than Affiliates, Search, and Clicks

Performance marketing

is evolving into a multi-channel discipline. Advertisers and media partners need more advanced tracking and reporting to ensure the efficiency and performance of their campaigns.

Over the past ten years, the industry shifted from calling itself “affiliate marketing” and moved toward the broader classification of “performance marketing.” This is more than marketing-speak. The force driving this shift is the evolution of online marketing in general (typically organic traffic, banner ads and search ads) toward a metric-oriented, multi-channel discipline.



Performance marketing has the potential to permeate all forms of marketing—even combining offline and online promotional methods. The reality is, campaigns are now launched, tracked and optimized across a broad inventory of media—from the old world of broadcast mediums such as print and radio to emerging media such as in-game advertising and location-based coupon delivery.

Customers consume media in many different places in a given day—and to focus only on the inventory that a user sees on a computer is to ignore the state of digital media and the enormous marketing opportunity within.

These evolutions have forced performance marketers to rethink the function and capability of the industry. [Geno Prussakov](#), author of *Affiliate Program Management: An Hour a Day* and senior editor of affiliate marketing of Search Engine Marketing Journal, has offered a useful definition, one that takes into account the evolving media opportunities as well as the necessity for transparency and the mutual benefit between advertisers and media partners.

“

*I personally do not believe affiliate marketing to be a marketing channel or even a type of advertising. **It is more appropriate to understand it as a way of structuring your relationship with other marketers**, getting them interested to promote you, and being paid on a performance basis. It is, therefore more appropriate to understand affiliate marketing as a **special marketing context**, the undergirding principle of which is its **performance-based** remunerating model.*

Affiliate Marketing Strategy in 2012: An Interview with [Geno Prussakov](#).

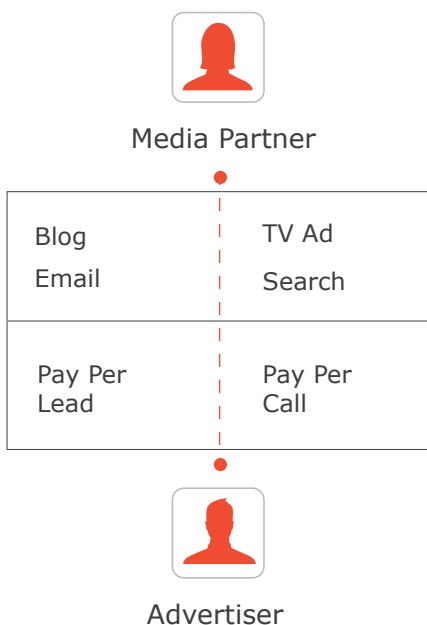
”

In other words, if you take one thing away from this buyer's guide it should be: **choose the solution that you think will mutually empower advertisers and media partners**. Technology, tracking, vast networks—the final result should be a choice that facilitates media relationships to perform and deliver value to their advertiser partners. The rest is noise.

State of the Industry

Some of the major concerns guiding purchasing decisions in the performance marketing space include the following:

Transparency in media partner management



In the not so distant past, advertisers typically had no contact with their media partners (also known as publishers and affiliates). The affiliate networks followed a “black box” model and fees were based on the premise of providing the advertisers access to their “exclusive” publisher base.

However, the Internet became more open, collaborative and accessible. The affiliate industry adapted. Advertisers and media partners expect a transparent and collaborative working environment. With the ferocity of competition, it’s increasingly difficult to justify participation in a closed network.

At Impact Radius, we see the shift toward openness as a positive development. Both the advertiser and media partner depend on each other for success. Communication and transparency is critical to ensure mutually beneficial terms, honesty and the tools to create high-performing campaigns on both sides of this relationship.

SaaS solutions versus traditional networks

Ten years ago affiliate networks, or server-side performance tracking solutions, were the only options for advertisers wanting to leverage affiliate relationships. This subjected the advertisers to an environment biased toward the network’s interests or technology limitations. Now, SaaS solutions and improved technology give advertisers greater flexibility and more customization options, including enhanced abilities to support the needs of their referral partners. This allows the advertiser flexibility, transparency and control (the pros and cons of in-house software and hosted solutions will be discussed at length later).

Media convergence

Consumers interact with information and content in a host of traditional and digital formats. For example, online campaigns drive offline conversions by sending consumers to movie premiers, events and local eateries.

With rapidly emerging media, the pace of change demands performance marketing to necessarily move beyond web-browser only promotions.

Capturing and measuring campaigns across multiple channels will accurately reflect consumer behaviors and facilitate a fair performance reward system.

Convergence in both tracking and attributing results between online and offline events is critical.

Tracking reliability

Cookie-based tracking solutions are the most prevalent in the industry. However, cookie-based tracking as a standalone solution is inaccurate and leads to reporting discrepancies, uncompensated media partners and incorrect attribution. Privacy concerns, security software, advancements in browser security and cookie-deletion are further paving the way for technologies that do not rely solely on cookies for referral source attribution.

Mobile

The importance of supporting the rapid growth in mobile is a topic receiving widespread attention. A fundamental message for marketers is that technology does and will continue to play a key role in the success of all campaigns. A performance marketer's ability to leverage technology—from device features to ad distribution—will create promising and innovative opportunities to reach consumers.

More tools

Advertisers and media partners are demanding more unique and custom tools to help them achieve better conversions. These include data feed management, coupon code provisioning and controls, call tracking and rich media (video) delivery.

Competitive conversions

The wild west days of affiliate marketing are over. Verticals are becoming more and more competitive and advertisers and media partners are seeing the value of multiple conversion paths—not just a dollar amount given to stuff a random visitor through a sign-up form. Not everybody takes the same route to the check-out and to increase the probability of turning traffic into profit, multiple conversion paths with different values have to be considered.

The Solutions

There are two basic affiliate management technology solution types:



Hosted:

Software-as-a-Service (SaaS) solutions that are accessible from anywhere on the web. Most affiliate networks are hosted SaaS solutions. The solution provider handles all tracking, reporting and payments to media partners.



In-house Software:

Server-side software that you install and manage in-house. Large ecommerce sites often rely on server-side software to track and manage affiliate programs. You as the advertiser are responsible for accurate tracking, reporting and payment to your media partners.

Hosted Affiliate Management Software

The Pros

Affiliate programs managed on hosted affiliate management software (SaaS) eliminate the need to develop, support and maintain costly software applications. They also standardize tracking, reporting and (if offered) payment processes. Network models may also provide access to an existing base of media partners.

Additional benefits include:

- Network publishers/affiliates can easily find your program.
- Out-of-the-Box Ready: legal agreements, established payment policies, consistent payment frequency, tracking technology and all the details already worked out.
- Third-party tracking and payment processing reduces perceived risks for the media partner.
- Expertise: you can typically access industry experts for advice, although this service may come with added fees.

The Cons

Although there is a wide variance between hosted affiliate programs, the following concerns are valid for almost all hosted SaaS solutions and should be considered when evaluating a potential provider.

Transparency and brand control:

- Most network (especially CPA networks) models will not provide transparency because they don't want you to cut them out if an affiliate starts performing. The resulting "black box" equates to you having little to no idea where your ads are displayed. You will not have visibility into the promotional methods used by the media partner to drive conversions. If enforcement of brand usage guidelines (i.e. brand sensitivity) is a high concern, consider transparency a key component in the buying process. Note: many affiliate networks offer brand monitoring services to offset their lack of transparency. These "value-added" services usually require an added fee and additional corresponding resources on your team.

- **Significant costs:**

SaaS solutions (both platform and network options) often come with significant costs, including set-up fees (often in the thousands), network access fees and on-going monthly maintenance fees. There may also be a number of “services” fees required to ensure your program is customized to satisfy your business objectives.

- **Commission:**

Networks take a percentage of the commission payout. The structure of affiliate networks is typically an override amount calculated as a flat fee or percentage of the media fees paid to the referral partner. For retailers, the affiliate network will sometimes negotiate a fee based on a percentage of the sales revenue. The structure of CPA networks is similar, but they do not disclose the media fees paid to the referral partner. As a middle-man, the CPA network seeks to reserve the maximum amount of the total payout for themselves. As verticals and categories get more competitive, the payouts can get quite expensive. Make sure you really have a solid Customer Acquisition Cost (CAC) calculation.

Hosted solutions vary highly between companies and offering, therefore it’s important to review each solution carefully on a more granular basis. Refer to the “Shopping List” section to help better evaluate individual solutions.

In-House Software Programs

The Pros

In-house software-based affiliate programs help to save money on network fees. They are often integrated directly into e-commerce systems and linked to existing accounting systems for media partner payment processing. The data is yours and you have complete control over the tracking, reporting and management of the ad creative.

Additional benefits include:

- You can minimize media fees.
- You can build direct relationships with your partners.
- Transparency and control: you run the show, set the rules and own all of the data.
- Configure and customize everything: design, brand assets and creative—and any tools or technology features you want (if you can build it).
- A fully branded experience: Media partners interact with your program on your own domain via your branded web interface.

The Cons

Some of the potential challenges with running an in-house program include:

- **Resource and time:**

From technical infrastructure for tracking clicks and sales, determining commission and payment structures, legal agreements, finding affiliates, fixing errors and preventing fraud—it's all on your team's shoulders.

- **Attracting talent:**

The big networks attract a significant level of media partner talent. An experienced performance marketer won't risk time and money working with a company that has no track-record of tracking and paying for results.

- **Lower distribution:**

Hosted solutions allow you to tap into a well-oiled and vast media distribution. If you build it in-house, you won't have immediate access to a large base of media partners.

Evaluating The Solutions

Like any software purchase your decision should be based on your business objectives, return on investment and your long-term marketing goals. It's important to think about the products/services that you have now and those that you might add in the future.

Here are the important questions you'll want to discuss with your team before you start evaluating vendors:

1. What do we want to track now and in the future?

As an online retailer, for example, you will have an immediate need for multi-SKU cost-per-sale tracking, but in the future you might have a need to track leads and call orders. Ensure you plan for an expanded future.

2. What channels do you want to track?

Your media partners are likely to build campaigns across multiple advertising channels such as search, social and mobile. Some media partners will want to place unique promo codes and URLs in TV and print ads while others will want to drive calls via radio and other non-digital advertising channels. Don't restrict your sales opportunities because your affiliate management solution can't track beyond web.

3. In-house or hosted?

Some advertisers work with e-commerce systems that do not facilitate the installation of third party tracking tags, which reduces the likelihood of implementing a hosted solution. Or, if you have highly sensitive data that requires you to contain and control on your own servers you are probably looking for an in-house solution.

If you don't have technology restrictions and do not want to worry about technical installation, maintenance and support or actively recruiting partners, a hosted solution is probably the best fit.

4. If you opt for the hosted route, what type of solution do you want?

Within the hosted solutions category, there are a few different solution models:

Affiliate Networks:

Providers that have a marketplace with multiple advertisers and publishers under one roof. Publishers typically register with the network and then apply to individual programs. To participate, advertisers must pay the affiliate network high charges. Expect to pay integration, network access and ongoing transaction fees with minimum monthly fee commitments. Some examples of affiliate networks include LinkShare and ShareASale.

CPA Networks:

Are medium size solution providers focused primarily on distributing cost-per-lead offers. CPA networks are typically started by super affiliates that leverage their high commission rates to attract and sign up sub-affiliates. Once a media partner joins a CPA network they have access to all offers within. Often times, CPA networks will take offers from affiliate networks and redistribute them to their sub-affiliates. CPA networks offer low cost to participation, but expect to pay high commission rates to compensate for low/no network fees. Some examples of CPA networks include Peerfly, Max Bounty and Neverblue.

Platform Solution:

The emphasis here is on the technology and transparency between the media partner and the advertiser (or representing agency). The platform solution creates a hybrid model by offering benefits from both in-house and networks solutions. You may have options to configure your program and specify business rules such as payment terms. Advanced platform solutions also allow you to create branded experiences for your media partners to better market your program. At the same time, some platform solutions offer you the ability to promote your affiliate program within a marketplace, thereby creating visibility with respective partners. A third functional feature typically available on platforms is the clearing house or payment distribution system to automate payments between you and your partners. Impact Radius and Direct Track are examples of platform solutions.

5. The “who” behind the solution?

Is the solution backed by an experienced team of professionals (both business and technical)? Do the leadership and product teams respond to the market’s needs with effective features? Or, are improvements and substantial product releases infrequent occurrences? You’ll also want to ensure that the company behind the solution will continue to support and grow the solution over the long term.

Shopping List

The following shopping list offers a comprehensive and categorized view of common features available from major affiliate management software solutions. Please use this shopping list as a guide when evaluating prospective providers.

Tracking & Technical Capabilities

	Solution A:	Solution B:	Impact Radius
Tracking & Technical Capabilities			
Cookie-based tracking			✓
Fingerprint tracking			✓
Web tracking			✓
Mobile tracking			✓
Promo code tracking			✓
Call tracking			✓
Custom tracking parameters			✓
Web services / ping backs			✓
Rich media hosting / serving			✓
Custom creative requests			✓
Data feeds / product catalog management			✓
Custom referral windows (cookie duration)			✓
Duplicate conversion elimination			✓
Selective pixel firing (universal container tag)			✓
Direct linking			✓
View through conversion tracking			✓

Payout Types

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Payout Types			
Cost per sale			✓
Cost per lead			✓
Cost per download			✓
Cost per call			✓
Cost per click			✓
Cost per install			✓
Concluded actions / chained actions			✓
Cost per in-app event			✓

Reporting

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Reporting			
Real time transaction reporting			✓
Custom report configurations			✓
Scheduled report delivery			✓
Attribution reporting and visibility into conversion path			✓
Drill down multi-SKU reporting			✓
Network metrics			✓
Concluded actions / chained actions			✓
Web services			✓
Custom Notifications			✓
Granular data (ref domain, geo, device type, etc.)			✓

Cost and Fees

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Cost and Fees			
Network fees			
Transaction fees			
Premium feature fees			

Legal Structures

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Legal Structures			
Custom program terms			✓
Insertion order management			✓
Legal structure and terms with advertisers			✓
Legal structure and terms with media partners			✓
Legal structure and terms with agencies			✓
Parties can negotiate terms through the platform			✓

Support Services

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Support Services			
Technical support			✓
Integration support			✓
Post integration support			✓
Business support			✓
Fully developed help center			✓
Fully developed documentation			✓
Live chat			✓

Promotional Tools

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Promotional Tools			
Transparent marketplace			✓
Branded sign-up pages			✓
Branded affiliate interface			✓
Partner messaging tools			✓

Outsourced Program Management

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Outsourced Program Management			
Campaign/Partner management services			✓
Partner recruiting services			✓
Brand monitoring services			✓
Network quality and fraud monitoring services			✓

Payment Options

	Solution A: Affiliate Network	Solution B: CPA Network	Impact Radius
Payment Options			
Custom payout frequency			✓
Bonus payments			✓
Custom locking dates / close dates			✓
Direct deposit (EFT)			✓
International payment processing			✓
Partner payments through PayPal			✓

About Impact Radius

Impact Radius enables digital brands and agencies to maximize the return of ad spend across digital, mobile and offline channels. Our SaaS marketing technology enables marketers to have a singular trusted analytics view into all marketing efforts by collecting granular consumer journey data and marketing costs. Through the automation of critical marketing processes and real-time delivery of visual reporting insights, the platform drives revenue for global companies such as American Airlines, Cabela's, Shutterstock, Tommy Hilfiger and Wayfair.

If you'd like to learn more about affiliate management software, or additional performance marketing solutions, feel free to call us or visit our website located at: www.impactradius.com

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Advertiser	A goods or services provider who publicizes their offerings. In the case of affiliate marketing, advertisers provide affiliate links which affiliates can use to direct traffic to their (the advertiser's) website. If purchases are made by consumers who follow these links the advertiser pays a commission to the affiliate responsible.
Affiliate	A third party website that directs consumer traffic to advertiser's sites. Affiliates earn commissions on purchases made by these consumers. The affiliate provides more exposure for the advertiser's products in return for a share of the sales made with their help.
Affiliate link	A URL tracking link that identifies the affiliate and sends traffic to the advertiser's web site.
Affiliate manager	The person responsible for running the advertiser's affiliate program. This includes recruiting affiliates, establishing incentive programs, creating media for the affiliates, reporting on sales and paying affiliates.
Affiliate marketing	An internet-based marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts. Web traffic is directed to an advertiser's website via a third party (affiliate) website. Advertisers are rewarded with increased traffic to their website and sales of their products, while affiliates are rewarded with commissions on the sales they drive through their affiliate marketing efforts. Advertisers usually pay only on actions (CPA), allowing for cost control and increased efficiency.
Affiliate program	Can also be called an Associate Program, Partner Referral or Revenue sharing program. In such a program, the advertiser rewards the affiliate for web traffic, sales or leads on a pay-per-click, pay-per-sale or pay-per-lead basis.

Charge back	An invalid sale that results in the affiliate's commission being forfeited.
Click-through	The action when a user clicks on a link and follows through to the advertiser's web site.
Click-through rate (CTR)	Percentage of visitors who click-through on a link to visit the advertiser's web site.
Cookie	A cookie, also known as an HTTP cookie, web cookie or browser cookie, is used for an origin website to send state information to a user's browser and for the browser to return the state information to the origin site.
Co-branding	The ability to include your own logo and branding within a web interface or landing page.
Commission	Income an affiliate earns for generating a sale, lead or click-through to an advertiser's web site. Sometimes called a referral fee, a finder's fee or a bounty.
Conversion	This is the point where a visitor becomes a customer by completing the action defined by the advertiser in the offer details. Advertisers will want to ensure their landing page is optimized in order to maintain the highest conversion rate possible. The higher the conversion rate, the more attractive an offer is to potential affiliates. Conversely, if affiliates see that they are successfully driving a lot of traffic to an offer's landing page but visitors aren't converting, they will abandon the offer.
Cost-per-sale	An affiliate marketing program that rewards affiliates based on each conversion to a sale such as when purchasing a product or service from the advertiser's web site. Pay-per-sale programs usually offer the highest commissions but tend to have the lowest conversion rates.

Cost-per-lead

Affiliate program that rewards affiliates for conversions to leads. A lead might include a signup form, software download, survey, contest or sweepstakes entry, signup for a trial, etc. Pay-per-lead generally offers midrange commissions and midrange to high conversion ratios.

Cost-per-download

An affiliate program that rewards affiliates for driving a software or digital product download. Free trial software or eBooks might use a cost-per-download compensation model.

Cost-per-call

An affiliate program that rewards affiliates for driving a phone call to the advertiser. This is an excellent tracking method for mobile and traditional media such as radio and TV.

Customer journey

The customer journey describes how your customers interact with your media or campaigns from the points of awareness through to conversion.

Custom referral window

A custom referral window is the maximum period of time that a conversion event can be attributed back to a referral source. With cookie-based tracking systems this is also called a "cookie window or cookie duration."

Custom tracking parameters

Parameters such as campaign ID, media partner IDs and creative IDs that can be appended to a tracking URL and recovered in conversion reports. Custom tracking parameters are useful for capturing conversion info for inhouse analytics and campaign management applications.

Creative

Creative includes all the assets that an advertiser may make available for promoting any given offer. Creative assets can include banner ads, text links, text ads and email templates. The more creative assets an advertiser provides, the more successful affiliates are in promoting the offer in various venues such as websites, blogs, social media and email.

EPC (Earnings per click)

Total earnings divided by total clicks. A relative rating that describes the ability to turn clicks into commissions.

Event

An event is any action such as clicks, impressions, website visits or conversions related to desired consumer action such as an online purchase or phone call.

Fingerprint tracking

Fingerprint tracking allows you to track conversions without referring URLs or cookies by matching unique, anonymous information about the computer the customer is using at the point of the click and matching it at the point of conversion.

Media partner

See: Affiliate

Offer

An offer is the product or service that the advertiser is trying to promote and includes all of the specific details the affiliate needs to know in order to successfully market the offer. These details include the product or service details, the necessary creative assets for the affiliate to use in promoting this product or service along with the terms of the offer such as the commission amount, action the advertiser will pay for (click, lead or sale), and any other rules or requirements. An advertiser may have several offers running at any given time.

Publisher

See: Affiliate

Performance-based marketing

A subset of digital marketing that rewards a media partner, or referral partner, for generating an action such as a sale, lead, download or phone call.

Promo code

A unique set of numbers or letters that a consumer presents to an advertiser to receive a discount or some other promotional offer.

Promo code tracking

Promo code tracking allows you to track and attribute a conversion event by correlating a unique promo code to a specific media partner or media source.

Recurring commissions

The process of rewarding an affiliate on a recurring basis whenever the advertiser charges a customer a recurring fee. For example, a web host that charges customers on a monthly basis might reward the affiliate a percentage of each month's payment from the customer.

ROI

Stands for “Return on Investment.” This is what all marketing managers want to see from the money they spend on their marketing and advertising campaigns. The higher the sales, the larger the number of shoppers and the greater the profit margin generated by sales – the better the ROI.

Selective pixel-firing

Pixel firing logic, or business rules, that define when a specific tracking pixel is applied.

Tracking code

Refers to the hidden 1x1 pixel tracking code that is placed on the confirmation or “thank you” page for tracking conversions.

Unique click

The process of only counting unique clicks from each web visitor. Unique clicks are typically tracked by recording the IP address and browser header.

Unique URL tracking

Unique URL tracking allows you to track and attribute a conversion event by correlating a referral from a unique URL to a specific media partner or media source.