

A guide to Affiliate Marketing & Partnerships for small businesses

Introduction to affiliate marketing & partnerships

Affiliate marketing is the process of earning a commission by promoting another company's products. Companies working in this space will promote a product on their own site and earn a piece of the profit for each sale made. One way this can be done is through channels, partnerships and alliances.

The World Trade Organisation cites that 75% of world trade flows through partnerships and alliances. They play an important role in reaching existing and new audiences and, for businesses that invest in their partnerships, there is huge revenue potential driving growth and competitive advantage.

What marketing challenges is it best suited to?

Affiliate and partnership campaigns are primarily used to drive sales. They allow you to demonstrate a clear return on investment as the technology involved means that you can effectively measure your campaigns sale-by-sale, optimise by best results and pay your partners correctly. There are also other benefits to using affiliates and partnerships:

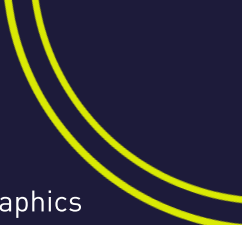
Trust and transparency: Marketing your programme effectively builds trust. Brands must be open with their partners in order to be aligned and, throughout the process, be transparent about what your goals are in the long term.

Beyond financial benefits: Consider the benefits of being associated with the partner you might work with. The prestige of working with another brilliant brand might be useful for your own brand, even without sales considered.

Data and insight: Advertisers can understand the customer journey in granular detail to see who the customer is and how the campaign helped to reach them.

How to reach your audience

By partnering with individuals or carefully selected organisations, brands can more closely tailor their marketing according to audience, platform or device, geography and context. Given the performance focus of partner marketing, there is incentive for every partner to work hard for the brands with which they have partnered.



As a small business, the best way to target your desired audience is to evaluate the demographics of potential partners to determine how these overlap with who you want to reach. Partner types are highly varied and some, such as the large traditional affiliates, can serve a large audience across multiple verticals and demographics, but many partners are focused on an individual niche. They are the experts in this area and their audiences come to them because of this.

In instances where you work with a larger partner who has an array of demographics within their user base, businesses should also consider dynamic commissioning. Dynamic commissioning allows you to pay a varying commission depending on how valuable a customer or a transaction is. You may want to pay more for new customers for example, or for customers in a specific city. By paying partners different rates for different types of consumer, you are incentivising that partner to find ways to reach that audience.

Creative considerations & typical lead times

Much of the creativity in affiliate and partnership marketing comes from the partners themselves. Partnerships will come in many varying forms and affiliates are not limited to just cashback and voucher sites. The creative assets required from a partner will depend on the partnership type itself.

Bear in mind that through running this kind of campaign and allowing a partner onto your programme, you are handing creative license over to them. If there are practices you do not want these partners to use, then be sure to state these in the contract.

Best practice is to share a range of design assets with your partners so that they can access these as and when they need them. This should include text links, banners, videos, product feeds and any other materials your affiliates can use to promote your business.

Media budget considerations

Wherever possible, try to be flexible with your partnership budget. In the main part you will only be paying partners or affiliates once a sale has already been driven to you. Therefore, if each sale is being delivered at a profit, it might make sense to have an uncapped budget. This isn't always possible for brands, so if you do have a finite marketing budget, there are some excellent budget tracking reports available - just speak to your partners to find out more.

It isn't all about the cost of each sale though. Many partnerships can operate on other metrics. The most common way to increase exposure and boost sales is through purchasing tenancy packages from partners. These are one off fixed costs from the media partner which provide an array of increased exposure from that partner, such as newsletter features and on-site banners. Costs here will depend on the size of the partner's audience and can range from £500 to £50,000. Smaller partners may offer a useful entry point, although some larger partners also offer custom packages for small businesses.

Technical considerations

In order to ensure you're getting the best out of your partner or affiliate programmes, you will need to have access to quality analytics products. The best way to track this is using partnership automation software, which should track factors such as referrals, conversion and specific product sales. There are five key categories tracked by these sorts of packages. They are CPI (cost per install); CPM (cost per impression); CPA (cost per acquisition); CPS (cost per sale); and CPC (cost per click). Check out IAB UK's Guide to Measurement for more information. These numbers will help you identify which elements of your affiliate campaign are performing well and which may need reviewing. It will also give you sight of how much you are spending through this advertising method.

If you use a modern tracking platform then a detailed knowledge of Google Analytics or Excel should not be required. Instead the platform itself should allow you to track everything you need and then slice and dice that data within the platform itself for the easiest and most intuitive views.

Real-life campaign examples

- Ivory Ella
- Purple Carrot
- Harry's
- LetsGetChecked

With thanks to the businesses who authored this guide:



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