



15 Guidelines to Choosing an Affiliate Program

By Geno Prussakov

How do you choose an affiliate program to promote, and not burn, yourself? What key performance indicators (KPIs) and other components should you pay attention to?

Some say it's as simple as, "Promote those who pay more." I strongly disagree with this simplistic approach. It can cost you a lot of money and time spent on a wrong program before you realize it was wrong in the first place.

I believe there is a set of 15 factors to keep in mind, and not any one of them exists in an isolated way. They are all intertwined and interdependent, and your performance with any affiliate program will always depend on a bouquet of these variables.

1. Website

Start right from the merchant's website. Look at it from two angles: (1) as a consumer, and (2) as an affiliate. As a consumer, pay attention to its ease-of-use (both overall, and the checkout process in particular), professionalism, and also see how compelling and calling-to-action is it. As an affiliate, make sure to critically check it for any "leaks", or ways for the end consumer to take an uncommissionable route of action. Most commonly, leaks come in forms of toll-free phone numbers, online chat assistants that also take orders, links to other merchants, and even AdSense units and affiliate links of their own.

2. Reputation/Reliability

Check the reputation of the merchant you're planning to partner with. Once again, approach this both as a consumer and as an affiliate. As a consumer you want to go to independent review sites (these will vary from industry to industry), while as an affiliate you should go to affiliate forums and blogs. If there is something you should be aware of, it should be easy enough to find.

3. Prices/Competitiveness

I have seen merchants create replicas of their websites, only with higher prices, to make an affiliate program with high payouts possible. I have also seen merchants increase prices on their main website — again, to allow for a handsome affiliate commission. Techniques like these do not help you sell.

Consumers — especially in this age of easy shopping through comparison — are becoming more and more savvy. They won't buy unless the merchant is truly competitive. This applies to pricing, product selection, and even the merchant's brand.

4. Market Saturation

Some niches are already too crowded and unless you have something of truly unique value to add into the pre-purchase process, look for a less saturated niche. Newer affiliates will find it especially hard to compete in heavily saturated niches. Take hosting, for example. It's an interesting niche with plenty of good players (and, unfortunately, equally as many lesser quality ones, I must warn you). But it is way too saturated for a new affiliate.

5. Commission Amount

When you put together a comparative table (which I urge you to do), this will be one of the factors you undoubtedly list. However, please do not be too focused on this one factor. As you can see from this list, there are many other variables that go into the final formula, and you should take them all under consideration.

6. Commission Recurrence

Some merchants pay commission on new and unique customers only. I do not believe this to be a good practice. In the survey conducted for my book, *Online Shopping Through Consumers' Eyes*, I asked consumers: "When shopping for products requiring ongoing replenishing (e.g. groceries, ink, bank checks, etc.), and receiving satisfactory service, would you still compare your retailer's offer to other offers next time you need their product?" Close to 72 percent replied, "Yes". Therefore, it is my belief that merchants that run affiliate programs should compensate every sale equally, or even offer an additional bonus for new customers. But by no means should they limit affiliate commissions to new customers only. Yet some do, and you will want to check on this prior to signing up.

7. Terms of Service

In an anonymous poll, I asked affiliates if they actually read affiliate program agreements prior to applying into programs. Most (38%) said "rarely"; 14 percent replied "sometimes"; 19 percent said "often", and only 29 percent said "always". Sobering statistics!

Yet things like commission recurrence and promotion restrictions (e.g. no direct linking from paid search ads, or no use of trademarked terms in URL paths) may be found right in the merchant's terms of service, and shouldn't come as a surprise when they start cancelling your commission on "invalid" or "unqualified" sales/leads.

8. Cookie Life

This is the period of time within which the merchant agrees to compensate you for the referred customer. If it is set at 24 hours, then if a visitor you refer purchases 25 hours past the initial referral, you will get no commission on that sale.

9. Conversion Rate

This is one of the most important metrics that helps you answer a part of the "How much will I be able to earn?" question. For instance, if we take a smaller merchant who is paying a 10-percent commission on all sales, and has a 1.5-percent conversion; and Amazon, which is paying only 4 percent but has a conversion rate (CR) of some 5 percent, we will see the following happen on 100 visitors (assuming an average order value of \$10):

Smaller merchant:

100 visitors x 1.5% CR = 1.5 sales

1.5 x (\$10 AOV x 10%) = \$1.50 commission

Amazon.com

100 visitors x 5% CR = 5 sales

5 x (\$10 AOV x 4%) = \$2.00 commission

10. EPC

EPC stands for earnings per click, and most affiliate networks disclose this metric even before you join a network-based affiliate program. Keep in mind that in most cases the EPC figure you see will be tied to 100 clicks sent from an average affiliate in the program to the merchant. So, if you see an EPC of \$27.49, know that this is the average of how much affiliates of this merchant earn on 100 clicks they refer.

11. Reversal Rate

Very few affiliate networks (e.g. Share-A-Sale and AvantLink) disclose this information upfront; and needless to say, neither do in-house programs. Therefore, most frequently, affiliates have to find this metric out from their own experience with the merchant. Either way, keep a close eye on this one. Basically, every 1 percent of the reversal rate implies 1 reversed order per each batch of 100.

12. Tracking/Reporting Platform

Do your homework here, and ensure that you're comfortable with the tracking and reporting platform (be it an affiliate network or their in-house software) that the merchant uses. Not all platforms are created equal, and not all affiliate networks stand for the same ethical principles.

13. Management and Approachability

Contact the merchant and the affiliate program manager. See how quickly they get back to you, and how detailed/to-the-point their responses are. You want to partner with someone who cares about your partnership. You'll see that some merchants will not, or at least don't appear that they do.

14. Creatives

Whether you are relying heavily on banner creatives, deep-linked text links or product feed, check whether the merchant is providing an adequate support here.

15. Tools

Some merchants will offer you a good set of basic links and banners; others just a homepage link and a couple of banners, while yet others will offer both some basic links and a way for you to create your own ones — and not only in simple forms but also as widgets, video, easy product feed import and much more. If the latter are of importance to you, check whether or not they have these.

Whether you are a marketer contemplating affiliate partnerships with merchants, or a merchant yourself, I hope you will find the above tips helpful. Remember that time spent on the preliminary due diligence will pay you for a long time, safeguarding you from wasted time, money and nerve cells (which do not reproduce!). ■

*Geno Prussakov is a graduate of the University of Cambridge, author of *A Practical Guide to Affiliate Marketing* (2007) and *Online Shopping Through Consumers' Eyes* (2008), popular speaker and affiliate marketing evangelist. Prussakov is the founder of AM Navigator, an outsourced affiliate program management (OPM) company.*