

# HOW TO GET THE MOST OF AFFILIATE MARKETING AND “VANILLA AFFILIATES”

According to industry experts, European consumers have recently been much more receptive to betting and gambling with other operators than just their national lottery. The mass audience is now familiar with sportsbetting and poker, thanks to heavy advertising from operators and media coverage of betting and poker events.

**T**his democratisation of gambling activities has lead online marketers to face a new landscape of affiliates. Alongside specialized gambling affiliates such as poker portals, gambling forums or sportsbetting guides, a new breed of non-specialized affiliates are now able to generate large volumes of cash players. Let's call them “vanilla affiliates”.

Who are vanilla affiliates? Where do we find them? Why don't they come to my in-house affiliate program? What do they want? How can I get affordable cash players from them? Here are the answers.

We can define a vanilla affiliate as a publisher for who promoting your gaming site might represent at most, less than 5% of his annual revenues, and is not involved in a business relationship with you. In other words, the type of affiliate that advertises heavily for flower shops on the week of Valentines' Day and the week after, might include a betting offer in his newsletter. Free lottery sites, loyalty programs, shopping portals, e-mailers, 'keyworders', free

sites, directories, guides and search traffic sites are a few examples of non-specialized affiliates.

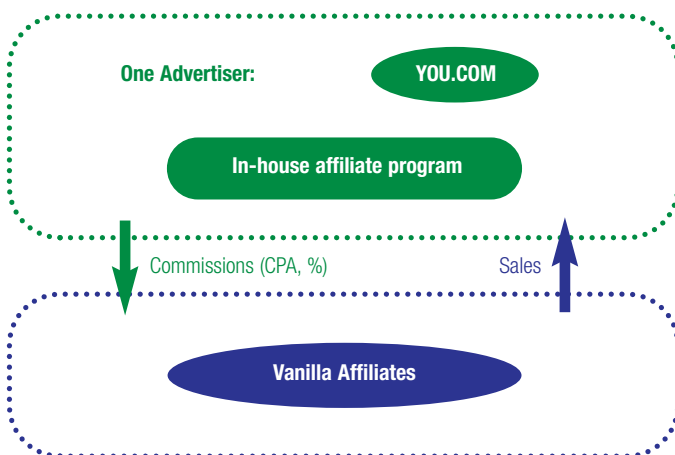
Sometimes you might find some of them working with you directly through your in-house affiliate program, but most of them won't be interested in this kind of time-consuming and involved business relationship.

You can reach vanilla affiliates in three ways:

- **OPTION 1** – Contact them directly to manage them in-house: “I want your site to promote my wonderful gaming products, let's speak.”
- **OPTION 2** – Go to a media network paying per click or per display of your banners : “I want to be on one those sites.”
- **OPTION 3** – Use third party affiliate networks: “My site is this, my commission offer is that, come get my banners if you are interested.”

Those three options are illustrated hereunder.

## Option 1: In-house affiliate program

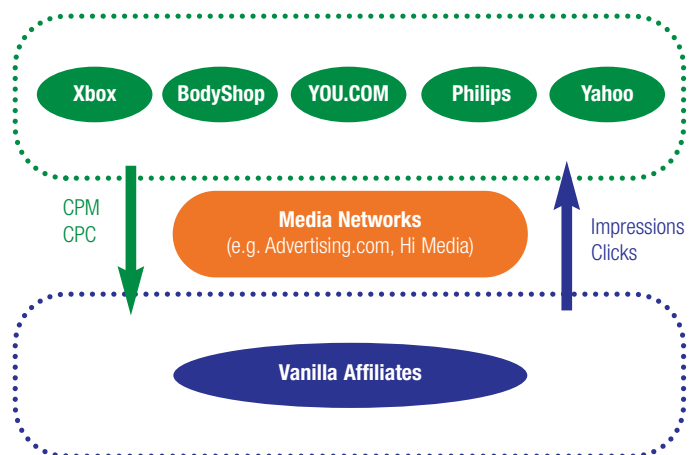


In-house affiliate managers often perceive affiliate and advertising networks as a useless cost and often believe that building a direct relationship with a vanilla affiliate might save them intermediaries' fees.

However, a vanilla affiliate doesn't see it like that. He doesn't know you and has never tried your campaign. Even though he might trust your brand and be appealed by your commission, why would he bother signing a contract, getting used to your interface, set-up a specific tracking and follow-up on reports and invoice? Remember, you potentially represent a peanut in his advertising revenues.

Moreover, as you are contacting him, he has the edge in negotiation; you will have listen to his sales policy including set-up fee, CPM commission, or minimum guaranteed.

## Option 2: Media Networks



Vanilla affiliates are reachable through so-called media networks have different types of advertising sales strategy. Some of them will only be accessible through media networks and have signed an exclusivity deal with one or two of them. But many vanilla affiliates you might find on media networks will also work through affiliate networks, getting the most out of each channel.

Obviously, if you are ROI orientated, you would prefer to reach those vanilla affiliates on a performance basis and be able to freely monitor their commission, instead of paying out a \$5K budget with a media network with no guarantee of ROI.



### JOHN SAMSON

John Samson is an online marketing consultant, expert in affiliate marketing, search marketing and media buying. He founded Agence Snoopy in 2005, which promotes B-to-C merchants on European markets. The agency optimizes the online advertising activities of gaming and non-gaming operators including Skype and Sportingbet.

## Option 3: Media Networks

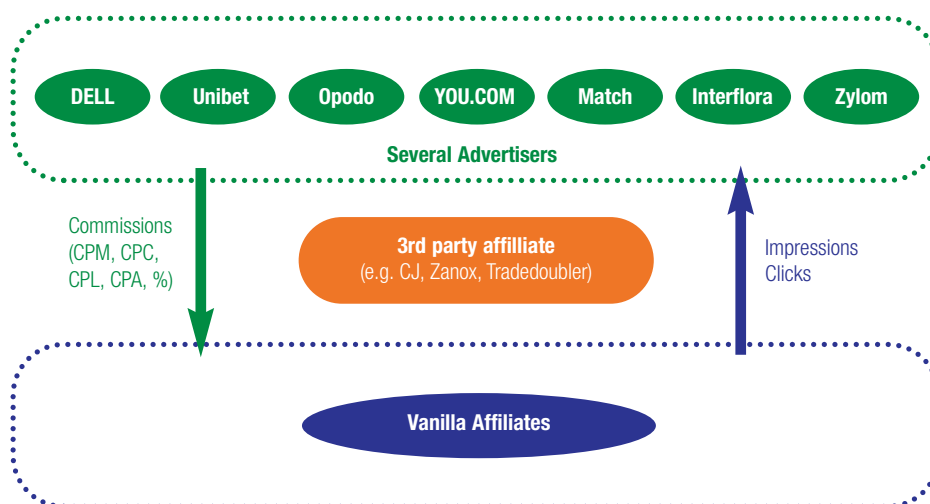


Figure 1

|  | Impressions | Clicks | Leads | Sales |
|--|-------------|--------|-------|-------|
|  | 0           | 34496  | 12249 | 156   |
|  | 108487      | 14506  | 3138  | 64    |
|  | 766216      | 128719 | 2238  | 75    |
|  | 0           | 7865   | 1626  | 16    |
|  | 0           | 14182  | 1507  | 15    |
|  | 34328       | 8595   | 1323  | 33    |
|  | 182748      | 6216   | 1076  | 17    |
|  | 12210       | 3798   | 894   | 25    |
|  | 32177       | 20664  | 843   | 16    |
|  | 6304104     | 5904   | 474   | 12    |
|  | 2523789     | 8874   | 428   | 8     |
|  | 8510        | 3037   | 405   | 8     |
|  | 7580        | 3198   | 392   | 5     |
|  | 3136        | 1515   | 354   | 6     |
|  | 474885      | 2358   | 328   | 6     |
|  | 115119      | 3121   | 303   | 8     |
|  | 225074      | 1354   | 209   | 11    |

Here they are! If you want to reach the largest number of vanilla affiliates and still respect your acquisition budget, the best alternative is to use 3rd party affiliate networks.

Affiliate networks propose the largest choice of advertisers an affiliate can find and all through one convenient interface, one trusted tracking system and a single partner to invoice. For those reasons, you will find a lot of vanilla affiliates that prefer to run your campaign through an affiliate network, even though you propose them a higher commission.

If you are a B-to-C merchant targeting a large audience, affiliates networks are truly the most effective way to generate volumes of turnover in a cost-effective manner.

Now that we know where to reach vanilla affiliates, how can we maximize our advertising spends on affiliate networks? Here are four pieces of advice I strongly recommend you to follow:

### 1. Be Polygamous: Forage on several affiliate networks

It's the role of the affiliate network account manager to tell you that exclusivity is necessary and will benefit both the advertiser and the network. He might often be convinced himself because 10% of your affiliates will probably generate 90% of your sales and that those affiliates are working with most of the networks. No doubt about that.

That said, working with several networks will always lead to an extra volume of activity, (I experienced this with several gaming and non-gaming advertisers). Launching your campaign on several networks allows more repetition to the affiliates and this builds trust as with any brand. Not to mention that each network has its own ecosystem of affiliates with which they have excellent relationships.

That doesn't mean you should never sign an exclusivity deal. Exclusivity can be justified for a few months, to let the affiliate network begin recruiting affiliates without competition.

### 2. Diversify your commissions to match your affiliate's expectations

If you are a gaming operator, revenue share simply doesn't work on affiliate networks; Vanilla affiliates are not interested in a long-term relationship with you, they want to test your campaign and measure quickly (within a week) what revenues it generates. Leave revenue share to specialized affiliates that are more likely to work through your in-house affiliate program.

On an affiliate network, if you are in no hurry for volumes, you might start with a safe commission model: CPA, cost per acquisition of new cash player.

Afterwards, if you want to reach a larger breed of affiliates, you might propose a CPL (Cost per Lead) campaign paying your affiliates for every registration or for every software download. If you are confident in your conversion rates, you might also propose a CPM campaign to get the interest of email brokers; free to you to accept or refuse e-mailers applying for your campaign. You might even propose a private CPC campaign targeted to a specific type of affiliates.

In other words, the more you vary your commission model, the more affiliates will be interested in your campaign.

### 3. Measure your ROI and categorize affiliates

When proposing CPM, CPC and CPL commissions to affiliates, make sure you measure the conversion rates for each affiliate. To do that, the best solution is to set-up hybrid campaigns, for instance \$10 CPL for each poker software download, plus \$50 CPA per new funded account. You will then be able to evaluate how much a cash player costs you on average for each affiliate, and to categorize your affiliates.

Figure 1 shows an interface screen-shot showing data from top ten affiliates of one of our gaming advertisers: (names of affiliates on the left column have been deleted)

We paid affiliates around \$0,5 CPL + \$5CPA. Based on those numbers, if you calculate the average CPA of each affiliate, you will find out that the average CPA can vary a lot. For instance the affiliate n°1 has an average CPA of \$44, more than twice the average CPA of affiliate n°3 (\$20).

Because we want affiliate n°3 to send us more volumes and because he is so cheap for us, we will motivate him to send more volumes by moving him to the premium category: \$0,8 CPL + \$5 CPA. Although affiliate n°1 costs us a higher CPA than what the advertiser can afford, we appreciate the volumes he sends and will keep him on the current commission model.

This is an example of how you can categorize your affiliates and reward or penalize them according to their volumes and conversion rates.

### 4. Commission policy: be coherent and transparent

Online marketers are to often incoherent in their commission policy. This jeopardizes the advertiser's credibility and ROI.

The most common mistake I come across is when an affiliate manager proposes a higher commission than what the affiliate network gets (including his commission). How can you pay an affiliate more than an affiliate network giving you access to hundreds of affiliates, ensuring the tracking and centralizing the invoicing? Another error is to give more commission to one network than to another. If you don't allow affiliate networks to compete with the same playing field, they will not be keen to make an effort for you.

Not being transparent is another thing. Lately I came across a backgammon affiliate program not communicating the commission policy. The affiliates had to contact them to know what they would receive!

There are still plenty of issues we haven't covered. You may ask yourself: What commission level should I apply? Which networks should I work with? Which one should I start with? How do I detect and handle fraudulent traffic? What conversion rates should I expect? How does the tracking work?

That's all part of the learning process. The most important thing is that you know what the affiliate expectations are and how the online advertising market is organised so that you can apply the right policy to the right channel.