



Special Report

Affiliate Marketing: Tests and tactics that increased clicks and leads by 165%

OPTIMIZING AFFILIATE PROGRAMS

How can affiliate marketing help you generate more traffic, leads and sales? What steps should merchants, affiliates and networks take to increase their ROI?

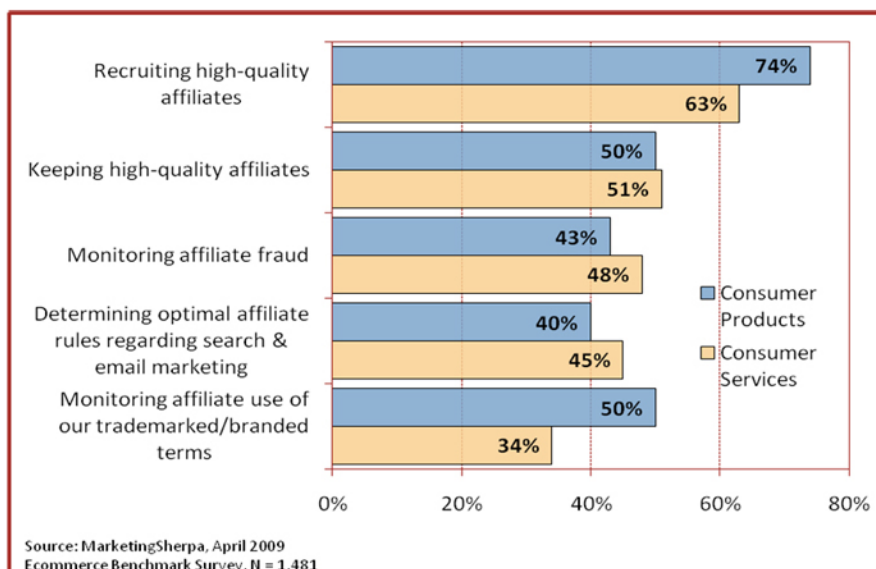
Affiliate marketing is a mystery to many online marketers. How do you get the right affiliates who will drive quality leads? How do you make the most of your affiliate marketing efforts and measure success? As the research shows, the potential returns are likely worth the investment.

If you (like 62% of the August 26 clinic attendees) consider yourself a novice, the challenges and solutions that other marketers have encountered in this growing channel can provide valuable affiliate insights. We checked the latest research and talked to affiliates, merchants and networks about their lessons and experiments to provide an insider's guide to setting up a successful affiliate program.

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AFFILIATE MARKETING CHALLENGES

Recruiting and retaining high-quality affiliates are the top challenges for affiliate merchants, according to a 2009 MarketingSherpa survey.



The survey also found that while affiliate programs contributed an average of 12% of sales to organizations that use them, 51% of the revenue came from the top 10% of the affiliates.

What this suggests is that it's critical for both merchants and affiliates to constantly look at ways to keep improving. Your program may be set up and achieving good results, but you still need to continue testing and optimizing regularly to maintain (or gain) an advantage.

The following case studies provide examples of how you can do this with your program.

EXPERIMENT 1: DECREASING FRICTION

Getting right to a recent experiment, the team presented one we worked on with an affiliate group driving traffic from a PPC landing page to a merchant order flow process. No content was changed in the treatment.

- **Background:** The partner is a provider of consumer finance services.
- **Goal:** Increase clickthrough to the order process.
- **Primary research question:** Which treatment will drive the most clicks to the merchant's order flow?
- **Approach:** The first experiment involved removing as much friction as possible.

Control



Treatment



Note: logos and identifying content for this research partner have been concealed.

REDUCING FRICTION

The control page had three bullets with copy above the call to action; the copy was intended to explain the free trial offer and compel visitors to click. The sidebar on the right featured several links to related content to give some depth to the page and support the offer.

With the test treatment, the goal was to find out how much information prospects really needed to click and start their free trial. To reduce friction, we removed the right-hand sidebar and two of the three bullets of copy. The rest of the page remained the same.

WHICH PAGE PRODUCED THE MOST CONVERSIONS?

Subscription path	Conversion rate	Relative diff v. control
Control	23.59%	-
Treatment	31.94%	35.40%



What you need to understand: The treatment had a conversion rate of 31.94%, and outperformed the control by 35.40%. Removing the friction-inducing elements led to a significant increase in new sign-ups.

By taking the initiative to test several pages, the affiliate was able to increase their clickthrough rate significantly, thereby driving more traffic and sales to the network and merchant.

EXPERIMENT 2: PINPOINTING THE KEY SUCCESS FACTOR

After outperforming the control in experiment 1, we tested a similar page from another PPC ad with the same changes, this time separately.

- **Background:** The partner is the same provider of consumer finance services.
- **Goal:** Increase clickthrough to the order process.
- **Primary research question:** Which treatment will drive the most clicks to the merchant's order flow?
- **Approach:** The second experiment tested the applied changes tested in experiment 1 to another page, to find which of the two changes to the control page had the most effect on the conversion rate.

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EFFECT ON CONVERSION

The control page from experiment 1 was tested against two treatments. The control had the same three bullets with copy intended to explain the free trial offer above the call to action. The right sidebar with related content supporting the offer was also still present on this page.

Treatment A featured the same bullets and copy, but the sidebar had been removed. Treatment B kept the sidebar but shortened the copy to one bullet. The rest of the treatment pages remained the same.

WHICH PAGE PRODUCED THE MOST CONVERSIONS?

Subscription path	Conversion rate	Relative diff v. control
Control	21.05%	-
Treatment A	55.88%	165.46%
Treatment B	40.00%	90.02%

What you need to understand: Treatment A outperformed the control by 165.46%.



In experiment 1, removing the sidebar and reducing the bullets resulted in significant gains. When tested separately on another page, each change drove more clicks, with the treatment without the navigation bar producing the most conversions.

We were surprised to find that removing the elements independently produced treatments that vastly outperformed both the control and the original treatment in experiment 1. In a follow-up to a test like this, one would expect each element to contribute about half of the increase. In this situation, the side navigation contributed to quite a few bounces due to visitors being distracted or confused by the extra links. However, it seems that the additional bullets were required to provide more information before the visitor was ready to start a free trial.

Key point: The affiliate group was not satisfied with the original lift and tested the two treatments to find out which element contributed the most to the gain. If you were in this position, would you have been satisfied with the original 30% lift and not continued? It is critical to always test, try something new, and retest.

Following our analysis of the affiliate group experiments, the team presented a number of takeaways for merchants, affiliate networks and affiliates. These guidelines were distilled from interviews, discussion and personal experiences of marketers on all sides of the affiliate business.

DO'S AND DON'TS FOR MERCHANTS

- **Look for affiliates the right way.** You can find good affiliates through affiliate networks – they can match you with partners that will drive effective traffic to your pages. If you would rather do this independently, look at PPC ads to see who ranks well. Search with Google, Yahoo and Bing to find sites that look like they are serving your potential customers. Approach them by letting them know that you have a product that their visitors might be interested in, and make an offer. Build the relationship.



- **Establish a way to track your affiliates** and monitor the quality of leads. Affiliate companies can be helpful but you should be tracking and comparing their results with your own data.

Use your tracking to find affiliates that are performing better than others, and treat them differently. Pull them aside and offer additional commission, and find out what you need to do to make them more successful. You may have established that their traffic works well for your business. Perhaps your tracking shows that their customers are more likely to reorder from you. They may not get commission for it, but you want to reward them and help them continue to drive traffic.

- **Ensure your payouts and conversion rates are competitive.** Affiliates will promote the products with the highest earnings per visit, not the products with the highest commissions.

Many merchants assume they will get better quality affiliates by offering higher commission rates. But affiliates understand that they have valuable traffic, and they want to ensure that their traffic performs well. So they will focus on the traffic that drives the most value: if they only get one conversion on a higher payout but three on a slightly lower payout, they will focus on the product that is driving more overall revenue.

- **Allocate sufficient resources** to research and investigate the best affiliate program management tools, whether you deploy an in-house affiliate program, or partner with an external affiliate manager.
- **Solicit and test new ideas.** Do not go into an affiliate relationship thinking your existing process does not need improvement. Many affiliates are experienced online marketers who can offer you valuable insight on what does and does not work.

Be open-minded when affiliates ask for additional collateral; this is a great way to test new offers and landing pages. Even if a particular page doesn't work well for one channel, it may work for another.

- **Consider your top affiliates your key strategic partners.** They have the potential of driving a significant proportion of your revenue. Many professional affiliates have been involved in online marketing for years.

DO'S AND DON'TS FOR AFFILIATE NETWORKS

- **Treat your merchants and affiliates like partners.** Networks and affiliates should let merchants know if creative is getting stale, or not converting. Provide affiliates with the tools they need and make sure they are aware of opportunities and bonus plans.
- **Be realistic with campaign restrictions.** Many merchants only limit affiliates' ability to buy trademarked keywords. It is in the merchants' interest that their affiliates get involved in SEM – it gives the brand more “shelf space.”
- **Evaluate your distribution options.** Offer product feeds and funnel your affiliate traffic deeper into merchant sites.
- **Notify your affiliates** of upcoming offers, deals and new launches so they have time to prepare their own pages and campaigns.
- **Assign a single individual as point of contact** for each of your top affiliates, and have the individual available by email and phone. Being accessible to affiliates helps build the strategic marketing relationship you require to run a successful network.
- **Understand how each of your top affiliates works.** Some will feature your products within an established, high-traffic site, while others will build new sites to feature your company specifically.



DO'S AND DON'TS FOR AFFILIATES

- **Be open to various commission structures.** A combination of the conversion rate and commission – or what you make per visitor – should be most important. There are a variety of ways a merchant can pay you. They may offer you a percentage of sales, or leads up front and sales at the back-end. Test them to see what works best for your traffic.
- **Partner with merchants** and ask them for more in-depth reporting and greater customization. For example, implement “ping backs” when a transaction occurs or tracking code on their confirmation pages.
- **Ask for custom tracking** so that you can figure out what sources of traffic and keywords are working for you, and turn off what isn't working. Once you have proven that you can drive traffic, merchants will be more open to testing custom pricing and landing pages. This will give you an edge over other affiliates.

The level of custom tracking or data sharing will vary from merchant to merchant. The merchant may have found a keyword that converts very well and they want to keep it for themselves. Other merchants will share with you to help you drive traffic – and if they ask you for information, return the favor. If it is all one-sided, it is not going to benefit you in the long term. You need to contribute to their success.

- **Research and understand your most important metrics.** It is not commission; it's the earnings per click that matters: a function of traffic and conversion rate. Analyze your metrics to find out where customers are dropping out of your process. Are you losing them on a specific page? Use tools like heatmaps or ClickTale to find out how your customers are interacting with your pages to understand your traffic better.

- **Test your offers across multiple affiliate networks** to determine which networks have the most accurate tracking. Many affiliate networks (particularly CPA- and lead-based networks) run a lot of the same types of offers. Sign up for multiple affiliate networks and split test the same offer to see which ones will track best for your business.

Test everything. You need to be able to find out quickly what is working, and adapt your campaigns on the fly. Implement a structured plan for testing and analysis.

- **Guard your conversion metrics, keywords and successful traffic sources.** You want to be open with your partners but you have to protect what is working for you; you do not want to create competition. There is a fine balance of what you should be transparent with, and what you need to keep to yourself to protect your competitive advantage.

APPLYING THESE GUIDELINES TO YOUR AFFILIATE PROGRAM

Once you have determined that affiliate marketing is right for your business, start with the basics. Do your research. A list of good resources is on our blog (MarketingExperimentsBlog.com) to help you get started. Consider the do's and don'ts in this report and you'll notice a few common themes for success: communication, relationship building and collaboration with your partners.

Measure and understand your data, and build a testing plan to perform experiments like the ones we presented in the affiliate marketing clinic. Constantly looking for optimization opportunities will help you maintain – and increase – your affiliate marketing ROI.

For hundreds of free test ideas and case studies, and information about our Fundamentals of Online Testing and Landing Page Optimization training and certification courses, visit:
MarketingExperiments.com

