TUNE

ULTIMATE GUIDE

TO PARTNER MARKETING

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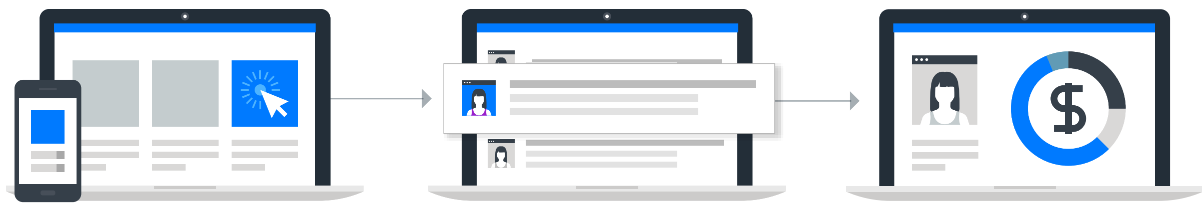
About TUNE
The TUNE Partner Marketing Platform is a fully customizable, white label SaaS solution for building, managing, and growing partner programs and affiliate networks. Digital advertisers around the world use TUNE to maximize their ROI, from partner onboarding to conversion tracking, payouts, and beyond. Learn more at www.tune.com.

WHAT IS PARTNER MARKETING?

In essence, **partner marketing** is a type of **performance marketing** that leverages the skills and insights of independent professional marketers to acquire and engage users for your brand. While the definition of a *marketing partner* can be broad, the aim is singular: drive incremental users and profit for your brand. In a partner marketing program, partners are compensated on a performance basis — if they don't perform (i.e., deliver the desired results), they don't get compensated.

IN A NUTSHELL



When a user clicks on a partner offer link, the program's tracking software collects data about the click and the tracking URL, including user session information and partner identifiers.

When a user converts on an offer, the tracking software collects data about the conversion, including user session information and any partner identifiers that were passed along when they referred the user.

The software ties this information together, and the partner program pays the partner for each conversion generated.

Brands can work both directly with partners or indirectly with them through networks to expand the reach of their offers for products or services. For this process to work, brands must be able to create and distribute offers to their partners. In technical terms, this means setting an offer location (URL), payout structure, volume thresholds, approved traffic sources, policy guidelines, and creative requirements. Brands must also be able to track the offer from click to conversion. Most partner platforms can provide basic tracking for web; on mobile, this usually means integrating with a mobile measurement partner and implementing a software development kit.

If you're the brand, you probably already have most of the tools necessary to drive a successful partner marketing program: a way to sell your product or service across channels (digitally and on mobile); a shopping cart, application, or order form to subscribe to or download your product; a mobile measurement partner to attribute actions within your app; and a partner marketing platform to manage all of the activities involved with building relationships, like we have at TUNE.

Adding partners to your mix certainly creates new complexities that you will have to manage. The first step toward successful partner marketing is truly understanding your role in the ecosystem.

KEY PLAYERS AND ROLES

The main players in the partner marketing ecosystem are as follows:

Brand
To state the obvious: in this ecosystem, you are the brand, also known as the advertiser, marketer, seller, or merchant. Your goal is to find customers and identify traffic sources that will result in leads for or sales of your product/service. You are the demand side.

Customer
Customers are your buyers or users. They make online and mobile purchases, fill out surveys, and sign up for services. Sometimes referred to as visitors, traffic, consumers, or target audiences.

Partner
While there are numerous types of partners, most fall into the online or mobile publisher category. They have relevant websites, apps, and other media that supply ad space. They help you target a potential audience and promote your offers, all in the name of generating revenue. Partners are compensated based on the results they deliver; often, this compensation is a percentage of the sales or conversions they bring in. Also known as affiliates, affiliate marketers, and publishers (although these days, almost anyone can be a partner). Partners are the supply side.

Partner Networks
As a means to scale partner relationships quickly, networks are a relationship liaison; they act as broker for you to recruit and onboard partners to your program. The partner network typically specializes in managing both brands and partners within the context of a partner program. Networks can help you gain insight across other competitive programs, but with additional fees for services rendered, this insight comes at a cost.

Mobile Measurement Partner (MMP)
When working with partners to drive traffic through mobile apps and the app stores, brands use mobile measurement partners to track installs and events in-app. These partners are essential for mobile campaigns, as normal client-side tracking methods (including pixels and cookies) do not work in app environments. To measure events in these environments, MMPs employ specialized attribution methods and technology including software development kits (SDKs), which brands implement within their apps. Once in place and configured to your partner marketing platform, MMP solutions enable cross-device attribution through server-side "postback" tracking (a method TUNE invented). MMPs are also explicitly capable of attributing app installs and post-app-install events to partners.

Outsourced Program Manager (OPM) / Agency
Whether you use a network or a partner marketing platform, you may choose to work with an outsourced program manager or agency to manage relationships and grow a program on your behalf. Agencies and OPMs act as an agent for the brand, making decisions on which partners to target and recruit and managing the business relationship.

In addition to a solid understanding of these roles, you will need the right technology to make the ecosystem work for you:

Partner Marketing Platform

A partner marketing platform is SaaS-based technology that provides a means to directly manage partners of all types, including networks, influencers, agencies, and business development relationships. The platform is a conduit for your own private partner network — and all roads lead directly to you. If you have deep relationships established with certain partners, your platform should cover all of your needs when it comes to managing those partners, including partner onboarding, commission structure, policy guidelines, offer management, tracking, reporting, and payments.

When you add them all together, you get something like this:

> ***Tip:*** *For more background information and examples of partner marketing roles, see our [Intro to Performance Marketing](#) article on [TUNE Help](#).*

WHY PARTNERS ARE CRITICAL TO MODERN MARKETING SUCCESS

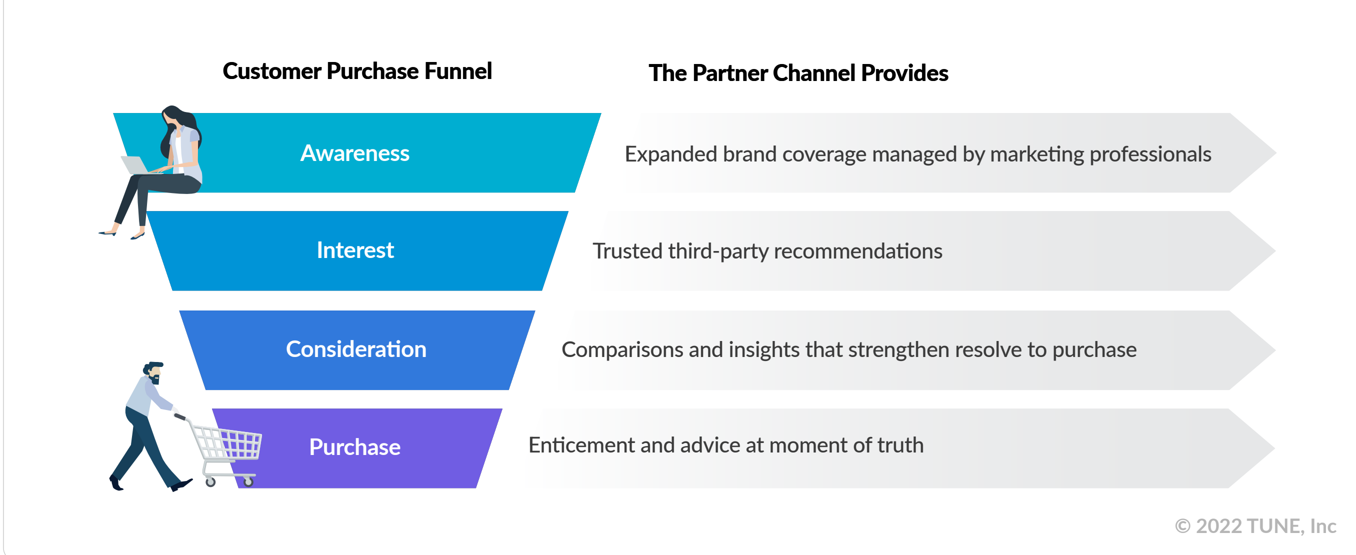
Partner programs help brands achieve maximum exposure across valuable digital and mobile ad inventory where customer purchase intent is strong. This exposure translates into incremental profits and sales, as partners understand the customer purchase cycle, and they target customers when they are evaluating purchases. Partner websites can also increase the share of wallet for companies, as customers who shop at these sites tend to spend more money online than the average consumer.

Through partner media, consumers gain trusted recommendations and comparisons from those who are in the know. This helps people discover valuable brands — including your own. Partners also help customers find deals on what they want most, and discover things they didn't know they needed. In the simplest terms, partners help customers research their choices. That's why I like to call partners "value added pre-sellers." Partners are there at the moment of truth: when customers either buy your product, or abandon you for the competition.

Your partners will help you throughout your customers' buying journey by:

- Creating Awareness
- Generating Interest
- Influencing Consideration
- Enticing Purchase
- Then optimizing, rinsing, and repeating

CUSTOMER BUYING JOURNEY



To sum it all up: With the right partnerships in place, customers win. And when your customers win, your brand wins. That makes partnerships an essential element of marketing success.

Conclusion

In today's globalized, tech-driven ecosystem, partner marketing has become a critical part of successful marketing strategies. But even partner marketing programs, if run in isolation, are doomed to fail. Coordination across key players, functional internal organization and controls, and solid strategic planning are all critical success factors.

As you think more broadly about partner marketing, consider how you would set up your ideal program for success. We will tackle this in Part II.

PART II

HOW TO RUN A SUCCESSFUL PARTNER MARKETING PROGRAM

INTRODUCTION

Brands add partner marketing programs to their digital marketing mix to increase leads or sales, improve the lifetime value of their customers, and introduce new products and services to their existing customers. Brands host partner programs through their website or via their mobile apps. They manage all aspects of their partner program through their partner marketing platform or their partner network, or hire an OPM or agency to manage it for them.

Starting a partner marketing program for your brand is an important step in scaling your business and driving more traffic and sales. Depending on where you are in your company's lifecycle, it is important to know where you are going and how you are going to get there.

In my experience, there are three phases to every successful partner marketing program: strategizing, operationalizing, and optimizing. Each phase helps you become better attuned to your goals, to your partners' goals, and to the new opportunities that can improve your overall program. We call it the **TUNE In Framework**. Each phase comprises a series of important steps that you and your team should take to build a virtuous cycle that becomes your partner program.

THE TUNE IN FRAMEWORK

"TUNING In" enables you to:

Step 1: Strategize

1. *Set Program Goals* – Articulate your program goals and metrics
2. *Plan Partner Portfolio* – Identify the right partnerships for your goals
3. *Determine Payout Structure* – Create the right incentives to attract and engage the right partnerships
4. *Develop Marketing Policies* – Outline rules by which partners promote your brand

Step 2: Operationalize

1. *Recruitment and Onboarding* – Recruit and grow the right partners
2. *Policy Compliance* – Mitigate program risks through marketing policy enforcement
3. *Program Communications* – Exchange critical program and promotional information
4. *Offer Management* – Distribute and track the right offers for the right partners
5. *Payment* – Reconcile adjustments, invoice, and pay earned commissions

Step 3: Optimize

1. *Analyze* – Identify portfolio gaps and opportunities
2. *Improve and Enhance* – Improve program components to achieve better ROI

STEP 1: STRATEGIZE

In order to build a successful partner program, you have to determine what your program is solving for. So many ways to peel the onion — which approach is best?

Any good strategy starts with a consideration of all possible outcomes and an explicit "choice" to take the path that best addresses the stated goals. With the right partner marketing platform, you should have all the program levers at your fingertips so that you can take the appropriate actions to get you to your goal, regardless of the direction you choose to get there.

This important first step will help you figure out all of the inputs to a successful program, including:

1. Setting the right program goals
2. Planning the ideal partner portfolio
3. Determining the optimal payout structure
4. Developing guidelines and marketing policies

1 SET PROGRAM GOALS

Partner Program Goals

There are a number of overall goals you may have in mind for your partner program. Below are some examples for you to consider.

Acquisition Growth
By far the most common goal of a partner marketing program. Partners can amplify a brand's reach and bring in new audiences. Oftentimes, partners are tasked with acquiring net-new customers, or re-engaging previous customers who have been inactive for a time.

- *KPIs: New Customers, New-to-File Users, Reactivation*

Retention and Traffic Quality
Once they figure out the right targeting criteria, skilled partners can help brands improve overall traffic quality. Consider expanding your program goals beyond finding new customers to upselling them, which can deepen their relationship with your brand.

- *KPIs: Customer Lifetime Value (CLTV), Conversion Rate (CVR), Average Order Value (AOV)*

Brand Awareness
Partners can help brands reach a larger audience and have more complete coverage over many different types of websites. Partners can also create awareness where there was none before by introducing brands to new audiences.

- *KPIs: Impressions, View-Through Impressions*

Marketing Efficiency
Sometimes, brands are looking to improve the return on investment (ROI) of marketing campaigns or their overall marketing mix. Partners can help drive more volume at a fixed percentage per transaction.

- *KPIs: Effective Revenue Share (ERS); ROI Ratios (Sales/Costs, Acquisition Costs/Sales, Total Acquisition Costs/Sales)*

Program Concentration
The more partners to drive volume for a brand, the less program risk and dependency on single traffic sources a brand faces. Because of this, many brands like to track the number of partners contributing to a program's success.

- *KPIs: % of Sales by Partner; # of Partners Driving XX% of Program*

Program Diversification
In the same way that having more partners reduces risk, having more partner types to drive volume also reduces program risk. Programs that have different partner types benefit from less dependency on one type of partner and greater coverage across desktop web, mobile web, and app.

- *KPIs: % of Sales Volume by Partner Type*

Margin
Brands need to have goals around how much product/contribution margin they can pay to partners for completing desired actions. The better brands adhere to these guidelines, the better the relationship with their finance departments and CFOs. And the better brands utilize margin dollars to drive growth, the better positioned they are to beat the competition.

- *KPIs: % ERS; % Contribution Margin; Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)*

Tips for Effective Goal Setting

Sales or *revenue* goals are typically expressed as percent growth, usually week-over-week (WoW), month-over-month (MoM), quarter-over-quarter (QoQ), or year-over-year (YoY). Often, insights come from seasonal trends and consumer behavior. Factors to consider include:

- % of total sales driven online (versus offline)
- % of total online sales driven via marketing channel (search and partner)
- Total e-commerce growth

Actions are typically based off of a desired number of total subscribers, leads, or sign-ups. Factors to consider include:

- Criteria to meet "action" requirements
- Bounty pricing available in the marketplace
- Ad costs and acquisition costs

Ad costs are typically expressed either by effective revenue share (ERS), which can be calculated as a percent of revenue by dividing total costs by revenue, or return on investment (ROI), which can be calculated by dividing revenue by total costs.

Acquisition costs are the expense to acquire a new lead, subscriber, or approval. Typically, acquisition cost is an investment of future payments, as in order to break even with investment, the brand requires the subscriber to complete a series of purchases.

Identifying Program Drivers

Setting big-picture goals first will enable you to better market your partner program in the long run by helping to guide resource allocation and, most importantly, identifying key program levers. Question is, which levers are you going to pull first?

Imagine you were to sit at your partner marketing console to configure all of the aspects of your program. How would you configure it? Are you going to turn up the volume on your acquisition efforts to drive new customers? Or are you looking to focus on your margins and overall traffic quality? Or, are you looking to get more out of your current customers to increase lifetime value?

As you think through the drivers of your growth, ask yourself these questions:

Revenue Drivers

Traffic	Conversions
Channels Which digital channels (mobile app, mobile web, desktop) drive the highest quality traffic?	**Promotional Incentives** What types of incentives increase the quality of traffic?
Partners What types of partners drive the most traffic? Which specific partners are the best at driving quality traffic?	**Ad Creatives** What ad creative is most effective in driving the highest quality traffic?
Policies Which policies help or hurt my ability to generate traffic?	**Landing Pages** Which pages (program, category, product) drive the best conversion rates?

Cost Drivers

Pricing	Technology
Commissions How much am I willing to pay partners relative to customer LTV?	**Data** What is the cost of storing and hosting key program data for partners?
Promotional Margin What is the overall promotional margin goal I wish to achieve through my mix of offers?	**Tools** What is the development cost of creating tools for specific partners?
Product Margin What is the overall product margin goal I wish to achieve through my partner program?	**Data Insight** How can we leverage partner data and collaboration to increase effectiveness?

To ensure success in executing on a sound strategy, it is critical that the organization (outside of partner marketing) is clear on the strategy and aligned. A partner program needs to be part of a shared marketing vision.

Benchmarking

When validating the details of how you would like to set up your partner program, it's a good idea to look at your competitive peer group to set some benchmarks. Start with these five focus areas and expand as necessary:

Partner Pricing
How is the competition paying out partners on conversions and leads?

Consumer Offers
What kinds of offers are my competitors using in their ads?

Marketing Policies
How restrictive are the partner policies of my competitors?

Conversion Windows
How long does the competition give partners to convert an offer into a commissionable event?

Payment
How quickly do my competitors pay their partners?

Test Plans

When metrics are not well established, tests provide insight. Test budgets are funds set aside for the purposes of trying new marketing tactics and setting expectations. This topic needs to be addressed in the budget planning process.

I recommend brands set aside a nominal amount each month for testing opportunities. These amounts should be determined based on the types of tests you want to run, such as revenue share increases, paid placements, or incrementality tests.

Your success metrics, or the desired outcomes of a test, should be specific, realistic, and determined before the test begins. It's very important to outline these outcomes in advance, as this practice hedges against a lack of post-test clarity — the dreaded "moving goal posts." Examples of success metrics include percentage increase in sales, percentage decrease in ad costs, or number of net-new subscribers.

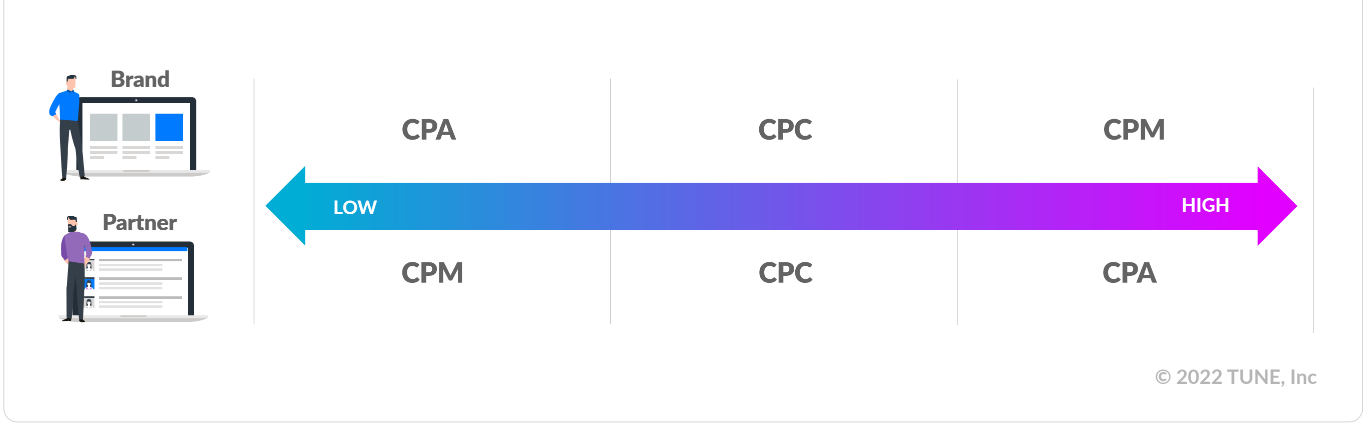
2 PLAN PARTNER PORTFOLIO

As you build your program, it's helpful to start thinking of your partner relationships as personal investments. Yes, you are spending money with an expert in exchange for a return, but you're also investing your time, resources, and trust in hopes that you'll see a high yield in the end.

Like all investment research, it is important to be thoughtful when making decisions, and thorough in understanding the associated risks. That means carefully selecting the types of partners you think will work best for your business, as well as knowing their potential downsides.

It's also important to understand the nature of your investments. Performance-based partners who work on a cost per action (CPA) model are a different breed of partner than CPC and CPM partners. Their distinguishing characteristic is the level of financial risk they are willing to absorb on your behalf. To understand, put yourself in the partner's shoes: they will not get paid for any traffic they drive to your brand, until that traffic completes a desired outcome, as defined by you.

FINANCIAL RISK SPECTRUM



Cost Per Action (CPA)
With CPA, no brand cash outlay is required prior to sale. Partner bears upfront promotional cost and weighs opportunity cost of inventory.

Cost Per Click (CPC)
With CPC, the risks are more equally distributed. Brand only pays clicks. Partners not responsible for conversion. Reputation based on ability to target audience.

Cost Per Thousand Impressions (CPM)
With CPM the goal is branding and eyeballs. Partners monetize through direct buys, ad networks, or exchanges. Brand assumes financial risk.

Sounds almost too good to be true, right? That kind of commitment is the beauty of the partner channel!

The Importance of a Diverse Partner Portfolio

A good partner portfolio is one that balances your growth objectives and your risks. Continuing the line of thought from above, we can draw an analogy between marketing partners and investments. When you develop a financial portfolio, you have to decide what kind of an investor you are: an early stage investor with a high tolerance for risk, or a later stage investor hoping to preserve capital?

Taking the analogy further, let's assume you were looking to build a portfolio of investments for your future. You would likely have a number of investment vehicles to consider: stocks, bonds, exchange-traded funds (ETFs), mutual funds, and cash. All of these vehicles expose you to a different investment outcome, a different cost, and a specific level of risk.

It's very similar in a partner marketing program: Are you in aggressive growth mode and looking to quickly scale your program, or are you a more cautious brand, looking to incrementally grow? When you examine your future business goals, consider which partners will be the vehicles to help you drive the outcomes you want with the target customers you need.

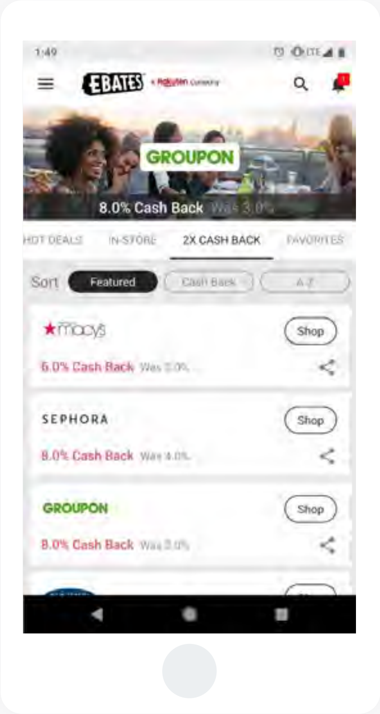
Keep this analogy in mind as we review the most popular types of partners to invest in.

Most Popular Partner Types

Loyalty and Rewards

Loyalty and rewards partners share a portion of their partner commission with the consumer through a membership program. This "passback" of the partner's commission can take various forms of currency, including points, miles, and cash, and generally resembles a 60/40 split, where 60% of the commission is the partner's profit and 40% goes to the consumer. Loyalty and rewards partners include consumer shopping reward sites and apps (Ebates/Rakuten Rewards, mrrebates.com, cartera.com), cause-related organizations (Upromise, Shop For Your Cause, Boxtops for Education, iGive), and corporate perks programs (Perks at Work, Next Jump, Blueboard).

For brands, the challenge of this partner type is in trying to assess where a customer's loyalty lies. A direct benefit to the consumer nurtures deep loyalty to the partner; sometimes loyalty to the partner will exceed loyalty to the brand. Loyalty and reward partners often have audiences with higher-than-normal purchase intent (due to the value members place on the passback), which is why these partners also boast strong conversion rates.



The Ebates website and app (now Rakuten Rewards) offers its members cash back when they shop at their favorite stores.
Source: Ebates app

So, what motivates a loyalty and rewards partner to work with a brand?

Partner Motivations

- **The power of the brand name**
  - A comprehensive list of top brands helps these partners serve their customers.
- **Increased revenue share**
  - As this can translate into more aggressive passbacks, brands that can enhance the consumer benefit may stimulate more sales.

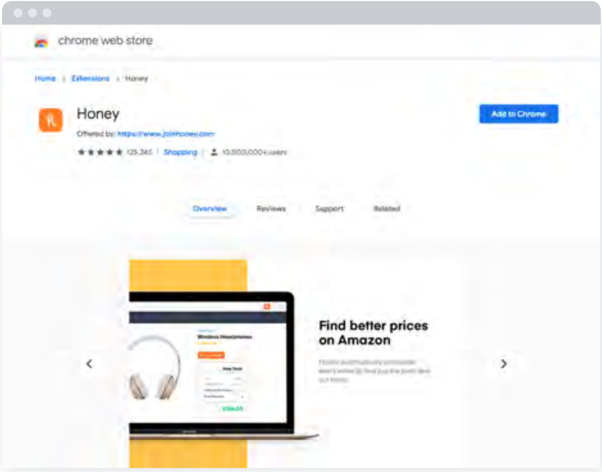
Brand Considerations

- Will an increase in revenue share make up for smaller brand presence?
- Is the partner under-represented in your category?
- Does the brand demographic and psychographic align with the partner's member base?
- Can you provide any unique offers or terms to the partner?

Deal and Coupon

Deal and coupon partners aggregate different brands and offers in one convenient location to provide a "shopping mall experience" for consumers. Examples include RetailMeNot, Savings.com, Honey, ShopAtHome.com, and Brad's Deals.

This type of one-stop shopping and coupon destination allows the partner's audience to easily compare and contrast discounts, products, and companies before making a final purchase decision. With deal and coupon partners, consumer behavior is almost exclusively driven by promotions.



Honey is a browser extension tool that automatically applies discounts and coupon codes at checkout for its users. Source: joinhoney.com

Partner Motivations

- Compelling offers
  - Since deal and coupon consumers are driven by promotions, helping a partner pay off that value proposition is key.
- Increased revenue share, or exclusive offers for high/top performers
- Channel-exclusive offers or vanity codes
- Offers that help deepen category coverage

Brand Considerations

- Use promotions to boost average order value, jumpstart new product sales, and increase sales of products where sales have historically been soft.

Influencers

Influencer partners market directly to their own follower base on social media platforms like Instagram, YouTube, and Twitter. While this partner type was once exclusively made up of celebrities and other famous individuals with massive reach, it has expanded to include micro- and nano-influencers, who have smaller followings but are popular social media stars in their respective industries. Fans of this partner type tend to be more loyal, engaged, and highly targeted.

Consumers often put higher levels of trust in these partners because they are viewed as authentic and relatable; protecting this trust (and their personal brand) by endorsing only the right brands in the right ways is therefore a priority for influencers. Brands will find the most success with these partners when there is a natural fit between product and personality, and will likely face pushback when there is not.

Partner Motivations

- **Compelling offers**
  - Promotions that feel authentic to the partner's niche and align with their activities, culture, style, and other interests will positively influence consideration.
- Partner-exclusive offers or vanity codes

Brand Considerations

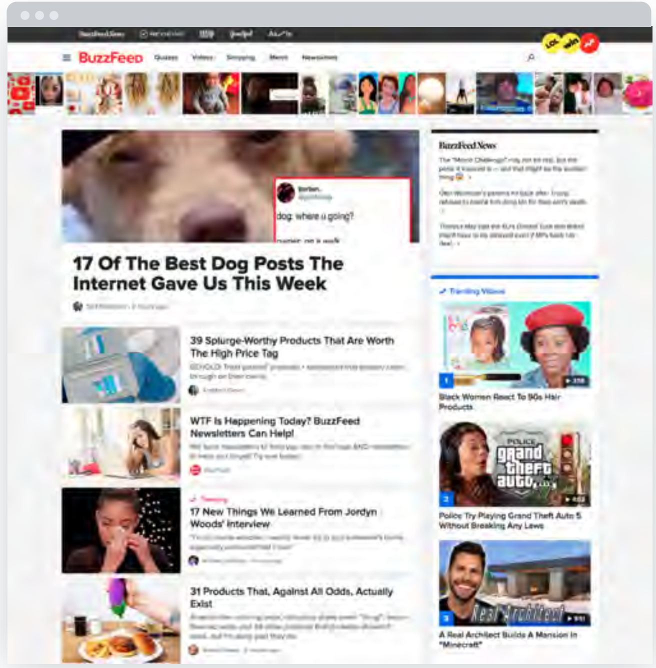
- Payout can be a creative negotiation point, as some partners are willing to work in exchange for free product, discounts, or combinations of payout models (such as flat sponsorship fee + % CPS).
- Agree on promotional copy and assets upfront, or provide options and/or clear guidelines for acceptable messaging and user-generated content (UGC).
  - Creativity and personal expression are hallmarks of this channel, so brands should be prepared to be flexible with their requirements.

Tip: Find more background information on types of influencers and see steps for starting an influencer marketing program over on the TUNE Blog.

Community and Content

Community and content partners provide a place where people can find information, read or write reviews, and interact with like-minded consumers. This partner type primarily comprises content sites and blogs, specifically those that leverage certain technologies and whose content is driven heavily by the user base. They monetize their content via an advertising model like partner marketing, contextual marketing (Google AdSense), or CPM advertising, or through combinations of models. Examples include Slickdeals, Wirecutter, BuzzFeed, Allure, and SHEfinds.

Consumers seek out these partners to read news and reviews, leave ratings, comment, find great deals, and get recommendations on products from people who share their interests. This peer-to-peer interaction often influences purchases, and can be an effective way to "pre-sell" consumers before they click through to a brand's website.



BuzzFeed's listicle-heavy content style encourages itemized posts of photo-description pairs that are perfect for partner offers. Source: buzzfeed.com

Partner Motivations

- **Original content**
- **The power of the brand name**
- **Increased revenue share, or exclusive offers for high/top performers**

Brand Considerations

- User-generated content (UGC) can be effective, but by using it a brand relinquishes some control of the way products are discussed and positioned online.
    - As something outside the brand's control, UGC should be viewed either as an opportunity to capitalize on happy customers (by amplifying sales) or an opportunity to reclaim unhappy customers (by building brand affinity and loyalty).

Networks

This type of partner is actually a group of secondary partners (i.e., sub-partners) who have joined the network to gain access to offers. Many networks, including content networks and influencer networks, aggregate a single type of publisher, like blogs or advocates, to allow brands to use one partner contact to work with specific partner types at scale. Other networks re-broker lead generation offers, such as offers asking a consumer to sign up for more information or to fill out a contact form for service. In addition to running a network of partners, some networks also own and operate their own media. These websites and apps can act as incentivized registration paths, or be designed to capture leads for a specific vertical such as education, auto loans, and credit card applications.

Brands often work with networks — particularly those specialized in mobile and content — when scaling quickly is a priority. This type of partner can save a brand countless hours when it comes to recruiting individual partners and managing their unique requests.

Partner Motivations

- **Increased bounty**
  - Additional revenue share for networks is often passed to sub-partners.
- **Quick, frequent payment**
  - Networks have a higher appetite for risk and will float out cash to their partners (sub-partners) to ensure favorable payment terms.

Brand Considerations

- Consumers sometimes interact with networks and their sub-partners via paid search or email. Often, users find a lesser-known content site and sign up or apply for a service provided through the site's network.
- Alternately, some networks manage registration paths or incentivized sites, where a user is encouraged to sign up with an array of different brands in return for a free phone, gift card, or other reward.

Email

Email partners manage and message curated lists of consumer names and email addresses. These partners send promotional emails to addresses on their list that meet a brand's demographic or psychographic criteria, and work on a cost per action (CPA) or cost per sale (CPS) basis. Due to the data mining capabilities of the partner, the consumer should receive a highly targeted email in their inbox. Clicking through, they arrive at a brand site to complete the desired action or purchase.

Partner Motivations

- **Compelling offers**
  - High quality, eye-catching, or uncommon offers that stand out from the rest of an inbox can positively influence consideration.
- **Increased revenue share**
  - The absence of CPM plus varying degrees of targeting can mean more upfront work and risk for a partner to absorb.

Brand Considerations

- **Compliance**
  - The CAN-SPAM law states that a brand accepts liability for any non-compliant email activities. Control of emailing can be an issue with these sorts of partners.
  - The General Data Protection Regulation and other laws have increased scrutiny across the board for data security and user privacy protections. Consult a legal professional if you have any doubts about your or your partners' compliance.

Search Specialists

This type of partner is an expert at paid search. Many search partners are opportunistic, and build temporary sites around any given vertical they are currently promoting. In the realm of paid search, it is common for partners to lack a destination website and instead link to a brand site directly from a search engine result. This practice has been met with controversy on platforms like Google, where higher relevance is placed on search partners who create value-added content that is useful, thorough, and relevant to the search.

Partner Motivations

- **Increased revenue share**
  - The more funds available to bid, the more options open for covering a search engine results page.
- **Quick, frequent payment**
  - As search is CPC and partners are arbitraging (taking the financial risk), it is important they remain cash flow positive.
- **Special bidding rules**
  - To the extent you can divide and conquer with your partners on search marketing, the better. If there are certain keyword classes that make more sense for an expert search partner to cover, consider delegating those with specific guidelines.

Brand Considerations

- Consider working with a small group of trusted search partners. The idea is not to compete, but to ensure that you cover as many search engine results pages as possible, given your budget. The less players, the more control. In addition, a small set of partners can help enforce bidding rules so you do not compete with yourself on specific terms.

Business Development Relationships

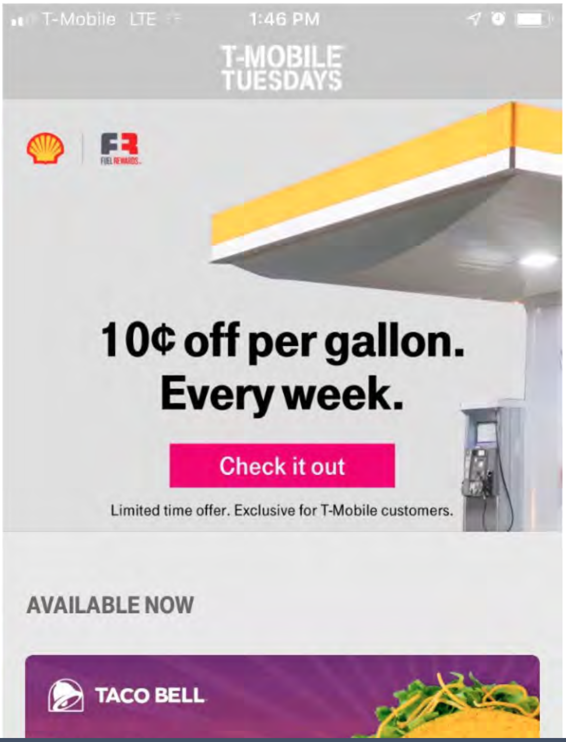
Last, but certainly not least, are the partners most difficult to classify but most common to work with. These partners manifest as the companies brands work with every day, under complicated legal agreements, and with few means to quantify. These partners tend to be companies that target similar consumers as a brand's consumers, yet serve those consumers with complementary services.

Partner Motivations

- **Exposure to new audiences**
    - Targeting similar cohorts of customers is a relatively easy way to source audiences and build on a larger value proposition.

Brand Considerations

- By defining the desired outcomes and identifying the proper compensation incentives, you can include these relationships within the context of your partner portfolio.



T-Mobile Tuesdays offers customers free products and exclusive deals on things like gas, fast food, concert tickets, and more. Source: T-Mobile Tuesdays app

3 DETERMINE PAYOUT STRUCTURE

A payout, also known as a commission, is the amount you are willing to pay a partner for each action they drive on your behalf, such as a purchase or a new registration. For partner marketing to become a profitable part of any brand's business, the brand must find a way to incentivize partners in alignment with their expectations. That means developing a payout structure that defines the actions a brand wants partners to perform and the rewards partners receive for delivering on that performance.

How to Approach Partner Payouts

First of all, partners almost always work with several different partner programs. This means you should recognize (and accept) that your partners are going to work with other businesses while they work with you, and those businesses may include your competitors. Partners promote products and services based on their expected return, the highest ROI for them — not you. Ensuring your payout is competitive is a key component to successful partner marketing.

To find out how much it will likely cost to run advertisements on a particular partner's media, brands should research the market price for placements with similar partners. The goal is to determine a competitive payout, so that you can offer it to potential partners to form a partnership. Talk with trusted partners and partner networks, read blogs that list offers, browse directories, and dig through forums to get insights into the market payout for similar offers. There's no perfect science to this, so be willing to experiment to find what works for your brand.

Another major element in determining payout amount is margin of profit. Though brands may have additional budget for marketing channels, partner marketing is different. In order to scale a partner program, it will need to be a profitable program. This means your payout for an offer should not be more than the revenue you will make from the offer, as the difference between the two will be your profit. For example, if you sell socks for $5 and it costs you $1 to make them, you should not pay partners $4 — you'd be operating at a loss. Similarly, if you sell socks for $5 and want to make $2 per conversion, your payout should not be more than $2.

MARGIN OF PROFIT

$5	-	$1	-	$2	=	$2
Product Sale Price		Production Cost		Partner Payout		Your Profit

That said, if you are working on a cost per lead basis — common for subscriptions or credit card transactions — take into account the total customer lifetime value relative to cost. For these kinds of continuity programs, the initial partner payout is likely to be more than the brand's revenue for the first transaction, since most of these programs operate at a loss on first payout. For a brand, the ability to convert a one-time subscriber into a long-term customer is where the money is made; total customer lifetime value must exceed total commission for the program to work. If you are in this field, set your initial payout based on your average customer tenure and expected average revenue per customer.

Payouts can be a complicated balancing act. I recommend sitting down with a finance expert to figure out a payout structure that works well with your business model. When you do, don't forget to factor in your own time in managing your partner program.

Common Payout Models

There are five main ways to pay out marketing partners. Finding the one that fits your business may take some testing and tweaking — and there are always more creative alternatives — but these work for the majority of partner programs.

Cost per Conversion (CPA)
Also known as cost per action, this model means the brand pays the partner a flat dollar amount per commissionable event (conversion), as defined by the brand. These conversions can be installs, purchases, registrations, subscriptions, form fills, or some other action. When working with mobile-specific partners and offers, it's much more common to see **Cost per Install** (CPI) used instead of CPA, but for all intents and purposes, they are the same thing: a flat payout per conversion, which in this case is an install.

Cost per Sale (CPS)
CPS means the partner is awarded a percentage commission of the total sale amount from all conversions they drive. This payout, also known as revenue share, is common for offers where multiple products can be added to a shopping cart, because it compensates the partner for all of the items purchased.

Cost per Conversion plus Cost per Sale (CPA+S)
This model is a hybrid payout method in which partners are compensated a flat dollar amount per sale plus a percentage of the total sale amount. This type of offer encourages partners to generate large sale amounts while still rewarding them with a base payout per sale.

Cost per Click (CPC)
CPC means partners are paid a flat amount for each unique click they deliver.

Cost per Thousand Impressions (CPM)
With the CPM model, the brand pays a flat dollar amount per thousand impressions the partner drives.

There are other ways brands can pay out their partners, such as combinations of partner commissions and sponsored content fees, but these tend to be complicated or hard to measure. Before agreeing to a payout method different than the ones above, brands should have a thorough understanding of online and mobile partner marketing, and know benchmarks for how the offer in question and similar offers perform.

> *Tip: See our TUNE Help article on offer payouts for more information.*

Types of Payout Structures

Categorized Tier Payouts

Categorized tier payout structures allow brands to classify their partners into different buckets and then pay out accordingly. These buckets are determined by the brand and usually correspond to performance metrics (traffic volume), quality ratings (content quality, traffic quality), or broad classifications (product category).

For example, let's say you set up three payout tiers: Platinum, Gold, and Silver. Here's how those tiers could play out in practice:

- Partner A drives high-quality traffic and converts well for your offer; you put them in the Platinum partner tier, where partners receive $25 per conversion.
- Partner B sends low-quality visitors but high-volume traffic, resulting in lower than average sales each month; this partner is placed in the Gold tier, which has a payout of $15 per conversion.
- Partner C sends thousands of emails that result in tons of traffic but almost no sales; you categorize this partner as Silver, and they receive $10 per conversion.

Categorized tier payouts are ideal for brands who want to group their partners based on their performance, and reward the highest-performing partners with higher payouts.

Scaling Payouts

Scaling payout structures are designed to act as self-selecting reward systems that incentivize partners to drive more traffic or conversions. In this structure, the partner earns a better payout when they outperform a certain threshold.

One example of a scaling payout structure:

Partners who drive less than 50 sales per month	**Receive 10% of total sales**
Partners who drive between 50-100 sales per month	**Receive 15% of total sales**
Partners who drive between 100-500 sales per month	**Receive 20% of total sales**

Two-Tier Programs

If you want to encourage your current partners to refer other partners to join your partner program, try using a two-tier payout structure.

For example:

1. Partner C is promoting your offer for a payout of 10% per sale.
2. Partner C refers your program to Partner D, who joins.
3. As a reward for bringing new partners to your program, you offer to reward the referring partner with a 5% commission on the new partner's payouts.
4. In the future, Partner C receives 5% of the payout amount Partner D receives each month.

This can be an effective way to increase the number of partners in your program and reward current partners for promoting it.

4 DEVELOP MARKETING POLICIES

Successful partner programs require a set of ground rules that partners must follow in order to market a product or service. These policies help to ensure your brand is promoted in alignment with your positioning strategy, business model, and overall goals.

In general, marketing policies should address the following topics:

- Enforcement of trademark policies and authorized creative (logos, promotions, terms, etc.)
- Use of authorized coupons
- Approval of methods of traffic generation
- Requirements for displaying critical information (expiration dates, annual percentage rates, etc.)

How Policy Can Strengthen Partnerships

Believe it or not, policy can help brands form deeper relationships and work more effectively with their partners. By providing clear program rules, you have the opportunity to establish and articulate your policies to your partners in layman's terms, separate from the dense legal verbiage of most brand-specific terms and conditions. In addition to ground rules for program participation, policy should also outline enforcement actions for non-compliant behavior and authorization to follow through accordingly.

Communication and reinforcement of these rules will help to ensure partner compliance. Once policy is set, consider using multiple touchpoints to drive it home:

- Reiterate rules via auto-response messages
- Include policy updates in partner email newsletters
- Provide policy information on your website's partner program page

With a clear understanding of program rules and brand guidelines, your partners will be able to better target relevant customers and increase the likelihood of conversion.

Types of Policies

Paid Search Policies

These are policies that govern partner participation in paid search marketing, and they tend to be the most common reason for brands to create brand-specific partner terms. Because most marketing partners do some form of search marketing, and because most brands also run search programs, paid search policies can help brands maintain control over their own search program while achieving certain objectives (financial or otherwise).

Paid search policies most frequently cover one or more of the following areas:

- Brand/trademark keyword restrictions
- Positioning/placement rules
- Display URLs and direct linking
- Use of trademarks in ad text

Despite the fact that Google and other search engines can help a trademark owner prevent others from using trademarks in ad text, some brands also choose to spell this out in their partner terms and/or search policy.

Organic Search Policies

Virtually all partner websites are designed for search engine optimization (SEO), or optimizing for organic search. The structure, hierarchy, quality, and content of a website can all influence its ability to be found, indexed, and ranked by search engines like Google and Bing.

However, there are some SEO techniques that can get a website delisted or blacklisted by Google. Examples include:

- **Black hat techniques**, including "cloaking" (presenting different content or URLs to users and search engines)
- **Doorway pages** (pages specifically made for search engines that contain many links that are of little to no use to the visitor and contain no valuable content)
- **Keyword stuffing** (the practice of loading a webpage with misused, repeated keywords in an attempt to manipulate a site's ranking in search results)
- **Excessive use of meta and title tags**

Because brands and partners often compete for search engine traffic (paid and organic), some brands are on guard for partners who appear to be manipulating their sites to inflate organic search ranking. In some cases, brands will explicitly call out these techniques within their search policies and partner terms. Remember to exercise caution when describing prohibited behavior, else you risk alienating a large segment of partners who likely will not modify their established site architecture or practices for one brand.

Customer Service Policies

These are policies intended to be customer-friendly (e.g., generous return policies) that could potentially harm partners if not properly disclosed or managed. Brands who offer customers in-store pickup and toll-free (1-800) numbers from their websites are providing convenience for today's multichannel shopper, but create commission leakage for partners unless the brand has made special accommodations. (Two examples of special accommodations: paying commission on orders placed over the phone or picked up in-store, and hosting a partner-specific landing page that suppresses toll-free numbers.)

The more transparent you can make your policies and processes, the more trust they will engender from current and prospective partners.

Conclusion

Being strategic with your partner program forces you to couple the why with the whats and hows. At this point, you should know:

- The goals are you are seeking to achieve, and the levers you are going to pull
- The partners you will be leaning on to get you there
- The ways in which you will be recognizing their efforts
- The guidelines you will be communicating and enforcing

Now, if all goes as planned, there is very little standing in your way on the path to success. But it's not always easy to turn talk into action. Thus, let's now turn our attention to operationalizing your plans and discuss how to achieve your desired goals.

STEP 2: OPERATIONALIZE

Time to put the pen down. No more strategizing — it is time to act. All the aspects of your plan have an associated set of steps to help you convert your strategy into results.

These include:

- Building your partner portfolio through recruitment and onboarding
- Enforcing your guidelines through policy compliance
- Ensuring alignment with your partners through program communications
- Managing your campaigns and offers to partners
- Ensuring accurate and timely payment

Let's talk about how to operationalize your program.

1 RECRUITMENT AND ONBOARDING

The Partner Mindset

To recruit partners, you need to understand their needs and what drives them. You'll have trouble recruiting partners if they're disappointed when they visit your website, if your payouts are low, or if you're not specific enough in your program agreement. This is why it's important to put yourself in their shoes — to see where they're coming from, both as individuals partners and as a whole.

How Partners Target an Audience

Most top partner marketers find that focusing on a particular audience is key to long-term success. Picking a specific niche or subject is one of the most effective methods for building up traffic sources with a very targeted audience. For example, a partner might choose "personal finance software" instead of "software." This allows partners to build their own marketplace and target one specific audience looking for help with personal finances.

In order to identify a potentially successful niche, partners evaluate their passions, talents, interests, and hobbies. Once they've narrowed this down to a few topics, they'll need to perform extensive research to determine which options will be most viable, popular, and profitable. Partners look at the demand for the products related to their niche, and they investigate the market and level of competition.

A great partner knows how to fill a need that already exists. They're able to find consumers with specific wants and expectations, and provide them with a solution: your offers.

What a partner thinks about:

- How does this new brand augment my category coverage on my site?
- Will adding this competitive brand strain pre-existing, profitable relationships?
- How do I manage the risk of taking on an unproven new program?

The Recruitment and Onboarding Process

Recruiting partners into a program can be broken down into a four-phase effort.

Phase I is about setting your partner approval criteria and productivity targets to ensure you attract the right inflow of partners and allocate your time against the most productive partnerships. You will need to incorporate your marketing policies in the application process to make sure that anyone who joins your program will be held accountable to your expectations in promoting the brand.

Typically, partner programs have a dedicated page on the brand website that presents the program's value proposition, outlines what partners can expect when they join, and hosts an application form (or some other way to sign up). Best practice is to explicitly call out on your program page the types of partners you want to attract; making this clear upfront should save time later by weeding out undesirable partners, thus reducing your vetting on the backend.

Somewhere within the flow of the application process, you should require that prospective partners agree to upholding the brand's terms and conditions, plus any additional policies they will need to follow. These guidelines are the guardrails of your program and your basis for enforcement.

Next, it is important to set targets by partner type. Generally, you want to target the types of partners you will be relying on to drive the vast majority of your sales. Your partner account managers should understand these targets, as they will guide where they allocate most of their recruiting time.

Phase II is about building the foundation for your program. In most partner programs, 80% of sales or conversions are driven by approximately 20% of the partners. That 20% is usually made up of large- to mid-size partners, or a focused group of partners who spend the majority of their time promoting your offers.

If you are a big brand, these partners will most certainly find you, once you launch your program. If you are an emerging brand, you will likely have to find them, which means there will be some homework (and footwork) to do. This homework involves pitching partners on why your brand is a good fit for them. Share a clear value proposition, and remember to show your work by providing a set of data to back it up — one that demonstrates where your brand can help expand the partner's business, and how your brand excels in a particular dimension (sales, market share, conversion rate, etc.). You need an angle and evidence; supplying the supporting data matters to a performance marketer.

That may sound like a lot of work, but here's the good news: this group is a clear, finite list of partners, which could number fewer than 50 or 100 in all. Because this list is finite, it should be manageable to focus your efforts on securing these relationships first and foremost (and in a personalized manner). Once the foundation for your program is built, you will be able to identify any missing publishers or networks.

Phase III is about looking outside of your program and identifying the partners who are winning for your competition, but are not part of your program. I call these missing relationships "coverage gaps." In order to woo these partners, it will be important to convince them that they are missing out. Research what other programs do or have to keep these partners, such as winning commission plans or partner tools and data, and consider how you can compete.

Phases II and III are really exercises in one-to-one marketing, as they involve selling partners on "Why you?" and are usually high-touch.

Phase IV is an ongoing process and is part of the discipline of running a partner program. It involves using analytics to understand where your growth is coming from, and pairing insights with marketing automation tools to keep a steady stream of communications flowing. I recommend making it a weekly practice to do a deep dive into your biggest partner gains and losses. Pay close attention to your chart climbers. Sometimes, your next best partners are already in your program — they simply need your attention to reach their full potential.

Onboarding Strategies

Your next best partners are most often those who immediately find success when promoting your brand. This is why you will want to ramp up new partners as quickly as possible.

Anticipate Needs

Being mindful of partner interests and types allows brands to anticipate their needs. When a partner's needs are proactively met, it lowers program barriers to entry, encourages quicker sign-ups and shorter paths to productivity, and helps to cement the relationship from the start. Once the partner starts seeing sales within a program, obtaining loyalty from the partner becomes that much easier.

Add Motivation

Sometimes it takes an extra push to motivate partners to become active, so many brands include bonuses or added commission for a limited period following recruitment. Successfully enticing even a handful of inactive partners to become active should allow a brand to make up for the extra paid motivation.

2 POLICY COMPLIANCE

Through a dedication to clear and comprehensive policy, brands can play a critical role in protecting their own interests while safeguarding the wider partner marketing ecosystem of partners, networks, and other brands. But setting policy isn't enough. To succeed, brands must also enforce policy in a way that is transparent and fair to all parties involved.

When it comes to policies and compliance, brands should:

- Remember to Know Your Partner ("KYP"). Always aspire to develop direct and personal relationships with your partners, especially the largest volume contributors. Familiarize yourself with these partners and their methods of generating traffic, their program needs, and their top motivations.
- Strive to create a policy that is informative and balances what partners can and cannot do.
- Describe what remediation looks like for any policy violations. Often, it means that partners have to demonstrate change. This can be a change in the way their software behaves, or a change in the way they promote your brand.
- Communicate early and often with any partners that display non-compliant behavior. When this happens, provide partners with specific, workable recommendations within the boundaries of the policy.

Dealing With Fraud

It is imperative that brands take a proactive approach whenever possible in regard to fraudulent activity and bad actors. These activities include online and mobile ad fraud, as well as transactional fraud (purchases made with false, stolen, or expired credit cards; falsified or duplicate leads; automated purchasing/lead submission; etc.), a constant challenge for e-commerce advertisers.

As protection, brands must invest in systems, tools, and processes for fraud detection and management; they must also own the data that can prove transactional fraud has occured. Mitigating risks includes monitoring your program reporting for anomalies in traffic, conversion rates, average order size, and other key metrics. Unusually high (or low) variances in these metrics can signal possible non-compliant partner behavior.

Operationalizing compliance will require either a sizable team, which may not be feasible for some brands, or a scalable way to automatically identify, flag, and reject suspicious traffic and known bad actors. Best practice is to integrate fraud reporting and automated filtering directly into a program (rather than treat it as a separate module), and leverage reputable databases of information that can alert you to problematic traffic sources in real time.

Fraudsters do not stand still. When it comes to compliance, play offense, not defense, and find technology solutions that handle compliance as a management process, not a management report.

3 PROGRAM COMMUNICATIONS

Partner programs involve complex relationships that require a clear exchange of information. Many partners, especially those at the top, are constantly being bombarded with communications from multiple programs; to win their attention, a message needs to stand out. Where and how brands share that message plays a critical role in the success of program expansion efforts and process improvements.

Good communication is the key to making your relationships work.

Messaging and Segmentation

Partner marketing is a time-sensitive channel, which means new offers, administrative changes, and other important program updates need to be shared quickly and easily. A partner communications strategy can help brands address the challenges of this channel and market more effectively in it.

When communicating with your partners, consider implementing different strategies for different stages of your program. For instance, you could have a strategy around recruiting and activating new partners to a network, where the goal is to clearly communicate your value proposition to the partner community and provide understandable terms and conditions to anyone interested in joining your program. You could also have a separate strategy for keeping partners up-to-date on any developing trends in your business, where the goal is to provide a consistent flow of information that partners can use in their promotions.

Simply launching a website or mobile app does not guarantee top partners will be attracted to your program. Building program awareness and maintaining program interest is an ongoing effort — one that can help influence more top partners to want to apply.

In addition, it is important to tailor your messaging to the partner who is being contacted. The most efficient way to do this is by segmenting partners based on certain criteria (like partner type or tier), and then personalizing communications for each segment. For example, let's say you decide to categorize your program by partner type. Therefore, your loyalty and rewards partners will receive one message, and your content partners will receive another — yet both receive a message that speaks directly to their specialized wants and needs. (You can always send personalized messages at any time, and should whenever the situation calls for it, such as a first introduction or important milestone.)

Common ways to communicate with partners:

- Over the phone (verbally)
- Via messaging service (Skype, Google Hangouts)
- Via collaboration software (Slack, Jira, Asana)
- By email
- By text
- Through CRM auto-responses
- In forums
- On program pages
- Through blogs

At the end of the day, you should pick the communication style that matches your audience and is most effective for your goals and for your work life. By providing clear and comprehensive communication through your preferred style, you're helping a network of partners to accurately promote your brand and efficiently optimize your program. No one benefits if your strategy is too complex to customize or is too time-consuming to execute.

Things to Keep in Mind

In today's partner marketing ecosystem, partners have the opportunity to pick from thousands of brands to promote. You can make your program more attractive to partners by demonstrating effective communication skills and proactively providing the right offers and creative assets for different types of partners. These practices, when done right, can eventually drive increased sales with limited effort on your part.

Partners are more likely to work harder to promote your business when they:

- think it is worth their time (in other words, profitable),
- see you show an interest in their business (their website, app, radio show, etc.), and
- know you are dedicated to helping drive sales.

By providing incentives for your partner base and staying competitive with other brands in your category, you will show your partners that you are willing to work together as a team. Support your partners, provide them with the tools necessary to market your program, and you will increase the odds that your partners will continue to drive sales. Establish open and ongoing communication and you will create a feeling of mutual understanding of objectives and build trust.

4 OFFER MANAGEMENT

What Is a Partner Offer?

In partner marketing, an offer is the term used to define anything that's being promoted. Typically an offer gets promoted through a URL or in an app, which directs the user to a landing page or an in-app location, but there are other ways offers work, too.

For example, if you run an online shoe store and create an offer that earns partners 20% commission on all sales they generate, each partner uses a unique URL to promote the offer and send users to your shoe website. An offer can also be a unique coupon code your partners give out over the radio, which customers enter later during the online purchase process. In each situation, the URL and the code let you know which partner drove the sale, even though the offers are very similar.

Brands create offers to send traffic to a destination, such as a website or an app, where a sale can be made, a sign-up generated, or some other action can be completed. Tracking, reporting, and compensating these interactions are the lifeblood of partner marketing. That's why marketing technology platforms like TUNE exist — to make these processes easier for brands to execute and manage.

Types of Partner Offers

There are many different types of offers, but they typically fall in two categories: product/service offers and lead generation offers.

Product/Service Offers

The defining characteristic of a product/service offer is that the user must provide a form of payment. These offers typically drive to e-commerce sites, shopping cart experiences, or subscription sign-ups where consumers can purchase products or services with a credit card, via PayPal, or through some other form of electronic payment. Service offers allow visitors to request information about services to be provided at a future date, electronically or physically. These offers can include paying in advance on a website or an app, or paying at the time of service.

Lead Generation Offers

These offers collect personal information of potential customers and qualify where they fall within the purchase process. This data is handed over to the brand's sales team to start generating customers. "Lead gen" information can be collected through email list sign-ups, lead generation forms, newsletter sign-ups, e-book downloads, survey completions, and other methods.

How Partner Offers Work

At a high level, an offer is a standalone piece of information that contains all of the basic details necessary for partners to find, promote, track, and get paid for that offer. It's a good idea to categorize offers in your partner marketing platform so that it is easy for partners to search and browse through them, in order to maximize the chance they will quickly find an offer that's right for their needs.

When a partner works with a brand to promote an offer, both parties implement specific code and links that send data from customer actions in their respective stage of the funnel back to the partner marketing platform. The platform ties this data together to determine which actions drove which results, allowing the partner to receive credit for their contribution and giving the brand insight into partner and campaign performance. You can find a detailed explanation of this process in our Basics of Tracking With TUNE article.

So, how exactly does one offer do so much?

Offers Contain Key Information

As the driving force behind any partner promotion, an offer should be interesting enough to attract partners, informative enough to answer the main questions partners may have, and technical enough to provide accurate tracking at all times.

To do this, every partner offer should contain the following:

- Offer name
- Offer description
- Preview URL, which allows partners to preview the landing page for a specific offer to help them decide whether or not to promote that offer
- Conversion tracking, which can be done several ways: with postbacks and server-side tracking, the most reliable method; or with cookie-based methods, including iframes and image pixels, which are client-side and increasingly targeted by anti-tracking measures in browsers
- Offer status
- Expiration date
- Category and classifications
- Notes

Tip: You can see what creating an offer looks like on our platform and find other useful articles about offers over at TUNE Help.

One of the most important roles your tracking software can play is offer management. As organization and upkeep of partner programs can be extremely complex and time-consuming, a platform should make it as simple as possible for brands to manage their partners and for partners to interact with the brand's offers.

Offers Provide Visual Assets

In addition to key details and tracking information, offers also contain creatives for partners to use when promoting the offer. A creative management tool should make it easy to create, delete, sort, and report on the different creatives a brand is using; it should also be built in to the partner marketing platform, or at least directly integrated with it.

When you think of creative files, you may think of display ads and interstitials. While these are widely used, they are far from the only ways to promote an offer. Some of the other options and methods include:

- Image banners
- Flash banners
- Email creatives
- HTML ads
- Text links
- XML feeds

Tip: For standard sizes and guidelines for digital ads, check out the IAB New Standard Ad Unit Portfolio.

Offers Include Payout Settings

One of the most important aspects of a partner offer is the payout information it contains. This includes payout type, payout amount per action, and revenue reported per action. Setting the offer's payout price is usually dependent on the action the brand is paying for.

TUNE

As discussed earlier, there are several different types of actions: cost per conversion (CPA), cost per install (CPI), cost per sale (CPS), cost per conversion plus cost per sale (CPCPS), and cost per thousand impressions (CPM). Additionally, brands can complement their cost reporting with revenue data: revenue per conversion (RPA), revenue per sale (RPS), revenue per click (RPC), and revenue per thousand impressions (RPM).

How Partners Promote and Track Offers

In most cases, when a partner applies to a brand's program and is approved, they receive unique login credentials for that partner program. Once they receive these credentials, the partner can log in, search for offers they are interested in, select which offers they want to promote, and copy the link or creative code they want to use. The partner then pastes that link or code on their website, in an ad, or as part of some other digital real estate. The tracking platform will do the rest.

With the right platform, partners can add customizable variables in their unique tracking URLs, which makes it easier to manage their reporting. They can also generate tracking URLs using shortened URL formats, create SEO-friendly links, and add alphanumeric IDs for internal tracking purposes. Partners can also place an impression pixel for that offer to gain additional insight into their reporting.

The savvier your partners are, the more tracking options you need to provide. For example, most partners need to pass in their own third-party tracking pixel or postback parameters so they can track conversions in their own analytics systems or through an SDK. A brand should be sure that they are using a platform that supports and manages these functions.

In case I haven't made it clear: The majority of this process should be able to be done through your partner marketing technology. For example, TUNE hosts the partner sign-up page, provides an approval process, sends transactional communications, organizes and displays offers, manages creatives, restricts access by role and permissions, tracks results, reports on data, administers partner payments, and much more. If your platform can't handle one or more of these processes flexibly — in a way that can accommodate your preferences and business requirements — you should look for a better solution.

5 PAYMENT

While it may appear to be a mundane topic, payment is actually a critical relationship management tool. It stands to reason that properly compensating partners in a timely manner can only strengthen the trust between a partner and a brand. Therefore, payment should be viewed as a strategic lever that can create real competitive advantage — especially considering that not all businesses value their partners the same way.

The heart of enduring business relationships is trust and predictability; payment is a process that cuts across both.

Reconciliation and Invoice Preparation

In order to produce the cleanest payouts, brands spend time going through the reconciliation process to ensure that last-minute adjustments are considered.

Some questions you may want to ask yourself at the reconciliation stage:

- Do I have a commission structure in place that requires a true-up of commissions based on volume (or other factors)?
- Do I have a customer service policy in place that outlines what commissionable events are outside of a return window?
- Do I have fraud in my program results that needs to be adjusted?

Partners want to be paid in a timely manner for their services, and want to feel confident they are being paid according to the terms of a brand's program. As partners are more likely to promote the brands that pay them quickly and accurately, reliable data is essential. Your partner platform should be able to collect and translate that data into a reporting and payment process that is transparent, automatic, and adjustable.

Typically, a brand's payment cycle is set in stone to allow partners to be crystal clear on their cash flow. Remember, partners are disbursing cash ahead of the payment for their performance. They are stock brokers buying stock on margin. Payment is key.

If you are working with a network, they will invoice you for payment. You will pay them with one check, and the network will disburse that payment to all of your partners. If you are using a partner marketing platform, you will pay directly from that platform.

Payment Processing

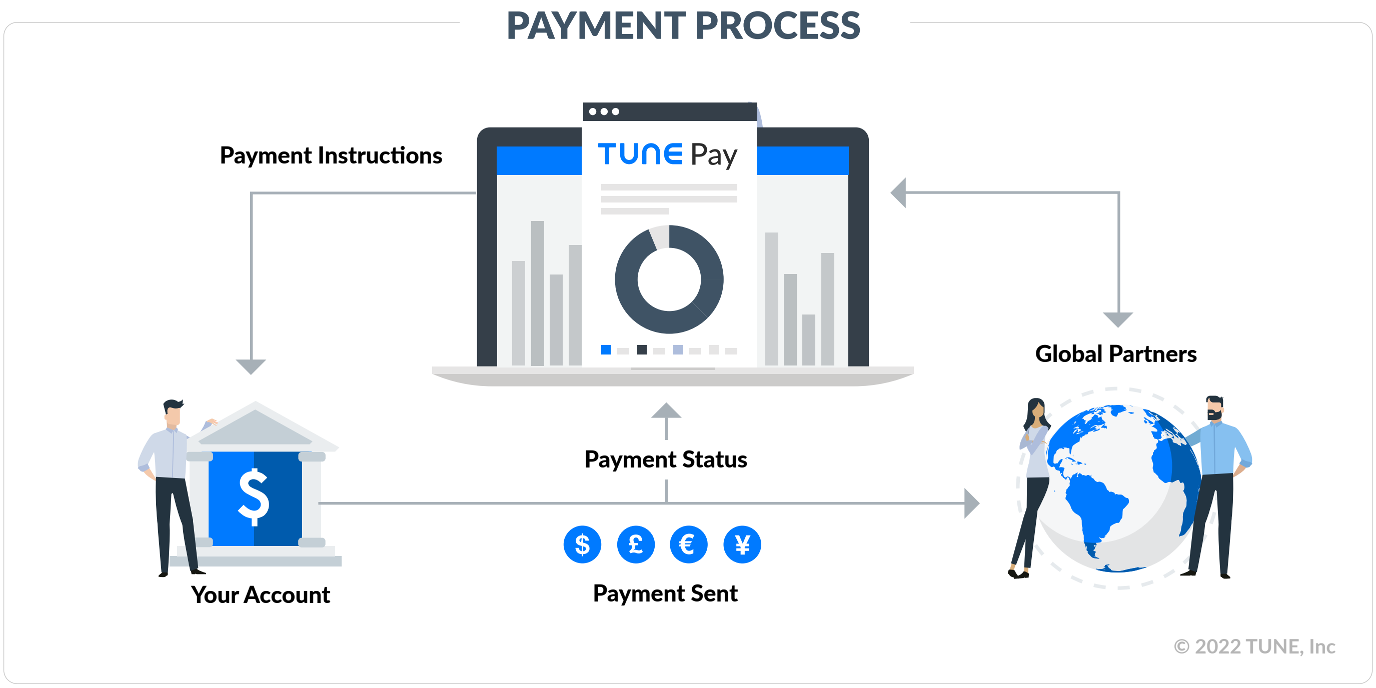
Once payout criteria and data is locked and loaded in the platform, brands can set the payment process in motion. Payments should be straightforward, with the exception of considerations around international programs and partners, such as:

- How am I accounting for foreign exchange (forex) rates?
- How am I delivering the funds to global partners, and in what currency will they be delivered?

TUNE

Assessing End-to-End Solutions

For a payment solution to provide value to a partner marketing platform, it must connect directly to and work seamlessly with the platform's existing offer and partner management tools. This direct integration enables brands to streamline financial workflows and secure sensitive transactions.



In addition, the most effective solutions address the following areas:

- Low foreign exchange fees
- Real-time tracking and delivery estimates
- Quick payment delivery (3 business days or faster)
- Direct transfers to bank accounts
- Automated transactions and status updates
- Platform integration endpoints

STEP 3: OPTIMIZE

Once a program is in motion, it is critical to revisit your original program assumptions. Quite simply, program management is a big cycle. You are planning, executing, and improving your program from all different angles, all of the time. As you set up the right hypotheses, test your assumptions, and see the results, you will have better direction to right the ship. The results you receive should inform your next set of questions to ask.

In preparing for your next set of questions, it is critical to:

- Analyze the results you have received and understand the wins and losses.
- Identify the right levers to improve areas that you are underperforming and cut activities that are not going as planned.

1 ANALYZE

With the growth of any partner program comes the need to analyze the results of that growth, so that future plans can be created. Good analysis helps brands to identify areas of potential growth. It can also uncover the top performing partners in a program, as well as recognize those with potential, so that brands can further enhance their communications strategy. To achieve this, you need a better understanding of the composition of your program, which will reveal whether your program has appropriate diversification among partner types. Knowing this information will help mitigate risks by adding partners in areas currently lacking or that have performed well to date.

With some hindsight, you will have the ability to step back and see if you have been able to reach some of your goals. Analysis can take on a variety of angles, but if nothing else, you may want to go back to the start. Meaning, ask the questions you asked when you initially set up your goals.

If I were sitting in your chair, I would want to have some pretty solid answers in the following program areas:

How robust is my pipeline of potential partners?

- Do I have a steady stream of applications for my program? Growing or shrinking? Why?
- What are the top reasons partners are being rejected? How did these partners hear about my program?
- Is there positive buzz about my program on partner sites and forums?

Do I have all of the right partners in my portfolio?

- Are all of the expected players participating in my program? If not, why not?

Have I improved my relationships with top partners?

- How many of my top partners (the 20% who drive 80% of volume) do I know by first name? Do I have touchpoints set up with them on a monthly basis?
- What is most important to each of these partners?
- Do I have a cohort of emerging partners and rising stars? What do they need from me to be better set up for success?
- Are there certain partners that are driving high effort and low return? If so, how can I improve these relationships?

How diversified is my program across partner types?

- Which partner types am I most dependent on?
- Do I have coverage across the different customer touchpoints through the partners I work with?
- Are there inherent risks related to certain partner types that I'm not aware of?

How concentrated is my program across partners?

- Which partners drive a disproportionate amount of sales?
- Are they at risk of churning or promoting other sites? If so, how can I prevent this?

How competitive is my program across all of its components?

- Are my payouts competitive with those of my peers?
- Are there other benefits I can highlight beyond my base rates?
- Which marketing policies are causing me the most undo friction?
- Which creative assets are the most effective?

What is the quality of my leads or customers coming in through the partner channel?

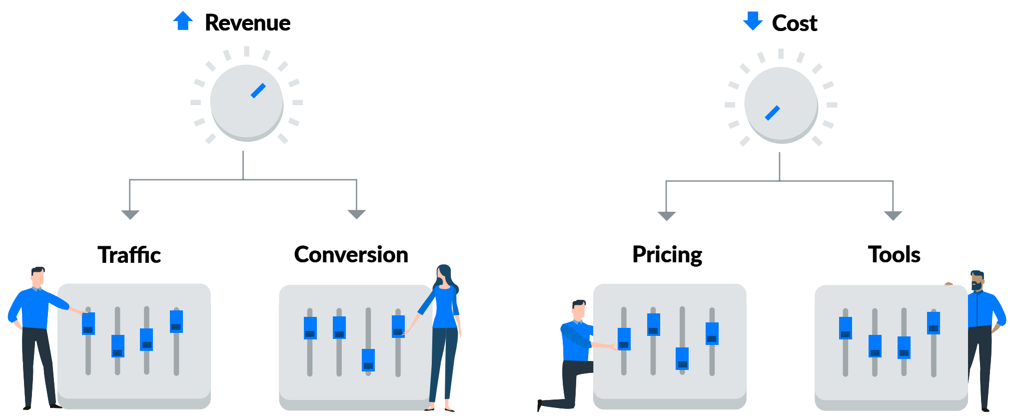
- Where do my customers with the highest LTV come from? Is that number trending upward or downward?
- Which partner types drive customers with the lowest LTV? Are these partners driving profitable sales for my brand? If not, is there a different commission structure that could solve that?

TUNE

2 IMPROVE AND ENHANCE

At the end of the day, what drives value in the partner channel for you? And how can you improve and enhance these assets for your ultimate success?

WHAT DRIVES VALUE IN THE PARTNER CHANNEL?



You can optimize any partner program to drive increased sales, improved conversion rates, and higher average order values by evaluating and elevating four program elements: incentives, relationships, experiences, and processes.

Better Incentives and Offers

Incentive optimization is one way brands can make their offers more attractive to partners. Below are a few ways you can use incentives to motivate your partners and build stronger relationships with them.

Customer Incentives
Providing partners with offers that include customer-specific incentives (e.g., free shipping, percent discounts, cash off, buy one get one, etc.) can increase the likelihood of them promoting your brand, and possibly enhance your placement on their site. Remember, customers shopping in the partner channel are often looking for the best value. Providing an offer with a customer-specific incentive may give you an edge up on the competition and increase your conversion rate.

Partner Incentives
Giving partners a valuable reason to promote your program may increase the odds that partners will opt to work with you, and may increase your presence on their site. Partner incentives can include: increased commission, bounty, sales contests, exclusive promotions, and bonus programs.

Compliance Incentives
How do you build up the right behaviors and stamp out the bad ones? Consider creating a profile of the ideal partner, and use these standards to segment your relationships. Give credit where credit is due by recognizing the work of partners who follow your wishes, overdeliver, and send high-quality traffic. Consider building a loyalty program that rewards VIPs — very important partners. Rewards could include higher commissions, access to your best offers, permission to receive proprietary data, and so on. Get creative!

Longer Attribution Windows, Commission Duration
Most beauty product purchases take place within 24 hours of a click. Most apparel purchases take place in the first seven days after a click. Higher consideration products with higher price points, such as electronics and furniture, may take 30 to 60 days. Regardless of whether or not a purchase usually takes place within the first 24 hours or 24 days, from the partner's perspective, a 30-day or longer cookie window is much more attractive than a shorter one.

Punctual, Reliable Payouts
Ensure your payment process is on par with or better than your competitors'. Partners want to be paid in a timely manner for their services, and are likely to promote advertisers that pay quickly and accurately. Paying certain partners faster can therefore be used as an incentive, just remember that accurate data is essential. Partners want to feel confident they are being paid according to the terms of your program. Thus, it is critical that the commission structure is set correctly, and partners are receiving accurate fees according to the structured terms of your program.

Better Relationships

The strength of your partner relationships can also be optimized. Below are tactics you can use to improve your relationships to make your program more successful.

Prioritize Top Partner Relationships
Your first priority should be the top partners in your program — those who are bringing in the majority of sales or conversions. However, having plans for growing mid-tier partners is also necessary. These partners may not drive the same volume, but as a group they can have a large impact on the program and are necessary for diversification.

Work on increasing active and productive rates for your program. Since this audience is already in your program, the next step is to increase performance. Consider incentives to drive higher levels of participation.

Activate New Partners
Create a plan for approaching newly approved partners in your program to increase activity. Trying to activate earlier in the relationship is easier than months or years down the road, when a partner may have lost interest.

Partner Communication and Outreach
Communicating on a regular basis with partners in your program can help build positive relationships. This helps the partner keep your program top-of-mind when thinking about packages and placements on their site. Optimization ideas include:

- Scheduling regular phone calls with top performing partners in your program to discuss new opportunities.
- Sending newsletters to your partner base informing them of special offers, new creatives, and important program enhancements or changes.

Coverage Analysis
Conduct a partner analysis on a monthly or quarterly basis to determine where there are opportunities to add partners to your program. This exercise is key to effectively growing your partner base and, ultimately, your sales. It is also a good idea to create a partner pipeline for recruitment efforts. Review the list of top partners within the category and try to recruit these partners into your program whenever possible.

Better Consumer Experiences

Site-side optimization is vital to partner marketing. By analyzing your creatives, landing pages, website user experience, you can identify variables to optimize in order to improve your overall partner program. Optimizing these assets and experiences often leads to an increase in conversion rates.

Creative Assets
Creative including a call-to-action or offer may increase the odds that a consumer will click on that specific promotion or ad instead of clicking on one of their competitors'.

Placement Coverage
Your link placement on each of your partners' sites or apps is also an important factor in driving traffic. You should strive to optimize your placement when possible, for example, by making certain you are listed in all relevant categories on the partner's site. To do this, you can:

- Consider an increase in partner revenue share to encourage better placement.
- Test slotting fee placements to determine if increased exposure drives more traffic.
- Offer an exclusive promotion in exchange for a top placement or more exposure.

In addition, be sure you are using a strong consumer offer with these partners. This is especially critical when paying for increased placement, as a compelling offer may increase the chance the consumer will convert when they reach your website, and therefore increase your return on investment.

Landing Pages
Landing pages are critical in achieving good conversion rates. Landing pages that mention the offer promoted in the banner or text link will help consumers feel confident that they have clicked through to the right site, and will indeed receive the offer. Offers should almost always be deep linked, meaning they should direct users to the specific offer page, not the homepage or a general page; this will reduce customer friction points and frustration. Co-branded landing pages that include a mention of the partner and the advertiser may also increase conversion, especially for loyalty partners.

Digital Shopping Experiences
A user-friendly website will convert better than a site that makes it difficult for their consumers to shop. Partners want to work with advertisers who spend the time and effort necessary to build a quality website.

It is a good idea to occasionally evaluate the following items when considering your consumer's shopping experience:

- Registration process
- Navigation (category taxonomy)
- Check-out process, including payment options and credit card authorization
- Shipping costs clearly displayed before check-out process
- Customer support available
- Ease of coupon/offer redemption process
- Site search functionality
- Interoperability with mobile apps

Better Partner Processes

Streamlining the work you do and the work your partners do for you on daily basis creates space for more value-added activities across the board. Listening to your partners and responding with action is a major component of your program's success. As a brand, you should always ask, How do I do more, with less? How do you maximize your program's attractiveness by making it effortless? What's more, how do you do it in a way that builds trust with your partners?

The answer is not to automate everything and let machines take over your world. While it's good to apply automated intelligence when appropriate, this is a relationship business — better to think of technology as an extension of you, versus the other way around. It is important to think through a partner's journey with your program with as much focus as you think through a customer's journey with your brand. Attack both angles, and you will see payoff!

When it comes to improving processes, the areas most ripe for disruption are your key workflow items. Figure them out with the following questions:

Which routine tasks do I repeat the most?
The objective here is to standardize and templatize these tasks to avoid creating one-off solutions for every process and interaction. Imagine being a partner and having to follow a hundred different processes for a hundred different brands. Why reinvent the wheel? Let's use the onboarding experience as an example. Do you have a checklist of steps to follow? A set of documentation and resources you always provide? Do you have a program website where partners can go to get answers? Hosting an FAQ page that covers these and other common partner inquiries is a great way to streamline this process.

What decisions do I routinely have to make?
When the right goals and policies are in place, you reduce the "noise" of decision-making with your partners. For example: if a partner disagrees with a decision, do you have bright-line rules your partners are made aware of that help back up your decision or support your point of view? Are you a zero-tolerance brand? Do you have a remediation process for issues that emerge? How do you make decisions on commissioning and value? Does your program spell out what it takes to become an ideal partner? Presenting all of this information clearly and upfront will serve to answer the tough questions before they are even asked.

What decisions can I automate?
Having a set of bright-line rules makes it easier to automate some decisions. Let's take fraud as an example. Fraud is fraud; it is uncomplicated, and it is easy to spot right from wrong. If you could reduce exposure to it, wouldn't you want to, proactively and without negotiation? If you had a way to automatically identify bad IPs or conditions highly correlated with fraud, you could reduce the time spent finding it, and instead move on to better things. Similarly, if you could automatically pause offers that are earning very high click volumes and very low conversion, you could reduce the time spent crunching the numbers and optimizing your traffic sources. Whatever you can do to automate clear decision trees and actions, the better.

Where can I improve handoffs between my partners and me?
This question focuses on tasks related to data and tools. If you were one of your partners, would you know where to find the brand's documentation? Would you know all of the tools the brand has put at your disposal, and how to use them? As a brand, does your program page or document library make it easy for partners to integrate information and tools? If not, you should consider this in the process.

Which policies do I need to change to increase my partners' chance of success?
At some point, you may need to ask yourself if your own policies are getting in the way of success. Meaning, have you weighed the downside risk against the upside potential of implementing a certain policy? Are you being overly restrictive? Do some of your rules lack a proper rationale? Are your criteria too narrow to attract top partners? Do your terms and conditions prohibit marketing in emergent media types? Whatever path you choose, policy changes are a potent lever to pull.

Remember: Being there for your partners will help you succeed, and freeing up your valuable time to help them, help you is what it is all about.

CONCLUSION

Be Attuned. Be Flexible. Run a Great Program.

The best relationships come out of being present and attuned to your partner's needs. As a brand, nothing is more important to nurturing these relationships than understanding your partners and being able to think like they do.

To summarize what you have read and learned throughout this guide, I harken back to one of my favorite movies about partnership, "Jerry Maguire," and the phrase that it made famous: "Help me, help you."

It is simple, but surprisingly true of partner marketing. As you work with others to grow and expand your business, consider what you can do to clear the path for their success. If your partners are successful, you will be.

Source: "Jerry Maguire" and imgflip.com

In particular, I suggest:

Tune in to your partners' monetization goals.
Partners try to monetize traffic they have either purchased or put incredible amounts of time into creating. Think of it like investing in real estate. If you poured hundreds of thousands of dollars into a new home, or spent all of your weekends fixing it up, you're going to want to sell it for the best price possible. Partners feel the same way about their traffic — and as you might imagine, they get pretty passionate about it.

Tune in to your partners' audience needs.
The first thing partners are looking for is the right offer. If the offer doesn't match their traffic sources, their users won't convert and they won't make any money (and neither will you). If they're trying to monetize traffic they've purchased from Google Adwords, offers that have low price points, free trials, or sign-up forms work best for these users.

Tune in to your own site's ability to convert traffic.
Additionally, your offers must have a great conversion rate. As a brand or an agency representing a brand, it is your job to make sure that a reasonable percentage of people that express interest in an offer actually follow through on it. If something happens to your sales funnel and visitors are no longer converting, partners start losing money by the second.

Tune in to your tracking methods.
In order to ensure accuracy, partners need to trust the tracking platform your partner program uses. They want to make sure every conversion they generate is recorded so they are compensated fairly. Downtime and broken tracking issues are the biggest pet peeves of any professional partner. Make sure you have a solid partner marketing platform in place to reduce your tracking risks.

Tune in to fair methods of compensation.
If nothing else, make sure that when a partner delivers, they get paid quickly and accurately. This means they're looking for clear terms and conditions, competitive payouts, and responsive partner management. Partners need to trust that the brands they are working with will pay out on time. You can imagine the pressure associated with buying traffic for an offer and not receiving payment quickly enough — it can bring a partner's business to a screeching halt.

Tune in to transparent data.
A successful partner program accurately represents offers so partners can best match them to their audience. Successful programs make sure their offers convert, payout on time, and have reliable and trustworthy partner tracking software in place. Set your program apart by providing your partners with accurate and transparent data and a variety of tools to help them make you money. You should always be testing new landing pages and banners, or trying to squeeze another 1% out of your conversion process.

TUNE in to your partnerships and watch your business grow!

ABOUT

Edited by Becky Doles
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About TUNE
The TUNE Partner Marketing Platform is a fully customizable, white label SaaS solution for building, managing, and growing partner programs and affiliate networks. Digital advertisers around the world use TUNE to maximize their ROI, from partner onboarding to conversion tracking, payouts, and beyond. Learn more at www.tune.com.