

The New Old: Affiliate Marketing's Core Values Return

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Introduction

Performance Marketing is evolving at a dizzying rate – new tools, technologies, and techniques. But as online marketers and advertisers struggle to get a handle on everything new – we, at eAccountable, are finding that all of these new ideas are sending marketers back to an old theme – acquiring new customers.

Advertisers recognize that it is increasingly complex to get a precise view of all of their online marketing channels. Using advanced attribution tools to adjust their ad spend to maximize ROI is not necessarily a straight forward process. As a result advertisers are finding it difficult to make decisions on which channels to emphasize and prioritize.

As this relates to the affiliate channel that means it's no longer simply about getting affiliates to promote a brand's offers or products and getting affiliate's respective audiences to take an action (any action like signing up for a newsletter, making a purchase, filling out a form, downloading a whitepaper, etc.).

It's about paying a premium to affiliates that can bring in new customers.

This renewed emphasis to drive **New-to-File customers** is one of the most sought after actions that merchants are looking for as they evaluate the value of their affiliate programs – and determine the overall performance of affiliate channel.

For advertisers there is more “perceived value” with affiliates who are capable of driving new customers. The questions and challenges that surround this new emphasis becomes how do you reward affiliates for this perceived value and what impact does it have on brand's affiliate programs?

What You'll Learn

There are many intertwined concepts and we will break down the complexities and give you best practices and ideas for dealing with the affiliate channel using the New-to-File concept.

Here's what will be covered:

- **New-to-File:** What it means to each advertiser; how to evaluate the best methods for implementation; and why it's not a "one-size fits all" solution.
- **Lifetime Customer Value and Retention:** A quick look at how to calculate lifetime customer value and why you need a retention plan.
- **The Networks Tools:** A breakdown of how advertisers can deal with the networks and what they can do for your business.
- **Customer Acquisition:** How affiliates can help your business reach a wider market and drive new customer to make purchases.
- **The Impact on Coupon Sites:** We'll explain how new to file can be good for coupon sites and how these types of affiliates fit into your mix.
- **Bloggers and Blogger Recruiting:** A look at why bloggers can help in this new customer acquisition process and how to get bloggers on board with your program.
- **The Importance of Content:** Why great content from affiliates (no matter what type) can drive new customers.
- **Placements:** We'll talk about how placement on affiliate sites impacts the effectiveness of new-to-file customers.

New-to-File

There are so many factors of your business that need to be considered in order to set up New-to-File properly.

- The size of your business and brand recognition in the market
- Lifetime customer value and retention
- What is the selling cycle of your product
- Each advertisers must define New-to-File
- Is New-to-File defined as every customer that has ever purchased from the advertiser, or is it a customer who has not purchased in 6 months, 12 months or 2 years?

“All sales are not created equal. We’ve been around for awhile, so new customers represent the future growth of our business”



Business Size and Brand Recognition

If you are a new advertiser and looking to build awareness of your product or service, incentivizing affiliates to bring in new customers is a good way to build up a customer base and get the brand's name out there. Rewarding affiliates with higher commissions for driving new customers can drive more sales and ultimately turn new customers into repeat buyers.

Even if you are an established brand and have multi-millions in sales, you want to look at gaining more customers from your efforts. Rather than running a costly marketing campaign across all channels – online and offline – you can use the existing affiliate channel and simply make slight tweaks to commissions paid out for new customer acquisition and see an uptick in sales.



Lifetime Customer Value

Just as not all sales are created equal; not all customers are created equal. Online marketers who recognize that fact are more likely to succeed and see an increase in overall profitability.

Customer lifetime value is the dollar value of a customer relationship, based on the present value of the projected future revenue from the customer relationship. That's why maximizing the customer lifetime value is a key success factor to a profitable business.

To formulate viable strategies, advertisers must cull through mountains of data from both their front and back-end systems. Knowing the breakeven point on customer relationships enables identification of the source of profits.

*There are various methods to calculate lifetime customer value.
Several apps and LTV calculators are also available online.
Here's one you can test out: <http://customerlifetimevalue.co/>*

Retention

New customer acquisition, lifetime customer value and retention go hand-in-hand. The interconnection of attracting new customers, retaining those customers and knowing how much they are worth to your business over the life time of your relationship with them, can be the difference between success and failure.

Most advertisers are willing to spend more upfront to bring in new customers, when they can offset and easily justify that spend by having a plan to keep those new customers and turn them into repeat buyers (thus increasing lifetime customer value).

Measuring Retention Rate (the percentage of the total number of customers retained in context to the customers that approached for cancellation) is crucial and advertisers must have a plan in place to follow up with new customers, make special deals and offers for them, get them to subscribe to marketing newsletters, and ultimately buy more.

In the book *Human Sigma: Managing the Employee-Customer Encounter*, Gallup researchers John H. Fleming, Ph.D. and Jim Asplund, indicate that engaged customers generate 1.7 times more revenue than normal customers, while having engaged employees and engaged customers returns a revenue gain of 3.4 times the norm.

And, according to the Harvard Business School, increasing customer retention rates by 5 percent increases profits by 25 percent to 95 percent.

But customer retention is about more than simply giving the customer what is expected or has been paid for. The real payoff comes in being able to exceed expectations and turn customers into loyal, repeat users and ultimately advocates for your brand.

Retention (continued)

Manes notes, “Advertisers don't want their new customer marketing strategies to be a black hole where they are bringing in new customers but a majority of these customers are dropping off in 1 or 2 months. Why have new customers if you can't maintain them. This is why a solid retention strategy needs to be in place. It should be developed to be aligned with your business’s goals and success milestones.

There are many ways to maximize retention:

- **Match data through common IDs:** This allows for tracking of customers and a holistic view of all customer activity.
- **Carry customer IDs forever:** Even if customers defect there is an opportunity to get them to return. Saving IDs enables brands to reach out to those that left with special offers. If customers come back, having historical data from their old account lets businesses treat them as a long-term valued customer rather than a newcomer to the brand or service.
- **Link referrals to originating ID:** This method can be used to track traffic and leads. It can also be used as a way to reward loyal customers for their recommendations and can be included as a way to help measure the influence of a customer, which may impact their LTV.
- **Link backend customer ID to front end marketing:** This allows for segmentation and creating unique offers to specific types of customers. It will also be measurable and give marketers an idea of what type of promotions are providing the most activity and conversions.
- **Seek out insights around what drives quality:** Look at data surrounding social media engagement; parse demographics; measure effectiveness of email communications, measure special promotions and offers; etc. All this great data will provide a better view into what motivates customers.

Product Selling Cycle

Each advertiser has different considerations about what type of product they are selling and how often their product is purchased. Is it a perishable item? Is it something that needs to be replaced on a regular basis? Is it often a gift item or a one-time purchase?

Here's an example: Let's say you have a typically high-turnover business (such as selling vitamins or household cleaning supplies) or other products that are repeat buys, you might want to consider that if a customer hasn't bought from your business in a year or maybe even 6 months that they are considered a new customer. Advertisers should work with their affiliate program managers to make those decisions.

Now let's look at the flip side. For many in the wedding business – there are no repeat customers. It's typically a one-time purchase. Let's just call it "one and done". Nearly everyone is a new customer, so maybe moving to a model where compensation is based on new to file isn't such a good idea.



Affiliate Network Tools

The majority of major affiliate networks have the capability within their services to track whether sales to an advertiser are coming from new or repeat customers and adjust commission according to the advertisers' wishes. The way these features function varies across individual networks as customer information is collected differently. That means some networks have the ability to create these types of new-to-file customer reports dynamically and in other cases advertisers may have to work with their network to generate an auto feed or, in the worst case scenario, the reports may have to be generated manually.

Advertisers should talk with their network representative about the specifics of set up and reporting and then monitor reports to see if the new goals are being achieved.



New Customer Acquisition

Just like calculating lifetime customer value, advertisers need to understand the cost of acquiring a new customer. It will vary in different channels. But looking at the costs specifically in the affiliate channel prior to the change in payment methods will provide a baseline. Then advertisers can then adjust payments for new customers based on that information along with the other factors outlined above.



Impact on Coupon Sites

The true value of coupon sites is often debated. Some say that coupons don't add value and rather complicate the affiliate channel, which typically pays commissions on last click, by giving credit to a coupon site rather than the affiliate site or original source that may have actually sent the customer to the advertiser's site. Others argue that without a coupon customers might not have made the purchase.

But when it comes to new-to-file, coupons affiliates should not be worried about being devalued – it's a trend that can actually benefit them. There is a lot of research completed in the last 5 years that shows there is a high new consumer acquisition rate for coupon sites.

Advertisers structure effective commission payout levels that will include coupon sites. In addition, many coupon sites are seeing the value of adding content to attract visitors and create a differentiator among their competitors. This also makes coupon sites a valuable asset to advertisers and casts coupon sites in a more positive light at every level in the new-to-file commission structure.



The Importance of Bloggers

Bloggers create great content and often can tap into niches and markets that advertisers might not otherwise be able to reach. That means that advertisers will see bloggers pushing new customers to them. The unique content and loyal followings created by bloggers is a potentially lucrative avenue for advertisers.

For example: An advertiser that specializes in wedding invitations might concentrate on the obvious markets that appeal to brides-to-be. However, a blogger that focuses on an older demographic might be able to reach mid-life women that are getting married for the second time. Another blogger that caters to a same sex demographic would be able to reach a burgeoning niche that the advertiser would not otherwise want to address head on or reach in an authentic manner.

Content can be created and found in many forms including emails, blog posts, social media interaction, webinars and more. Compelling content is also highly shareable and means that advertisers can see a lift in new customers coming in via social media.

In addition, the value of the content created by bloggers offers long-tail search opportunities for the blogger and the advertiser. This results in incremental sales over a long period of time for both parties.



“While we initially looked at bloggers as a way to grow brand awareness and reach, we have been pleased with the sales growth in this longtail niche.”

The Importance of Bloggers (continued)

Here are some other benefits to content in attracting new customers:

- **Brand Awareness:** Web traffic, page views, videos watched, downloads, social interaction, documents viewed and links followed can increase.
- **Brand Reach:** More content (posts) is always good even if the affiliate backlink doesn't have high SEO value.
- **Generating Leads:** Conversion rates, forms completed, downloads and documents read, new email and blog subscriptions are can see a rise.
- **Increased Sales:** Both offline and offline sales will get a boost.
- **Retention and Loyalty:** Content viewed by new and existing customers can help retention and renewal rates.

There are several ways to compensate bloggers for their new customers. Advertisers can offer incentives, create special deals that are unique to specific bloggers, offer free products for review, and structure commissions to have high rates for new customers sent by bloggers.



Placements

Negotiating better placements on blogs, content sites and coupon sites will provide a lift in awareness to potential new customers. This is great exposure for advertisers and it's worth the time it takes to personally reach out to affiliates and strike a deal for more prominent placement. These types of better placements are proven to draw in new customers.

It's best to aim for a long-term relationship where placements can be repeated over a period since increased exposure is a tried and true method to generate interest among potential new customers.



Engagement Tools

Engagement Tools are an important part of helping to increase new customers, indentifying them and incentivizing them to purchase. eAccountable can deliver a full suite of tools to keep with new customer engagements and improve conversation.

Unlock-an-Offer

(Incentivize customers; grow Facebook “Likes,” email, or cell phone captures from 3% to 10% of the daily site traffic; and improve Conversion Rates 10% to 30%)

- 100% Managed Service.
- Works on any size site.
- Offers, deals and coupons can be changed at any time by a designated program manager.
- Custom look and feel delivered for each site. Always branded for the advertiser.
- Offers can launch from multiple positions on the page.
- Offers can be made unique from page to page, category to category and etc.
- All tools are launched from a separate dedicated server so as not to further encumber the client’s site.
- Simple script added to Content Management System (CMS) of the site.
- Numerous sales tracking options are available to the Advertiser.



Engagement Tools (continued)

Save-a-Sale

(Minimize cart abandonment issues; Cart Abandon Issue; send optimized behaviorally targeted emails to abandon shoppers in real time; bring customers back to the site after they left without buying; convert 10% to 30% of these abandoned carts)



- Visitor uses the shopping cart and provides an email address (email capture), but leaves without purchasing.
- Email capture is then turned into a follow-up communication string within 60 minutes of abandoning the website without purchasing. Multiple communications can be scheduled as an option.
- Communication is a reminder to return and complete their transaction. The reminder can be with or without a financial incentive. The reminder can say 'Thanks for visiting our site,' 'Did we answer all of your questions?' or 'How about we give you Free Shipping to help you decide to purchase now?'
- Simple script added to Content Management System (CMS) of the site.

Engagement Tools (continued)

Share-a-Deal

(Let your customers share their purchases on Facebook & Twitter while increasing new email captures and capturing Facebook & Twitter friends' profile information; increase the likelihood of new-to-file customers who see a Facebook or Twitter friend's purchase and go to the Advertiser site & eventually make a purchase)



- After completing a purchase, purchaser sees a pop-up window that gives them the opportunity to “Share-A-Deal” with their Facebook friends. If purchaser bought more than one product, they can select the product they chose by clicking on the product photo. Purchaser can include a personal message, too. By sharing, the purchaser will save on their next purchase.
- Once purchaser clicks “Share”, they see a Facebook pop-up window that asks them to give Facebook permission to share their Facebook Friend List, Email Address and other profile information with Advertiser. Purchaser either clicks “Okay” button or cancels out of process by clicking “Cancel” Button.
- Purchaser then sees a “Thanks for Sharing” screen, letting them know that their discount for sharing will be emailed to them.
- Purchaser then gets the opportunity to share their purchase with their Twitter friends.
- Share-A-Deal Tool increases viral potential of customer purchases being shared with their Facebook Friends & Twitter followers and builds “New-to-File” customers through the use of Advertiser’s customers sharing their purchases.

Engagement Tools (continued)

Save-a-Customer

(Minimize site abandonment; send an optimized behaviorally targeted popup to interrupt the customer from leaving the website; bring customers back to the site after they left without buying; and convert 20% to 30% of these abandoned carts)



- Visitor comes to the website but decides to leave without purchasing an item, providing an email address, Facebook like or cellphone number.
- A popup interrupts the Customer from leaving the site providing an offer to get them to purchase a product “right now” or asks them for an email address, Facebook Like or cell phone number.
- Simple script added to Content Management System (CMS) of the site.

Recruit-a-Blogger

(Use the power of bloggers with existing communities to help promote your products and services; expand your brand’s reach; drive new customers to purchase)



- eAccountable uses its Connection Portal to advertise and recruit affiliate bloggers.
- All blogs are curated for content, content length, affiliate links and other requirements as specified to assure compliance before approving for payment.
- 100% Managed Service.
- Works on any size site.
- Prizes, contests and giveaways can be offered to make the blog more compelling and drive signups, likes or email captures.
- Blogger outreach delivers a longtail affiliate growth opportunity at an affordable cost.
- To see sample blogger opportunities go to: <http://advertisers.eaccountable.com/tag/blogger-opp/>

Conclusions

The concept of an old idea being reborn and seen as new is not unusual. The classic line “History repeats itself” can now be applied to the fast moving the Internet of all things (IoT) as well.

Using tried and always true parameters and focusing on the combination of new customer acquisition (New-to-File), content and placement can make any affiliate channel effort better and more focused, and, even more valuable to the advertisers and their publishers.

“History
repeats
itself”

About Us

eAccountable is a digital performance agency. We specialize in retail representation and provide services for numerous Internet Retailer Top 500 merchants. We know how to drive traffic and sales and control your costs per conversion, and provide the latest online tools for helping you manage your online marketing efforts: affiliate, conversion enhancement, social, mobile, email, research, retargeting, pay-per-call and more.

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