

WORKING WITH COUPON SITES – ATTRIBUTION AND FUNCTIONALITY

INTRODUCTION

Several LinkConnector (LC) merchants have expressed concerns related to working with coupon affiliates. Most of the concerns relate to erosion of profit margins, lack of control over coupon distribution within the affiliate channel, and the belief that coupon affiliates do not provide incremental value, but instead, are simply disrupting the purchase process by gaining credit after a consumer reaches a purchase decision.

However, coupon affiliates can bring tremendous brand exposure, new customer acquisition, and incremental revenue growth to a merchant's Affiliate Marketing program. According to the 2016 Affiliate Benchmarks survey, 67.5% of merchants noted that coupon sites are a valuable part of their affiliate programs with 30% of these finding coupon sites to be the most valuable. A properly designed campaign and promotional strategy can extract maximum value from this affiliate segment without interfering with other marketing efforts.

The purpose of this document is to introduce merchants to LC functionality and promotional strategies that can alleviate merchant concerns as they relate to working with coupon affiliates thereby enabling merchants to better work with these valuable sources of sales and revenue.

COUPON TECHNOLOGIES

Given the proven value of coupon affiliates and the concerns some merchants express over working with coupon affiliates, LC offers several attribution related technology solutions and functionalities allowing merchants to structure their program optimally for these types of relationships. These technologies include...

- Coupon Code Attribution
- Blacklist Functionality
- Whitelist Functionality
- Adaptive Attribution

Each technology has specific requirements for implementation that should be carefully considered and discussed with your account representative to ensure targeted results are achieved.

COUPON CODE ATTRIBUTION

In LC, merchants can issue private coupon codes for their affiliates, thereby creating the opportunity to attribute a sale to a specific affiliate based on the actual coupon code used by the customer. This attribution can occur as part of the normal Affiliate Marketing channel (Basic Coupon Code Attribution) or through other promotional channels where a click isn't possible (Naked Coupon Attribution). This allows LC merchants to gain visibility into the value of the individual affiliate while eliminating affiliate concerns of coupon code hijacking.

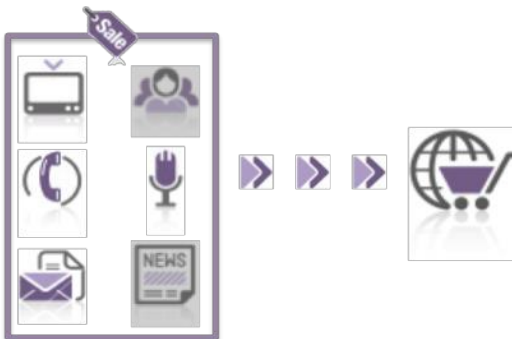


Figure 1 - Offline Affiliate Promotion with Naked Coupon Functionality

Naked Coupon Attribution, where a click (or cookie) isn't required for Coupon Code Attribution, opens affiliates to a much broader range of promotional methods. This includes wider dissemination of opportunities to affiliate followers in social networks (e.g., Twitter, Reddit, Instagram, etc.) and the possibility of using offline promotional methods like radio, television, and print advertising. Armed with Naked Coupons, affiliates can reach potential customers for a merchant in ways never before possible in Affiliate Marketing and in a way that specifically adds incremental value.

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IDEAL FOR:

- Merchants who desire to identify specific performance of each coupon affiliate partner
- Merchants who desire to discourage and eliminate coupon code hijacking
- Merchants who wish to open up promotional methods to include offline sources of promotion
- Merchants who wish to track performance of influencer marketing relationships

REQUIREMENTS:

- Merchant ability to issue private coupon codes
- Merchant must pass coupon code used at time of purchase
- For Naked Coupon functionality, merchant must use LC's Universal Tracking Solution
- If not exclusive to LC or a merchant not using LC's Universal Tracking Solution...
 - Merchant should enforce improper use of private coupon by invalidating in other networks and crediting (usually with a bonus) the rightful affiliate owner of a private coupon in LC

BLACKLIST FUNCTIONALITY

Merchant coupon codes not intended for affiliate promotion ultimately may find their way into the Affiliate Marketing channel resulting in erosion of profit margins. Blacklist Functionality eliminates the need for merchants to waste valuable time ensuring coupon compliance by scanning coupon sites for the existence of unauthorized codes. Instead, blacklisted coupons are communicated to affiliates to inform partners that codes are not to be used and won't be credited. LC automatically invalidates affiliate commission on orders associated with unauthorized, blacklisted coupon codes. This removes all financial incentive for affiliates to use such codes while protecting a merchant's desired profit margins.

By way of example, a merchant emails its existing customers with a special offer targeted for use by these existing customers, not the general public. At the same time, the merchant updates their LC Blacklist with this coupon code. If this code ends up in the User-Generated Content (UGC) area of a coupon site and is subsequently used to complete a transaction, LC removes any affiliate credit at the time of the purchase.

IDEAL FOR:

- Merchants who want to benefit from increased traffic resulting from maximum use of UGC through coupon affiliate partners, but use coupon codes not intended for public consumption
- Merchants who desire to discourage and eliminate use of coupons not intended for the affiliate channel

REQUIREMENTS:

- Merchant ability to upload Blacklisted coupon codes intended for other marketing channels prior to use
- Merchant must pass coupon code used at time of purchase
- If not exclusive to LC...
 - Merchant must invalidate transactions resulting from Blacklisted coupons used by coupon affiliates in other networks, or
 - Merchant must limit coupon affiliate promotion to LC

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WHITELIST FUNCTIONALITY

Merchants who have an unknown quantity of coupons issued for other marketing efforts or whose management is extremely intolerant of UGC coupon functionality on coupon sites (and is willing to sacrifice all its benefits to the merchant), LC provides Whitelist Functionality. Similar to Blacklist Functionality, affiliates do not receive credit for unauthorized use of specific coupons. And, merchants are relieved from the time consuming task of ensuring coupon compliance. However, with Whitelist Functionality, affiliate partners only receive credit for coupons made available to them by the merchant through LC*.

IDEAL FOR:

- Merchants who can not accurately document all codes intended of other marketing channels
- Merchants who desire to discourage and eliminate use of coupons not intended for the affiliate channel
- Merchants willing to sacrifice benefits of allowing UGC on coupon partner sites

REQUIREMENTS:

- Merchant ability to upload ALL coupon codes intended for the Affiliate Marketing channel prior to use
- Merchant must pass LC coupon code used at time of purchase
- If not exclusive to LC...
 - Merchant must invalidate transactions resulting from coupons not authorized for the Affiliate Marketing channel used by coupon affiliates in other networks, or
 - Merchant must limit coupon affiliate promotion to LC

ADAPTIVE ATTRIBUTION

Most Affiliate Marketing Networks offer its merchants the ability to only credit based on last click. LC offers the ability for merchants to credit based on first click (synonymous to First In, First Out or FIFO) or last click (synonymous to Last In, First Out or LIFO). When multiple affiliates are involved in a transaction, FIFO tends to favor affiliates such as content sites and shopping comparison sites who generally introduce a potential customer to a product or service early in the sales funnel. LIFO tends to favor search and coupon affiliates who generally appear in the sales funnel much closer to a purchase decision. Depending on the type of affiliates a merchant most desires to reward; the merchant can select the appropriate attribution for their campaigns.

LC can customize Adaptive Attribution further to meet a merchant's specific campaign objectives and requirements. Custom Adaptive Attribution includes...

- Merchant desires to share commissions when two or more affiliate types are involved
- Merchant desires to credit the first click within a certain time of the sale (e.g., within the last hour)
- Merchant desires to limit crediting to any affiliate after a customer has entered the shopping cart (LC's Shopping Cart Window functionality).
- Merchant desires to lower or eliminate coupon affiliate commissions after user enters the shopping cart and subsequently assign remaining commission to other affiliates involved in the conversion funnel (LC's Advanced Shopping Cart Window functionality).

For any custom Adaptive Attribution solutions, the merchant should carefully consider all requirements and desired outcomes with their LC account representative to ensure a successful implementation.

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IDEAL FOR:

- Merchants who desire to target specific types of affiliates for partnership and growth
- Merchants who desire to implement a shared attribution method
- Merchants who desire to limit crediting in certain situations

REQUIREMENTS:

- None, if simply selecting LIFO or FIFO crediting
- For custom Adaptive Attribution, requirements vary depending on the desired custom solution

CONCLUSION

Coupon affiliates can bring tremendous brand exposure, new customer acquisition, and incremental revenue growth to a merchant's Affiliate Marketing program. A properly designed campaign and promotional strategy can extract maximum value from this affiliate segment without interfering with other marketing efforts. LinkConnector offers many attribution options and other technologies to make it possible to build relationships with coupon affiliates without interfering with other promotional strategies. Contact your LC account representative to further discuss these technologies and the benefits of coupon affiliate partnerships!

ADDITIONAL RESOURCES

Working With Coupon Affiliates – <http://www.linkconnector.com/pdf/WorkingWithCouponAffiliates>

Forrester Research – <http://www.iab.net/media/file/ForresterRakutenLinkShareFinal.pdf>

2016 Affiliate Benchmark Report: <http://affiliatebenchmarks.com/>

2016 AffStat Report: <http://affstat.com/>