AFFILIATE
MARKETING

DEFINITIONS FOR
BEGINERS

BY: MARK BROWN

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My introduction to Affiliate Marketing was a lesson in what I don't know, and how fast the internet changes. I had to search and learn the new lingo , acronyms, and definitions. Some were new, some have changed, and some I had never seen before. It was frustrating trying to listen to any training and having to stop and look up common words I need to know to be successful at Affiliate Marketing. So I have put together a small Dictionary of Affiliate Marketing Definitions. I am just beginning in the great opportunities in Affiliate Marketing. Check out my first successful opportunity.

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A/B testing – 1) a method in marketing research where variables in a control scenario are changed and the ensuing alternate strategies tested, in order to improve the effectiveness of the final marketing strategy. 2) **A/B testing**, **split testing** or **bucket testing** is a method of marketing testing by which a baseline control sample is compared to a variety of single-variable test samples in order to improve response rates. A classic direct mail tactic, this method has been recently adopted within the interactive space to test tactics such as banner ads, emails and landing pages. Significant improvements can be seen through testing elements like copy text, layouts, images and colors. However, not all elements produce the same improvements, and by looking at the results from different tests, it is possible to identify those elements that consistently tend to produce the greatest improvements.

above the fold - the section of a Web page that is visible without scrolling. A graphic design concept that refers to the location of an important news story or a visually appealing photograph on the upper half of the front page of a newspaper. Most papers are delivered and displayed to customers folded up; meaning that only the top half of the front page is visible. Thus, an item that is "above the fold" may be one that the editors feel will entice people to buy the paper. Alternatively, it reflects a decision, on the part of the editors, that the article is one of the day's most important. By extension, the space above the fold is also preferred by advertisers, since it is the most prominent and visible even when the newspaper is on stands. The term can be used more generally to refer to anything that is prominently displayed or of highest priority. This term has been extended and used in web development to refer the portions of a webpage that can be visible without scrolling. However, some have suggested that this term is vague as screen sizes vary greatly between users, especially in an era where websites are viewed with mobile devices as much as home computers. The fold varies depending on the resolution settings on a visitor's monitor. At lower settings (i.e. 640x480) the fold is relatively high on the page. At higher settings (i.e. 1280x1024) the fold extends much further down the page. Decisions concerning what goes above or below the fold are often made based on a minimum targeted resolution. Advertisers often look favorably at placements that are high on the page, assuming that their ads will be viewed and clicked more often. Some banner exchanges are even more direct, only swapping above-the-fold impressions for other above-the-fold impressions. If a banner ad is placed above the structure containing the main content, then the ad can be viewed before the main content loads. When a banner is allowed to pre-load, being above the fold may be favorable in terms of generating awareness. However, if a banner ad is being served from an overworked ad server, the image may not render before the visitor scrolls down the page. In this case being above the fold may be unfavorable.

ad blocking - the blocking of Web advertisements, typically the image in graphical Web advertisements. While ad blocking has existed for several years, it is still estimated to be used by a relatively small percentage of the online population. Standalone blocking solutions may have leveled off after the initial wave of eager adopters, but adoption could grow considerably if the functionality is bundled with other Web software. Initially introduced by non-mainstream software companies, ad filtering technology has now been integrated into popular application suites from major software companies such as McAfee and Symantec. Proponents claim that download times improve considerably by eliminating slow-loading banners and buttons. A slow-loading advertisement can keep an entire page from loading until the ad either loads or times out. This one factor can cause more delays than the actual download and rendering of all other page elements combined. Opponents claim that ad blocking amounts to nothing more than theft, as ad-free surfers use valuable resources without indirectly "paying" in the form of viewing ads. A few publishers have gone so far as to reject ad-blocking visitors. If widely embraced, ad blocking might actually have some unintended consequences for Web surfers. By rejecting anything that is easily identified as an advertisement, ad-blocking software actually encourages more aggressive forms of generating revenue. If legitimate advertising is eliminated, content sites will feel the pressure to sacrifice editorial integrity by using sneaky advertorials, charge subscription fees for content... or be forced out of business.

ad space - the space on a Web page available for advertisements. Ad space was not a factor in the earliest days of Web design, but it is now a major factor for sites that are dependent on advertising revenues. One of the challenges of Web design is to use ad space in a way that delivers for advertisers without alienating visitors. Traditionally, ad space has consisted of space for banners on the top and bottom, along with space for buttons on the left and right. Recently, publishers have been experimenting with larger advertising sizes including skyscraper ads and rectangle ads.

Add URL - (see *Search Engine Submission*)

AdSense - a text-based advertisement service provided by Google.com. AdSense is one of many ways to earn money from the Web. *AdSense for content* is a system of Google contextual ads that you can place on your blog, search engine, or Web site. Google, in return, will give you a portion of the revenue generated from these ads. The rate you are paid varies, depending on the keywords on your Web site used to generate the ads. Google uses its Internet search technology to serve advertisements based on website content, the user's geographical location, and other factors. Those wanting to advertise with Google's targeted advertisement system may enroll through Google AdWords. AdSense has become a popular company in creating and placing banner advertisements on a website, because the advertisements are less intrusive than most banners, and the content of the advertisements is often relevant to the website. Many websites use AdSense to monetize their content; it is the most popular advertising network. AdSense has been particularly important for delivering advertising revenue to small websites that do not have the resources for developing advertising sales programs and sales people to generate revenue with. To fill a website with advertisements that are relevant to the topics discussed, webmasters place a brief HTML code on the websites' pages. Websites that are content-rich have been very successful with this advertising program, as noted in a number of publisher case studies on the

AdSense website. AdSense publishers may only place three ad units per page. Some webmasters put significant effort into maximizing their own AdSense income. They do this in three ways:

1. They use a wide range of traffic-generating techniques, including but not limited to online advertising.
2. They build valuable content on their websites that attracts AdSense advertisements, which pay out the most when they are clicked.

3. They use text content on their websites that encourages visitors to click on advertisements. Note that Google prohibits webmasters from using phrases like "Click on my AdSense ads" to increase click rates. The phrases accepted are "Sponsored Links" and "Advertisements".

The source of all AdSense income is the AdWords program, which in turn has a complex pricing model based on a Vickrey second price auction. AdSense commands an advertiser to submit a sealed bid (i.e., a bid not observable by competitors). Additionally, for any given click received, advertisers only pay one bid increment above the second-highest bid. Google currently shares 68% of revenue generated by AdSense with content network partners, and 51% of revenue generated by AdSense with AdSense for Search partners.

advertising network - a network representing many Web sites in selling advertising, allowing advertising buyers to reach broad audiences relatively easily through run-of-category and run-of-network buys. An online advertising network or ad network is a company that connects advertisers to web sites that want to host advertisements. The key function of an ad network is aggregation of ad space supply from publishers and matching it with advertiser demand. The phrase "ad network" by itself is media-neutral in the sense that there can be a "Television Ad Network" or a "Print Ad Network", but is increasingly used to mean "online ad network" as the effect of aggregation of publisher ad space and sale to advertisers is most commonly seen in the online space. The fundamental difference between traditional media ad networks and online ad networks is that online ad networks use a central Ad server to deliver advertisements to consumers, which enables targeting, tracking and reporting of impressions in ways not possible with analog media alternatives. The advertising network market is a large and growing market, with the top 20 companies earning about $2 billion in revenues during 2007. This represents around 13% of the total display advertising market, forecasted to grow to 18% by 2010. This growth has resulted in many new players in the market, and has encouraged acquisitions of ad networks by large companies entering the market. Ad networks are primarily involved in selling space for online ads to appear. This online advertising inventory comes in many different forms, including space on websites, in RSS feeds, on blogs, in instant messaging applications, in adware, in e-mails, and on other sources. The dominant form of inventory remains to be third-party websites, who work with advertising networks for either a fee or a share of the ad revenues. An advertiser can buy a run of network package, or a run of category package within the network. The advertising network serves advertisements from its central ad server, which responds to a site once a page is called. A snippet of code is called from the ad server that represents the advertising banner. Large publishers often sell only their remnant inventory through ad networks. Typical numbers range from 10% to 60% of total inventory being remnant

and sold through advertising networks. Smaller publishers often sell their entire inventory through ad networks. One type of *ad network*, known as a *blind network*, is such that advertisers place ads, but do not know the exact places where their ads are being placed. Large ad networks include a mixture of search engines, media companies, and technology vendors. There are 3 main types of online advertising networks:

1. Vertical Networks: They represent the publications in their portfolio, with full transparency for the advertiser about where their ads will run. They typically promote high quality traffic at market prices and are heavily used by brand marketers. The economic model is generally revenue share. Vertical Networks offer ROS (Run-Of-Site) advertising across specific Channels (example: Auto or Travel) or they offer site-wide advertising options, in which case they operate in a similar fashion to Publisher Representation firms.
2. Blind Networks: These companies offer good pricing to direct marketers in exchange for those marketers relinquishing control over where their ads will run, though some networks offer a "site opt out" method. The network usually runs campaigns as RON or Run-Of-Network. Blind networks achieve their low pricing through large bulk buys of typically remnant inventory combined with conversion optimization and ad targeting technology.

3. Targeted Networks: Sometimes called "next generation" or "2.0" ad networks, these focus on specific targeting technologies such as behavioral or contextual, that have been built into an Ad server. Targeted networks specialize in using consumer clickstream data to enhance the value of the inventory they purchase.[1] further specialized targeted networks include social graph technologies which attempt to enhance the value of inventory using connections in social networks.

There are two types of advertising networks: first-tier and second-tier networks. First-tier advertising networks have a large number of their own advertisers and publishers, they have high quality traffic, and they serve ads and traffic to second-tier networks. Examples of first-tier networks include the major search engines. Second-tier advertising networks may have some of their own advertisers and publishers, but their main source of revenue comes from syndicating ads from other advertising networks. While it is common for websites to be categorized into tiers, these can be misleading. While Google is in the clear majority of advertisement impression served, other networks that could be labeled as tier 2 actually dominate over these tier 1 ad networks as far as the number of customers reached.

affiliate - the publisher/salesperson in an affiliate marketing relationship. The affiliate carries out the advertising or sales of the affiliate marketing relationship, depending on which analogy you prefer. The affiliate gives wider distribution to the affiliate merchant's products in return for compensation based on performance. The affiliate's source of distribution usually comes in the form of Web site traffic or email list subscribers. Affiliates face the daunting task of choosing from among the thousands of available programs to maximize revenue. Comparing the commission rates is not enough; fine print in the contract must be checked for red flags, destination sites and creative units must be analyzed for conversion potential, and the financial strength of merchant partners must be evaluated. Affiliates have traditionally been smaller sites run by individual webmasters and small businesses, but some large companies have integrated

affiliate programs into their revenue mix. Some companies even participate as a merchant of their own program and as an affiliate of other programs.

affiliate directory - a categorized listing of affiliate programs. Affiliate directories are a popular starting point for finding and comparing various merchant's programs. The individual networks also provide aggregated information for their programs, but lack the all-in-one overview of the directories. Many of the directories provide simple text listings, but a few offer more advanced search capabilities. Other semi-common features include articles, newsletters, and forums. A few of the biggest sites could rightfully be called affiliate portals. There are countless affiliate directories, but only a few differentiate themselves from the rest. Be careful of directories that are only interested in hyping programs that make a quick buck for the directory, but offer nothing of lasting value for your site. A good directory helps you find the programs that are best for your site and your visitors.

affiliate forum - an online community where visitors may read and post topics related to affiliate marketing. Affiliate forums provide an opportunity to bypass merchant hype and discover what is really happening in the affiliate marketing industry. The discussions usually revolve around which programs are converting customers (or not) and which programs are making payments (or not).

affiliate fraud - bogus activity generated by an affiliate in an attempt to generate illegitimate, unearned revenue. Fraudulent activity by affiliates comes in both automated and non-automated varieties. Automated scripts attempt to mimic the activity of legitimate, human visitors. Non-automated schemes may involve coordinated efforts by humans actively generating excess clicks or registrations. After the fact, affiliate fraud can sometimes be spotted by checking activity logs for unusual patterns. Proactive protection may involve manually approving affiliate applications, although this minimization of fraud must be balanced against the risk of losing legitimate, productive affiliates who don't want to wait for approval. **Click fraud** is a type of affiliate fraud that occurs in pay per click online advertising when a person, automated script or computer program imitates a legitimate user of a web browser clicking on an ad, for the purpose of generating a charge per click without having actual interest in the target of the ad's link. Click fraud is the subject of some controversy and increasing litigation due to the advertising networks being a key beneficiary of the fraud. Use of a computer to commit this type of Internet fraud is a felony in many jurisdictions, for example Penal Code 502 in California, USA. There have been arrests relating to click fraud with regard to malicious clicking in order to deplete a competitor's advertising budget

Affiliate Manager(AM) – Person in charge of the management (and sometimes organization) of a company's affiliate program. An **affiliate manager** manages affiliate programs by helping affiliates generate sales, track purchases and send commission, among other activities.

affiliate marketing - revenue sharing between online advertisers/merchants and online publishers/salespeople, whereby compensation is based on performance measures, typically in the form of sales, clicks, registrations, or a hybrid model. **Affiliate marketing** is a marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's own marketing efforts. Examples include rewards sites, where users are

rewarded with cash or gifts, for the completion of an offer, and the referral of others to the site. The industry has four core players: the merchant (also known as 'retailer' or 'brand'), the network, the publisher (also known as 'the affiliate'), and the customer. The market has grown in complexity to warrant a secondary tier of players, including affiliate management agencies, super-affiliates and specialized third party vendors. Affiliate marketing overlaps with other Internet marketing methods to some degree, because affiliates often use regular advertising methods. Those methods include organic search engine optimization, paid search engine marketing, e-mail marketing, and in some sense display advertising. On the other hand, affiliates sometimes use less orthodox techniques, such as publishing reviews of products or services offered by a partner. Affiliate marketing—using one website to drive traffic to another—is a form of online marketing, which is frequently overlooked by advertisers. While search engines, e-mail, and website syndication capture much of the attention of online retailers, affiliate marketing carries a much lower profile. Still, affiliates continue to play a significant role in e-retailers' marketing strategies.

affiliate merchant - the advertiser in an affiliate marketing relationship. The affiliate merchant is responsible for implementing a sales tracking system, providing a selection of linking methods, attracting affiliates, monitoring results and paying affiliates. Some (or all) of these functions may be outsourced. Affiliate merchants may track their program in-house using an affiliate software program or through a 3rd-party affiliate network. Actual day-to-day management of the program can similarly be kept in-house or outsourced.

affiliate network - a value-added intermediary providing services, including aggregation, for affiliate merchants and affiliates. An **affiliate network** acts as an intermediary between publishers (affiliates) and merchant affiliate programs. It allows website publishers to more easily find and participate in affiliate programs which are suitable for their website (and thus generate income from those programs), and allows websites offering affiliate programs (typically online merchants) to reach a larger audience by promoting their affiliate programs to all of the publishers participating in the affiliate network. Traditional affiliate networks enable merchants to offer publishers a share of any revenue that is generated by the merchant from visitors to the publisher's site, or a fee for each visitor on the publisher's site that completes a specific action (making a purchase, registering for a newsletter, etc.). The majority of merchant programs have a revenue share model, as opposed to a fee-per-action model. For merchants, affiliate network services and benefits may include tracking technology, reporting tools, payment processing, and access to a large base of publishers. For affiliates, services and benefits can include simplifying the process of registering for one or more merchant affiliate programs, reporting tools, and payment aggregation. Affiliates are generally able to join affiliate networks for free, whereas there is generally a fee for merchants to participate. Traditional affiliate networks might charge an initial setup fee and/or a recurring membership fee. It is also common for affiliate networks to charge merchants a percentage of the commissions paid to affiliates.

affiliate software - software that, at a minimum, provides tracking and reporting of commission-triggering actions (sales, registrations, or clicks) from affiliate links. A software program such as Affiliate Wiz for running and managing an affiliate program. This typically includes signing up affiliates, managing links, tracking impressions, clicks, sales, leads. This also includes paying affiliates, etc.

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