

Internet Advertising Bureau (“IAB”)

Performance Marketing Council

Best Practice Guides | Affiliate Audits

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This best practice guide provides a non-exhaustive set of considerations and practical guidance relating to auditing affiliate program standards and compliance. It is aimed primarily at Advertisers.

1. Definitions

a. Compliance

Broadly speaking, in affiliate marketing program/campaign *compliance* refers to Affiliates promoting advertising campaigns in accordance with the standards and Terms and Conditions as stipulated by Affiliate Networks/Agencies and their Advertisers.

Given the spectrum of Advertisers there is no single set of compliance rules; Advertisers favour, encourage and tolerate different promotional methods and these preferences are subject to change over time depending on the objectives and policies of the Advertisers.

b. Auditing

This refers to checks aimed at verifying the quality and compliance of Affiliate/Publisher activity and advertising campaigns.

2. Benefits of defining and managing quality standards

Campaigns promoted and managed in accordance with defined quality standards means a positive online experience for consumers as well as greater assurance for Advertisers looking to protect their brands and achieve a positive ROI. It also means that Affiliates/Publishers know where they stand when devising promotional strategies and tactics for individual brands.

Without attention to these areas consumers, Advertisers and Publishers are all exposed to potentially negative factors ranging from a poor online customer experience, damage to Advertiser brand and lack of clarity and disruption for Affiliates/Publishers in respect of their promotional efforts.

Working collaboratively within the UK IAB, Affiliate Marketing stakeholders (Networks, Agencies, Affiliates/Publishers and Advertisers) have and continue to focus on developing industry standards as a means to ensuring the ongoing positive development of the industry.

3. Ensuring clear, consistent standards up front

The first step to ensuring solid, robust standard is to make sure that the rules are clear up front.

For Advertisers this means;

- Seek clarification regarding your Network's / Agency's default standards. In reality, in the UK, most Networks have similar policies and standards which are encapsulated in their Terms and Conditions. Standards are often consistent because they are aligned to specific, agreed IAB standards. It is certainly worth checking.
- Knowing how and where standards are defined and communicated to Affiliates/Publishers. The clearer this is, the better.
- Understanding who is responsible for communicating the rules to publishers. For instance, Affiliate Networks will often do this on behalf of their advertising clients through their interfaces and through email. It is worth checking who is contractually obligated to carry out ongoing communication.
- Understanding what mechanisms are in place for ensuring that Affiliates agree to the rules. Affiliates usually tick a box in their login to accept terms and conditions before gaining access to tracking links. In some instances, Advertisers may want to go further with individual contracts and indemnity arrangements. Typically, affiliate marketing user interfaces will be designed to enable advertisers to clearly state any terms and conditions specific to their program. Check with your supplier about how this information is communicated. Alternatively, if you are running a

direct program without third party assistance always ensure you provide up to date terms and conditions.

- Ensuring that specific requirements with regards to standards are thought through *before* launching campaigns and that these are reviewed, changed and communicated if need be as circumstances change. Retrospectively focusing on standards (once a problem has arisen) can cause avoidable problems and disruption, and damage performance.

4. Auditing - General

At a general level Networks/Agencies may have different policies and employ different methods for managing and verifying standards. There are typically a series of preventative measures that aim to mitigate risks (such as affiliate “traffic abuse” or “fraud”) as well as checks and audits aimed at identifying potential risks and issues.

Advertisers should seek clarification of these policies and pose questions such as:

- How do you ensure the quality of Affiliates on your Network?
- How can I ensure the quality of Affiliates applying for my program(s)?
- What checks and indicators do you use to mitigate and/or spot traffic and promotional quality issues?
- How do you audit the effectiveness of your quality controls?

Whilst the answers to these questions should satisfy many concerns, they should also help to inform the approach to auditing specific Advertiser campaigns.

Whilst auditing may be a requirement for some Advertisers the more rigorous the controls the smaller the risk of issues and problems.

5. Advertiser campaign Auditing

Auditing standards and verifying their effectiveness on individual Advertiser campaigns can be a complex and logistically challenging task and the approach taken will vary from sector to sector and from Advertiser to Advertiser. Influencing factors will include:

- Regulatory and licencing risk context (especially in financial services and utilities, for instance)

- Brand policies – certain Advertisers may have very specific requirements/ restrictions around how their brand, products and services are promoted
- Scale and distribution of affiliate campaigns – from a practical perspective this needs to be reconciled with audit requirements. It is probably not possible to carry out monthly audits on 1000+ Affiliates!

Once the Advertisers has weighed up their own requirements and assessed their own risk appetite (and whether audits are necessary) a basic approach can be decided factoring in what is achievable and practical.

In terms of the practicalities the following considerations should be considered:

- The scope of the audit, including
 - Which type of Publishers should be audited (volume drivers, “long tail”, email, voucher code etc.?)
 - What needs checking/verifying (offer accuracy, branding, specific aspect of program T&Cs being met etc.?)
- Who should carry out the audit? This will vary depending on the commercial/contractual arrangement in place.
- Tolerance and flexibility arrangements – is the “compliance criteria” black and white or is there room for flexibility?
- Post-audit arrangements including reporting audit findings and handling “non-compliance, including:
 - Permitted time scales and process for Affiliates/Publishers making changes
 - Timescales and processes for verifying changes/corrections

6. Assessment of Audit Findings

Whilst auditing is often aimed at managing and correcting quality, rash decisions based on immediate audit findings can serve to needlessly damage campaign performance. Audits should also be seen as a means for Advertisers to understand and engage with individual Affiliates and careful assessment of “grey areas” will often have positive outcomes and influence ongoing effectiveness of the campaign.

7. Removal of Publishers

Occasionally an Advertiser will decide they want to scale down the number of Publishers on their program. In this instance, and assuming there is a well-established and credible reason for doing so, it is imperative Publisher removals are carried out in both a timely and respectful manner. Publisher inactivity on a program should not be viewed as grounds alone for their removal. There might be a number of reasons for non-activity, and these should be explored before any action is taken. Advertisers considering removing Affiliates they deem to be 'non-performing' should consider more than just sales volume. For example, an Affiliate driving a high number of click-throughs or impressions is still a valuable partner, and proper management with a view to re-engagement is preferable to removal.

Similarly, it is advisable that Affiliates not be removed from the program simply in an effort to improve the publically-visible statistics on a program's performance. It should be remembered that statistics for a program overall will differ markedly at an individual Affiliate level.

For these reasons, large-scale Affiliate 'culls' should be considered bad practice. Advertisers wishing to retain close control over their programs whilst avoiding managing multiple Affiliate relationships may wish to run a 'hidden' or invite-only program on their chosen Network as an alternative to mass removals.

However, as noted above, Advertisers should have control on who promotes them via their Affiliate program and ultimately it should be at the Advertiser's discretion which Affiliates they choose to work with.

Advertisers who intend to remove an Affiliate/Affiliates from their program should make contact with the affiliate in the first instance to explain the reasons for their removal from a program. The point of contact at a Network or Agency (if one is used) should also be informed so that they can provide advice and assistance in getting in touch with Affiliates.

Advertisers should provide reasonable notice to any Affiliates they intend to remove from their programs. The Advertiser's contact details should be provided in this correspondence to allow for Affiliates to respond prior to removal.

8. Penalties

As well as ensuring up-front transparency around campaign terms and conditions and standards requirements there should also be clarity regarding any penalties and forfeits for non-compliance including when and how they would apply. Typically penalties would include suspension from a program or network, cancelling of commission and/or with holding of commission payments.

Network/Agency Terms and Conditions often include relevant clauses for these scenarios although Advertisers should check this. If Advertisers have their own specific penalty clauses (for instance, for serious breaches) these should be made clear to relevant parties so that they can be communicated accordingly to Affiliates/Publishers.

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