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1. Experience of using Affiliate Marketing:

For the most part I have had a very positive experience in dealing with affiliates. There is a steep learning curve in dealing with them and when starting out it's very easy to fall into pitfalls that are not always apparent from the outset. For this reason I think that it necessary for both PhonePay Plus and AIME to offer as much assistance as possible to the industry.

Strict rules need to be applied with very clear instructions as to what is and is not permitted. If a clearly defined list of permissible practices is provided to affiliates then, more often than not, they will comply with them. This is especially true if they know that you have rigorous monitoring in place that will quickly identify an issues that may arise.

What we, as an industry, need is a clearly defined (and illustrative) list of permissible and non-permissible marketing practices and traffic sources. An example of this is re-direct traffic. In some cases this could be perfectly acceptable, but in cases where the site that the customer is re-directed to pertains to be related to the original click then there is the potential for it to be misleading. Clear instruction to the affiliate on this matter should remove any ambiguity and result in the advertiser getting the sort of traffic that they want.

Affiliates are motivated to get as many leads as possible so they need to be monitored closely. The threat of removing them from your program or withholding revenues is a large incentive for them to stay onside but the key to keeping programs compliant is monitoring and information sharing. By sharing information about the latest marketing techniques and traffic sources monitoring becomes a lot easier. Quite often monitoring can be like looking for a needle in a haystack and is extremely labour intensive. Helping each other to narrow down our search area is key to a self-regulated, compliant market.

2. Affiliate Guidelines Improvement

The publication of Guidelines was a good first step but clearer instructions on specific examples of what constitutes affiliate malpractice is required. Information sharing, on an ongoing basis, between regulators, industry bodies, L1s and L2s is necessary and rather than there being one set of guidelines issued we would instead have a living, breathing wiki on this subject. Some additional, basis perquisite requirements should be added to the guidelines for the uninitiated in affiliate marketing, e.g.

- Referrer cloaking – this is commonplace among affiliates so that competitors can't track their traffic sources and attempt to but from the same source. The unfortunate side effect of this is that it can be difficult for an advertiser to check back on cloaked referrers. Advertisers should insist that affiliates do not cloak referrers.
- Advertisers should insist that the Publisher ID is passed to them so that the entity providing the traffic can be easily identified. Any bad traffic that related to that publisher can then be identified.
- Following on from the point above, advertiser should also request that a SubId is passed as well. The subid will help identify different traffic sources that a publisher might provide. The main benefit of this from a regulatory point of view is that it will assist an advertiser in

identifying the exact traffic source for any possibly misleading advertising and thereby limit any possible consumer harm to that source.

- The tools that PPP use to monitor e.g. Alexa.com and <http://evuln.com/labs/> should be publicised to aid the industry.
- Explanations as to why certain terms e.g. congratulations have been found to be misleading should be published as opposed to saying that congratulatory terms were found to be misleading. This has led to a lot of confusion in the market place as to what terms can and cannot be used in the marketing of a service.

3. What Does Good Look Like?

- Auditable – yes, this makes sense. Can PPP provide a best in class example of due diligence and risk control so a standardized format can be used across the industry?
- Ethical – yes this makes sense. To aid the industry can PPP provide illustrative examples of what constitutes consumer harm and why?
- Systematic – agreed, monitoring is highly labour intensive and would be greatly assisted if PPP shared monitoring techniques to help reduce the search area for advertisers.
- Transparency – agreed. As per Q2 I recommend that advertisers insist on no cloaking, pub id and sub id.

4. Questions on Page 10.

- Pre-Contract DD.
- Very difficult to see an affiliate networks compliance record as it is not published anywhere that I know about. Also, affiliate networks have many affiliates under them. It's the compliance history of the affiliates, more so than the network that needs to be taken into consideration.
- Contracts with affiliates are generally in the format of an IO that is a commitment to purchase inventory. Very specific rules on traffic and marketing practice can be inserted into these IOs and penalties for breach of them too.
- From my experience, affiliate networks and affiliates will act on instructions given to them by advertisers if anything untoward is discovered in monitoring.
- With regards to payment terms, quite often when initially contracting with an affiliate network they will look for pre-payment as they don't have an existing trading / credit relationship with the advertiser. If post payment is in place then the speed of payments depends on the volume of leads being acquired. An affiliate network typically pays out their affiliates either weekly or bi-weekly and therefore does not want to build up a large credit position with an advertiser. Similarly, if an advertiser contracts directly with an affiliate, cutting out the middleman, they will have to offer weekly or bi-weekly payment terms. The benefits of working directly with an affiliate is that you know who is promoting your service and you can exert greater control over the promotion. If you are a large advertiser then the risk of losing your promotion for noncompliance is a big disincentive, especially if the affiliate has pre-paid for the inventory themselves. In a highly regulated market, like the UK, it is difficult for an alternative advertiser to be found and ultimately the affiliate could be left holding a lot of inventory without a buyer for it. This is a big incentive for them to stay compliant and work in partnership with advertisers.

- Post Contract Monitoring, Risk Assessment and Control.
- “In the wild monitoring” is key in post contract risk assessment as it’s the only way to see and replicate customer journeys. Sharing of monitoring techniques and early notification of the same is essential here.
- I also agree that monitoring customer complaints gives a good indication of what the consumer is experiencing and where they are experiencing it. However, what is difficult to ascertain from customer complaints is if they have adware installed on their computer and, if so, what it is and what is the impact on their customer journey.

5. What can PPP to build compliance?

- In order for PPP to build compliance they need to share information of what they deem to be malpractice in a timely fashion to the industry. This information could be generalised and sanitized, removing out any L1 or L2 details if necessary but they need to provide warnings to the industry early so we can all act and protect ourselves and consumers alike. AIME is working on the early warning system as a means for doing this already and PPP need to either input into it or share information separately.

6. What is the industry doing to build trust in affiliate marketing?

- The early warning system is a massive step in helping the industry to self-regulate and improve the trust in affiliate marketing.
- Further to that the industry code of practice for affiliate marketing will help regulate what is and is not permitted in the market place. If advertisers have a common set of rules then it will help remove rouge practices employed by affiliates.