

WHITEPAPER

---

# Co-Managed In-House Affiliate Programs:

A Close Look at 2020's Top  
Affiliate Marketing Trend



**TargetCircle**



# Contents

**Introduction**

3

**Public affiliate network**

4

**Self-Serve In-house Affiliate Program**

6

**The alternative approach:  
Co-managed in-house affiliate programs**

9



# Introduction

For the promotion of a brand, an affiliate program can be a valuable and cost-efficient option to generate traffic to their website or app and get conversions.

This whitepaper will compare the two traditional approaches to running an affiliate program, namely by choosing **the managed public affiliate network option** or **the self-serve in-house affiliate option**, and introduce an alternative approach that could be seen as a hybrid solution, **the co-managed in-house affiliate program**.






# Public Affiliate Network

In contrast to in-house affiliate programs, public affiliate network programs are mainly managed by a third party, the affiliate network. Affiliate networks act as intermediaries between the advertiser and the affiliate.



Advertisers can benefit from working with affiliate networks in multiple ways. The main advantage is the publisher portfolio affiliate networks offer. Once an advertiser registers with a network, they usually have access to a broad publisher base immediately, saving them publisher recruitment and onboarding time. As cooperation is performance-based, advertisers only pay for approved transactions. In addition, they only need to pay one invoice to the network that will then handle the payouts to the affiliates. Especially smaller brands can profit from the work with affiliate networks, reaching a lot of publishers that can promote their offers nationally as well as internationally.



For advertisers, the main drawback of cooperation with an affiliate network are the costs. Most networks work with an initial setup fee, sometimes also monthly fees as well as a high share on the commission. They might also add extra fees for special services, data use etc. However, compared to the time and cost it would take to implement a self-serve in-house affiliate program, the affiliate network solution can be an option. Though affiliate networks provide traffic and services, their customization options are limited at best, but mostly non-existent, especially compared to in-house affiliate program software.

For Affiliates, the main benefit of joining an affiliate network is that once they sign up they can choose from a wide array of offers and can select the offers that suit their websites and target audiences best. This range of offers also makes it easier for affiliates to compare payouts and commission models. Moreover, one account at an affiliate network gives an affiliate access to a wide offer portfolio so that s/he can create several sources of income within the same account. As their payouts are made by the network, they don't need to follow up or keep track on their payouts with each individual advertiser. However, a drawback of an affiliate network for publishers is that the offer approval process by the network is often slow and intransparent and the chances to reverse any rejection are limited.

## PROS

- Publisher portfolio
- Various services included (publisher payouts, offer monitoring)

## CONS

- Expensive
- Lack of customization options
- Missing flexibility and control
- No direct communication between advertiser and publisher



# Self-Serve In-house Affiliate Program

A self-serve in-house affiliate program is created and managed solely by the company/brand itself using proprietary or third party software. Popular examples of self-serve in-house affiliate programs are Amazon, Check24 and Hotels.com.




There are various advantages of a self-serve in-house affiliate program. For affiliates the biggest plus is the direct communication with the advertiser, resulting in a trustworthy partnership. A direct cooperation without an intermediary also means the highest possible payouts for the affiliates in the market as nothing is “lost” to arbitrage or intermediary fraud. Related to the latter these following scenarios should be considered:

- An advertiser can only see the transaction commission, but not the affiliate payout in their interface or billing and hence does not know the margin/override that the intermediary charges, meaning often the intermediary does not stick to the agreed affiliate payout, but decides to increase its own “cut” without telling the advertiser nor the affiliates and because of this unauthorized “cut” increase, the affiliates lose to arbitrage and deliver less (quality) traffic.
- An advertiser can prevent intermediary fraud whereby the intermediary rejects previously approved transactions by the advertiser AFTER they have been invoiced and paid by the advertiser but BEFORE the affiliates are paid out (obviously resulting in a pure profit for the intermediary and a pure loss for both the advertiser and the affiliate). The arguments that the intermediaries use towards the affiliates reach from “subsequent rejection due to fraud” to “partial or even non-payment by the advertiser” which damages the advertiser’s reputation amongst its affiliates irreparably.
- The affiliate payouts are unreasonably withheld after payment receipt to improve the intermediary’s cash flow position.

Besides preventing the scenarios explained above, an in-house affiliate program also reduces, or might even eliminate, the re-brokering of the advertiser’s offer(s) within the market resulting in intransparent and often bad quality to fraudulent traffic. Think about the kind of traffic that you get after 4, 5 or even more intermediaries took their cut out of an affiliate payout. Changes to the offer setup or the creation of a new offer can be implemented much faster with an in-house affiliate program software as the self-serve interfaces are designed for that and there are no communication delays between the advertiser and the affiliates. This also means the advertiser can contact partners directly and instantly and push for traffic or arrange promotions. As stated initially, direct cooperation also guarantees the highest return/payouts to the affiliates.

With an in-house affiliate program, the advertiser keeps complete control of its offer(s)/campaigns. Their performance traffic can be analysed, monitored and optimized within one system. The traffic origin is completely transparent as all affiliates that promote the advertiser’s offer(s) are visible. In contrast to other solutions affiliates are no longer hidden from the advertiser. This transparency and the absence of additional agreements (with any third party) preventing advertisers from transferring their affiliates at any given point of time (no blackmailing by networks possible) gives the advertiser planning security and independence. An additional pro aspect of in-house programs is the possibility to have it branded so affiliates will always experience the look and feel of the brand and that extra trust results in higher promotional activity.



Disadvantages of an in-house affiliate program mainly concern the affiliate side: Every advertiser uses different software so affiliates have to work with different backends to get their links, manage their offers, and monitor their performance. The more advertisers and software affiliates are forced to log in to, the less overview they have of what offer they are running and how they perform. For affiliates, the direct communication offers a lot of advantages, but on the other hand, there is no control by a third party like an agency or network and therefore the cooperation has to rely on trust.

Another contra point for affiliates is that they get separate payments from each advertiser that they have to monitor.

However, apart from the affiliate side, there are also drawbacks on the advertiser side. Advertisers need a dedicated performance marketing manager/team managing all affiliate partnerships. Clearly, this is related to higher internal HR costs. Additionally, the advertiser needs to search for and acquire and connect each and every publisher separately to their offer(s)/campaign.

## PROS

- Direct communication between advertiser and affiliates
- Highest payouts
- Complete control of the affiliate program
- Speed to market
- No network margin

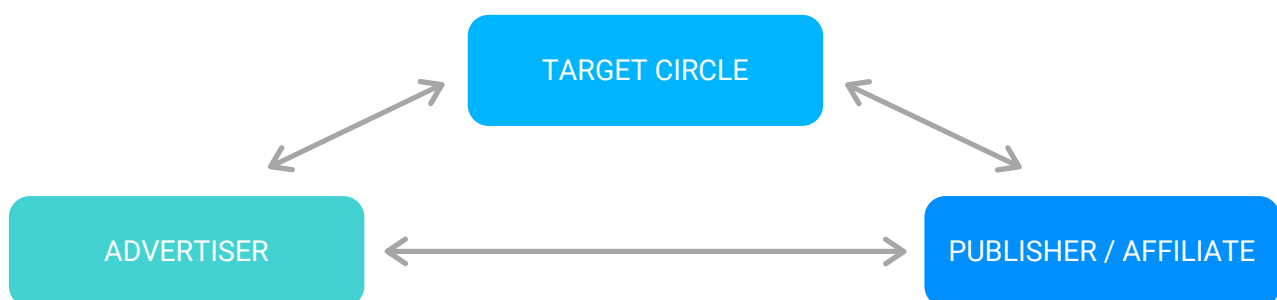
## CONS

- Different platforms and logins for affiliates
- Higher HR costs on the advertiser side
- Slow publisher recruitment process
- The advertiser needs to take care of the finance & payout process





# The alternative approach: Co-managed in-house affiliate programs



The co-managed in-house affiliate program, as offered by Target Circle, combines all benefits of a self-serve in-house affiliate program and a public affiliate network and has (almost) none of the other solutions' downsides.

The platform itself offers a variety of features for advertisers. For offer creation and management, the following is included without limitation:

- Event tracking (impressions, clicks, transactions)
- Targeting (geo & device)
- Ad management & serving (ad types)
- Payout differentiation (price segments, product groups, engagement types, commission types)
- Automatic trading (reference, country, industry, vertical)

Once the offer is set up by advertiser, the advertiser has immediate, unrestricted access to a Marketplace of shared publishers. This publisher portfolio is constantly growing as Target Circle has an entire publisher management team dedicated to enhancing the quantity and quality of affiliates in the Marketplace. The exponential growth of the Marketplace is a result of the close cooperation between the advertisers and Target Circle as well as the use of publisher sign-up and sign-in pages placed on the advertisers' websites. Target Circle experts always support the recruitment process by reviewing all affiliate registrations:

- ✓ Publisher authentication (user emails)
- ✓ Publisher account data accuracy & completeness
- ✓ Ad placement ownership & quality assurance (proof of control over ad inventory)


The Target Circle team proactively identifies, approaches, and onboards relevant publishers for each advertiser, for example by helping with their account setup and API or postback integrations. A variety of support channels to get in touch with the Target Circle team assure quick feedback to all publisher enquiries:

- Help centre articles
- Intercom chat
- Social media channels
- Instant messengers
- Email
- Phone

An additional time-saving feature for advertisers is the automatic connection of publishers. Advertisers can place branded sign-up/become a partner link on their websites, containing a reference parameter that will automatically connect any new publisher to the Advertiser's offer(s), once the publisher account is completed and has been approved.

With a few clicks the platform can be branded and customized to match the advertiser's wishes and requirements.

The offer and publisher performance can be monitored in an extensive report section. Click, performance and transaction reports allow detailed traffic analytics and monitoring. Various dimensions and metrics can easily be added to the reports helping to spot traffic trends but also irregularities indicating fraudulent activities. Once any irregularity has been flagged, the Target Circle team in cooperation with the advertiser can drill down and verify if it is actually a case of fraud. Monitoring and policing the program is part of the managed service ensuring that none of the offer restrictions and rules is violated. This also includes scrubbing traffic from sources that do not abide by the set offer KPIs and/or restrictions.



When it comes to the financial part, Target Circle works hand-in-hand with the advertisers to ensure that publishers receive their payouts in a matter of days rather than weeks or even months. Every day that publishers receive their payouts faster counts as that money can be reinvested by the publishers to increase their traffic. At the beginning of each new month, advertiser needs to validate all the pending transactions. Once the advertiser confirms the final numbers, Target Circle creates the invoice the same day and sends it to the Advertiser. The advertiser gets only one invoice including the SaaS fees AND publisher payouts.

After the invoice payment receipt, all transactions are marked as “approved, paid in” which triggers the automatic issuing and sending of all compliant self-billing documents to the advertiser’s publishers. Target Circle takes care of the advertiser’s publisher payouts using local currency accounts to avoid any exchange rate and transfer cost losses that publishers face when being paid by public affiliate networks. Target Circle advertisers benefit from Target Circle vast community and Target Circle constantly shares exclusive insights, best practices, learnings, and ideas with its advertisers, always in tune with the latest industry and market developments.

## PROS

- **All benefits** of public affiliate networks
- **All benefits** of self-serve in-house affiliate programs
- **Significantly cheaper** than public affiliate networks and the **same price** as self-serve in-house affiliate program software providers
- **Higher software quality** than public affiliate networks and especially self-serve in-house affiliate program software providers
- Open Marketplace allows for **faster affiliate program scaling** compared to the other two options

## CONS

- Extra service add-on costs compared to self-serve in-house affiliate program

---

# More info about Co-managed in-house affiliate programs?

Start Your FREE 14-Day Trial Today



---

## Contact Us



[www.targetcircle.com](http://www.targetcircle.com)



[info@targetcircle.com](mailto:info@targetcircle.com)