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### **Taking a two-tier approach to affiliates**



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Over the past six months, the affiliate marketplace has demonstrated a marked shift towards 'in-housing'. As networks struggle to justify their fees and the value they inject into the process, clients have a greater understanding of who their primary partners are and how they wish to trade with them.

A solution being adopted is a two-tier model, managing primary partners through an in-house network and using affiliate networks to add incremental growth through reach. Clearly, not all clients are geared up to manage and facilitate partnerships of this ilk, and neither are some of their agencies.

We know that Google's removal of Best Practice Funding at the end of the year has forced media agencies to take a long, hard look at their business models with a view to opening up revenue streams. As the affiliate channel is maturing, it would make sense that this should be one of the streams under consideration. However, as with the SEM space, there will always be specialists and generalists.

Similarly, within affiliate marketing the specialists will continue to innovate new techniques, processes and strategies while others will exist within it to service the needs of their clients. How will specialist affiliate marketing agencies continue to establish themselves as leaders? By adding incremental growth to advertisers' bottom lines.