In-House vs. Outsourcing Affiliate Platforms

Why a Combination of Both May be the Best Solution

CAKE

IN-HOUSE VS. OUTSOURCING AFFILIATE PLATFORMS

The hotly contested question of whether advertisers should use an in-house affiliate platform or outsourced affiliate service provider is gathering plenty of momentum.

While the use of in-house affiliate platforms is becoming more widespread, many marketers are choosing to remain with their third-party providers or to work with a combination of both models.

But, when it comes to the ever-developing affiliate marketing channel, there is no single solution for all brands. Finding the right fit and balance based on individual needs can be a challenge.

In-house Migration: Simply Part of the Enterprise Cycle

There is a huge paradigm shift in affiliate marketing going on right now, similar to what was happening with "search" 10 years ago. At that time, brands typically outsourced search as it was a new, must-have capability. They didn't understand it well, and so the best thing to do was to hire an agency to manage the program.

Jump forward 10 years to today, and almost every major brand has brought search in-house because there are more people with expertise and the skillset to manage, understand and successfully implement a program. There are also intuitive products, such as tools offered by Marin and Kenshoo, which allow brands to manage all search activity in-house.

Similar to search in its early days, many digital marketers originally found early affiliate marketing too complex to manage, so outsourcing affiliate activity was a natural move.

Today, however, advances in technology and an increase in the number of skilled marketers makes it possible to bring affiliate activity in-house.

The industry has seen both Apple and Groupon create in-house affiliate platforms. It has also seen the emergence of companies like CAKE, HasOffers for Tunes, Impact Radius and PHG that provide intuitive, ready-to-use platforms that enable advertisers to manage affiliate programs in-house.

In-house vs. Outsourcing

Is it better to bring affiliate marketing in-house or outsource it to an affiliate service provider? Both have many benefits.

IN-HOUSE VS. OUTSOURCING AFFILIATE PLATFORMS

Benefits of In-house
- Cost Savings – Marketers save a lot of money by no longer having to pay commissions to an affiliate network.
- Direct Relationships – Marketers have the opportunity to develop one-on-one relationships with publishers, thus allowing the creation of custom campaigns and custom payouts. By cutting out the middleman, marketers also get direct feedback from publishers and develop an understanding of what's working and what's not.
- Real-time Accessibility to Data – Having real-time data is important, but marketers can miss out if they need to wait on third-party providers to share that data, especially if the network is guarding certain publisher information. There is also the element of control – having access to all the data to analyze and build intelligence specific to a business.

Benefits of Outsourcing
- Minimal Effort – Advertisers don't have to use their own resources – they simply pay a fee every month and the network does all the work.
- Connections – Advertisers can leverage the connections and relationships networks already have with publishers.
- Insights – Networks have expertise in verticals, businesses and industries and can share that expertise to help advertisers build creative assets and campaigns.

Best of Both Worlds

While the shift to in-house affiliate platforms is becoming more prevalent, it's not to say that people are altogether abandoning their relationships with outsourced affiliate services.

In fact, if marketers take a close look at where their traffic comes from, many will see the combined use of an in-house platform and an outsourced affiliate provider is their best option. On average, 90 percent of a brand's traffic comes from 10 percent of its publishers. That 10 percent is who the brand should work with directly through an in-house platform to cultivate key one-to-one relationships. The third-party provider can manage the remaining 90 percent of traffic.

With the right solution, all data still goes through a single analytics platform, so it's simple to view how both in-house and outsourced affiliates are performing at an aggregate level.

Advertisers should realize that with the right combination of an in-house platform and an outsourced affiliate program, they can have the best of both worlds.