

# IAB Affiliate Marketing Council Best Practice Guides:

## ***Retargeting, remarketing and behavioural advertising in affiliate marketing***

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### **Definitions**

Retargeting is a marketing method that allows merchants to target consumers who abandon their site without converting by identifying them at places outside the merchant's site.

Behavioural retargeting (BR) is an extension of this method to use information of what the consumer specifically did on the merchant website (e.g., what products they browsed) and utilise this information in the retargeting campaign, to make the ads more personalised.

Remarketing is similar to retargeting in the sense that it captures non converting customers' email address and targets them solely by email marketing. Remarketing can only be applied at an advanced stage of the customer journey, as the consumer will need to have added products in the basket and started the checkout process.

### **Mechanism**

The marketing provider will need to place some tracking pixels throughout the merchant website, so that they start receiving information on consumers. They will also tag the order confirmation page, in order for the provider to get visibility on which consumers actually convert and discard them from their campaigns.

The provider subsequently starts targeting the non converting customers by trying to identify them as they visit other sites. Usually the provider will buy ad space for banner advertising in various relevant sites on a CPM basis, and as soon as the consumer is identified, the ads are served. In the case of BR, the ads contain information on products relevant to those the consumer expressed interest (dynamic ads), offers that are likely to be of interest based on the user's profile & demographics, and calls to action that will entice the consumer to not only visit the merchant site again, but actually convert this time. Similarly, the remarketing campaign will capture email address when the consumer begins the checkout process and send them an email within a short period of time inviting them back to the site offering them either more information or a promotion.

### **Reward/payment model**

The retargeting and BR providers can be rewarded for their services in a multitude of ways. Considering this to be a marketing activity, some providers have opted for a licence fee for their technology to be used directly by the merchants. However, most providers acknowledge that this is a sales generation activity, and are therefore choosing to be paid upon producing results through their campaign. These results vary from being paid for the traffic they send back to the merchant (CPC model) or paid for the sales they help generate (CPA model).



Those providers that are paid on a CPA basis require the use of Post Impression / Post View (PI/PV) cookies for their ads – upon displaying the banner ad, an impression cookie is served so that the consumer can be tagged as having viewed the ad.

The CPC model does not require PI cookies, as the main aim is to actually get the consumer to click on the banner in order to be directed back to the merchant site.

Remarketing campaigns are rewarded either with a licence fee or a CPA commission on generated sales since a click is required from the email campaign.

### **Direct partnership or through an affiliate network?**

Partnering with retargeting providers through an affiliate network is beneficial for the merchants, as they align these campaigns with all other results-based, sales generation partnerships. The affiliate network handles all tracking, reporting, payment, as well as the monitoring of the campaign.

Moreover, all network-members of the IAB AMC will advise the merchant on best practices around these campaigns, so that existing affiliates' interests are protected and can help the merchant make the most of the campaign. The AMC-participating affiliate networks are: Affiliate Window, Affilinet, Buy.at, Commission Junction, Linkshare, OMG, TradeDoubler, Tradetracker, Webgains.

### **Best practice advice**

- **Post impression cookies**

When partnering with a BR provider who requires the use of impression cookies, it's strongly recommended to ensure that **click cookies are protected** and a **cookie hierarchy** is put in place. This is one of the main areas where running the campaign through an affiliate network is most beneficial – IAB member networks have agreed to a cookie weighing system that considers post click (PC) cookies of higher value to PI cookies.

PI cookies are considered a secondary tracking mechanism to click cookies, with click cookies showing a clear intent from the consumer to visit the merchant's website.

It is therefore recommended that where a PC cookie exists from another affiliate, the PI cookie is ignored even if the BR provider is the last referring partner in the sale cycle. As an example of potential activity and how the cookie hierarchy will be applied:

- Where a single Post Click affiliate cookie exists in isolation – The Post Click cookie is attributed with the commission (*click referrer*)
- Where multiple Post Click affiliate cookies exist – The most recent Post Click cookie is attributed with the commission (*last click referrer*)
- Where a single PI/PV cookie exists in isolation – The PI/PV cookie is attributed with the commission (*PI/PV referrer*)
- Where multiple PI/PV cookies exist – The most recent PI/PV cookie is attributed with the commission (*last PI/PV referrer*)

- Where PI/PV cookies and Post Click cookies coexist – The most recent Post Click cookie is attributed with the commission (*last click referrer*)

All affiliate networks members of the IAB have co-signed to the above cookie hierarchy rules.

- **PI cookie length**

Usually, impression cookies will have a different duration to click cookies, as the average response time to a display campaign is much shorter. Merchants are advised to consult with their affiliate network to discuss what cookie length to offer for the retargeting activity, based on the campaign's objectives and set KPIs.

The affiliate network should provide the functionality for the merchant to set different cookie lengths on a per campaign basis.

- **Control of PI use**

PI cookies are not a usual method in affiliate marketing, as they're more frequently used in branding campaigns, rather than direct response activity. For this reason, it is advised that the use of PI cookies is controlled by the affiliate network and the merchant is aware at all times of which affiliates have been allowed to utilise PI cookies. It is recommended that a 3-way control model is applied by the network:

1. The BR provider is enabled for use of PI cookies
2. The merchant's affiliate programme is enabled for use of PI cookies
3. The BR provider is enabled for use of PI cookies for the specific programme

This is to ensure that the merchant has signed off the PI activity and that no affiliate other than the approved can utilise impression cookies.

Furthermore, and in order to target consumers effectively, the merchant should assure on banner visibility, before a PI cookie is dropped: that the banners always display above the fold and for at least a minimum period of time. This will prevent cases of cookie spraying and tagging consumers who didn't actually view the ads.

- **PI activity commission rate**

Before setting up a retargeting campaign, merchants need to consider what commission rate to offer for the activity. Taking under consideration the media buying costs the providers will incur, merchants need to set commission rates to reflect the value of the consumers. Merchants are advised to analyse the quality of traffic they receive, the long term value of the consumers and attribute commission rates that reflect those KPIs.

The affiliate network should provide the functionality for the merchant to set different commission rates on a per affiliate basis.

- **Reporting segmentation between PI & PC sales**

In order for merchants to effectively assess a retargeting campaign, they should be able to separate between sales as a result of PI and those of PC cookies. If the affiliate network cannot provide this reporting split, the breakdown can also be provided by the BR provider, albeit with the dangers of comparing 2 different reporting systems.

- **Transparency to affiliates**

As part of the AMC's Ethical Merchant Charter, it is recommended that merchants engaging in retargeting, whether directly or through their affiliate programme, provide this information to their

affiliates, so that they are aware of the activity. Details of the deduplication mechanism used (please see the AMC Best practice guide on Deduplication/Local Tracking) will allow affiliates to make informed decisions about partnering with the specific merchant as well as assure them of the merchant's ethical stance towards PI cookies.

- **Ad Placement Transparency and relevancy**

The fundamental mechanism of retargeting is based on traditional display advertising model – similar to a branding campaign, merchants need to be aware of where and how they are advertised. It is recommended that merchants request visibility over how ads are bought (eg, blind networks, ad exchanges, Real Time Bidding etc), the current ad placements and potentially receive information on the available placements, for them to approve or reject. This transparency could be provided by the affiliate network if they report the websites on which impressions or clicks occurred.

Contextual ad placements are also a possibility with certain providers, whereby the ad is not only relevant to the consumer's browsing behaviour, but also reflects the content of the page on which the banner displays.

It's advisable for merchants to clarify with their provider whether placement reports and contextual/semantic targeting are available. Potentially, merchants may want to consider specifying that only IASH-approved ad networks are used for the media buying.

- **Ad frequency caps & consumer privacy**

In order to address consumer privacy fears, the BR provider should aim to provide clear unsubscribe methods as well as access to information on the undertaken activity.

Moreover, and in order to avoid brand damage from negative perceptions, the merchants are advised to specify frequency caps on how many times a specific consumer will be targeted within a set period of time; also, how soon after they've abandoned the site will they start being targeted.

Another question to pose to the provider is how consumer data is used – are browsing behaviours for a single user from across many merchants collated together in a single cookie to profile the consumer and serve only the most relevant of ads from all merchants (therefore triggering bidding wars among merchants interested in approaching that consumer), or is each merchant entitled to their own cookie from where data is not shared?

The Internet Advertising Bureau (IAB) Europe launched in April 2011 a pan-European self-regulatory Framework for online behavioural advertising. The Framework, which outlines good practice aimed at enhancing transparency and consumer control, has been signed by the online industry's leading businesses and is the result of a collaborative effort by the entire online advertising ecosystem, including the main trade bodies representing advertisers, agencies and publishers. The framework and the co-signing companies can be found here:

<http://www.iabuk.net/en/1/europecommitstoselfregulation140411.mxs>

It is therefore recommended that merchants partner with retargeting companies that participate in the self-regulation initiative.

The regulations surrounding BR fall directly under the EU e-privacy law, for which the self-regulatory framework is an initiative. As this is still very much an ongoing subject, with the law coming in effect on 26<sup>th</sup> May 2011, interested parties can be regularly visiting the IAB website for more updates and advice on the topic as there will be more clarifications on the new regulations.



- **Campaign optimisation**

Before entering in a partnership with a BR provider, merchants should clarify how the campaign will be optimised – which variables will be taken under consideration: click through rate, conversion rate, CPA rate, bid price, etc. Having established the optimisation metrics, the merchant will be able to evaluate whether they are being applied and how during the optimisation process.

Retargeting and its variations can be a valuable tool in a merchant's strategic or tactical campaigns, especially when run through an affiliate network, provided certain parameters have been discussed and set right from the beginning. Merchants are invited to discuss their options with their affiliate network representative so that the optimal provider and setup is identified to deliver upon the specified KPIs.

#### **Further Information**

- For additional information about the work and best practice initiative of the Affiliate Marketing Council please visit the blog: [www.iabaffiliatemarketing.com](http://www.iabaffiliatemarketing.com)
- You can also follow the AMC on Twitter: [www.twitter.com/IAB\\_AMC](https://www.twitter.com/IAB_AMC)
- For general online marketing information please visit the IAB's site: [www.iabuk.net](http://www.iabuk.net)