AFFILIATE MARKETING PLAN

Case: MSO.fi

Lahti University of Applied Sciences
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BYSTROVA, EKATERINA: Affiliate marketing plan
                                        Case: MSO.fi

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ABSTRACT

With an increasing number of people utilizing Internet in their everyday life online marketing is also growing in its importance among companies. Companies nowadays realize that without practicing online marketing it is almost impossible to increase their brand awareness and catch the modern consumer's attention.

This thesis is a functional thesis commissioned by Sanoma Digital Finland. The focus of this study is on one of their webpages, Mitäsaisiolla.fi which is an online store offering products in different categories. The purpose of this thesis was to provide the commissioner with an affiliate marketing plan to serve as a guideline if MSO.fi decides to start practicing affiliate marketing. Affiliate marketing is a performance based marketing channel which involves less risks compared to other online marketing channels.

Online marketing is a relatively new phenomenon which is evolving constantly and quickly developing in new directions. For these reasons there is not much relevant literature available on the subject as written literature is often already outdated and thus not suitable to use in the theoretical part of this study. Most of the sources used in this study are electronic sources as they contain the most current information on the matter.

First the theoretical background of the study is comprised of introduction to different online marketing channels to give the reader a better understanding of online marketing as a whole. Following is a more detailed analysis of affiliate marketing, which is one of the online marketing channels and the main subject of this study. The theoretical section is followed by the marketing plan with a brief presentation of marketing plans and their structure in general and after that the affiliate marketing plan created specifically by taking into account the needs of the commissioner.

The affiliate marketing plan was created by analyzing the commissioner, their objectives and the environment with a step-by-step approach to all the aspects of affiliate marketing presented in the theoretical part. The marketing plan can be used in logical order to make decisions prior to launching the affiliate programme. As online marketing constantly evolves also the practices of affiliate marketing change which is why this marketing plan should be revised and updated for relevant information if this plan will not be implemented in the near future.

Key words: affiliate marketing, online marketing, marketing plan

Lahden ammattikorkeakoulu
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TIIVISTELMÄ

Kuluttajat käyttävät internetiä nykypäivänä entistä enemmän heidän jokapäiväisessä toiminnassaan, minkä myötä myös internet-markkinoinnin merkitys on kasvanut. Monet yritykset ovat havainneet, että internet-markkinoinnin hyödyntäminen on lähes välttämätöntä, jotta nykypäivän kuluttaja saadaan tavoitettua.

Tämä opinnäytetyö toteutettiin toimeksiantona Sanoma Digital Finlandille. Opinnäytetyö keskittyy yhteen toimeksiantajan verkkosivustoista, verkkokauppakeskus Mitäsaisiolla.fi:hin. MSO:n kautta voi tehdä ostoksia monesta eri verkkokaupasta mutta samalta sivustolta. Opinnäytetyön tarkoituksena oli luoda toimeksiantajalle kumppanuusmarkkinointisuunnitelma, jota toimeksiantaja voi käyttää avukseen mikäli päättää hyödyntää kumppanuusmarkkinointia toiminnassaan. Kumppanuusmarkkinointi on tulospohjainen markkinointikanava ja siksi yksi internet-markkinoinnin vähiten riskejä omaavista kanavista.

Internet-markkinointi on suhteellisen uusi ilmiö, joka kehittyy ja muuttuu jatkuvasti. Ajankohtaisia kirjallisia lähteitä aiheeseen liittyen on melko vähän, sillä muutamankin vuoden takainen kirjallisuus voi jo sisältää vanhentunutta tietoa. Tässä opinnäytetyössä käytetyt lähteet ovat suurimmaksi osaksi peräisin internetistä, sillä ne sisältävät ajankohtaisinta tietoa internet-markkinoinnista.

Opinnäytetyö koostuu ensin lyhyestä esittelystä tärkeimmistä internet-markkinoinnin kanavista, jonka jälkeen opinnäytetyössä keskitytään tämän tutkimuksen pääaiheeseen, kumppanuusmarkkinointiin. Teoriaosan jälkeen markkinointisuunnitelmien periaatteet ja sisältö esitellään yleisesti ja lopuksi työssä on toimeksiantajalle toteutettu kumppanuusmarkkinointisuunnitelma.

Markkinointisuunnitelma on luotu ottaen huomioon toimeksiantajan tavoitteet sekä kilpailuympäristö. Sitä voidaan käyttää tukena tehdessä päätöksiä kumppanuusmarkkinoinnin aloittamisen suhteen. Internet-markkinointi ja sen käytännöt kehittyvät nopeasti ja siksi tätä kumppanuusmarkkinointisuunnitelmaa täytyy tarkastella ja päivittää ajankohtaisten käytäntöjen mukaiseksi, mikäli sitä ei hyödynnetä heti lähitulevaisuudessa.

Asiasanat: kumppanuusmarkkinointi, affiliate-markkinointi, markkinointisuunnitelma

CONTENTS

1   INTRODUCTION

Marketing refers to activity that aims at reaching the target group and making them desire a particular product or service. Internet can be considered one of the biggest media as, for example, 86 % of Finnish people were using Internet in 2014 (Tilastokeskus 2014). By practicing marketing online a broad audience can be hence reached. Internet offers also a lot of choices as there are numerous channels through which marketing can be executed online.

With a high share of people using Internet also the shopping habits of consumers have been changing towards more purchases being made online. In addition, the engagement of consumers in social media and blogs has been constantly increasing making them important marketing channels also for the businesses. Companies in the present days cannot underestimate the importance of practicing online marketing to increase their brand awareness and reach their target audience.

This thesis focuses on affiliate marketing, which is a performance based online marketing channel enabling the company to gain more visibility with relatively low costs. Many highly used media such as blogs, voucher code sites and price comparison sites cooperate via affiliate marketing model.

1.1   Background

The author got interested in online marketing during her internship at an online retailer store where her tasks concentrated on one of the areas of online marketing, affiliate marketing. During her internship the author realized how much opportunities there are in this field and how fast developing and versatile online marketing is. After her internship she wanted to continue studying online marketing which lead to the selection of the topic for the author's thesis.

The commissioner for this thesis is Sanoma Digital Finland and this thesis focuses on one of their webpages, MSO.fi which stands for Mitäsaisiolla. MSO.fi is an online store which introduces itself as an online shopping center. Via MSO.fi you can make purchases from over 220 different stores but all via same webpage and with one common payment. MSO.fi offers items in such categories as clothing,

accessories, jewelry, beauty, home, sports and outdoor, entertainment and electronics. (Sanoma Media Finland 2015a.)

1.2   Purpose

Together with commissioner we decided to take advantage of the knowledge the author gained during her internship resulting in creation of affiliate marketing plan for MSO.fi. Sanoma is not yet practicing affiliate marketing for MSO.fi but they are interested in launching it. The purpose of this thesis is to provide Sanoma with a marketing plan which will serve as a guideline if they decide to launch an affiliate marketing programme for MSO.fi.

1.3   Structure

Online marketing is comprised of several different marketing channels which are briefly introduced in chapter 2. This thesis focuses particularly on affiliate marketing which is one of the less risky online marketing channels there is. Chapter 3 introduces affiliate marketing and all its aspects from the theoretical point of view. Following in Chapter 4 is the more detailed introduction of the commissioner and the actual marketing plan based on the theoretical background presented previously in the thesis and taking into account the commissioner, its needs and the environment.

1.4   Theoretical framework

As online marketing is quite a recent topic there are not much relevant literature sources which handle the subject. Online marketing is developing very fast and has changed tremendously in the past few years. The literature that has been published more than few years ago could contain already outdated information. For these reasons the theoretical background of this thesis is based mostly on Internet sources as they contain the most updated information there is on this subject.

2 ONLINE MARKETING

Trends in consumers' shopping habits have been changing considerably over the past few years as there are increasing number of possibilities for consumers to make their purchases both offline and online. According to a study conducted by a performance marketing company Tradedoubler, 52 % of European consumers already purchase fashion online and 39% are more likely to do it than they were a year ago. (Tradedoubler 2013.)

In year 2014, 92 % of all 16-74 years old people in Finland were using Internet. Such a high rate of Internet users means that advertisers can reach an extremely high number of potential customers by practicing online marketing. According to the data gathered the share of people purchasing online has been constantly increasing between years 2009-2014. (Tilastokeskus 2014.) The growth between different age groups making purchases on the Internet is illustrated in Figure 1. The most popular products bought online are purchased from webpages that are in Finnish language and they are travel and accommodation services, electronics, books, clothes, shoes and tickets for events. (ASML, Kaupan Liitto & TNS 2014.)
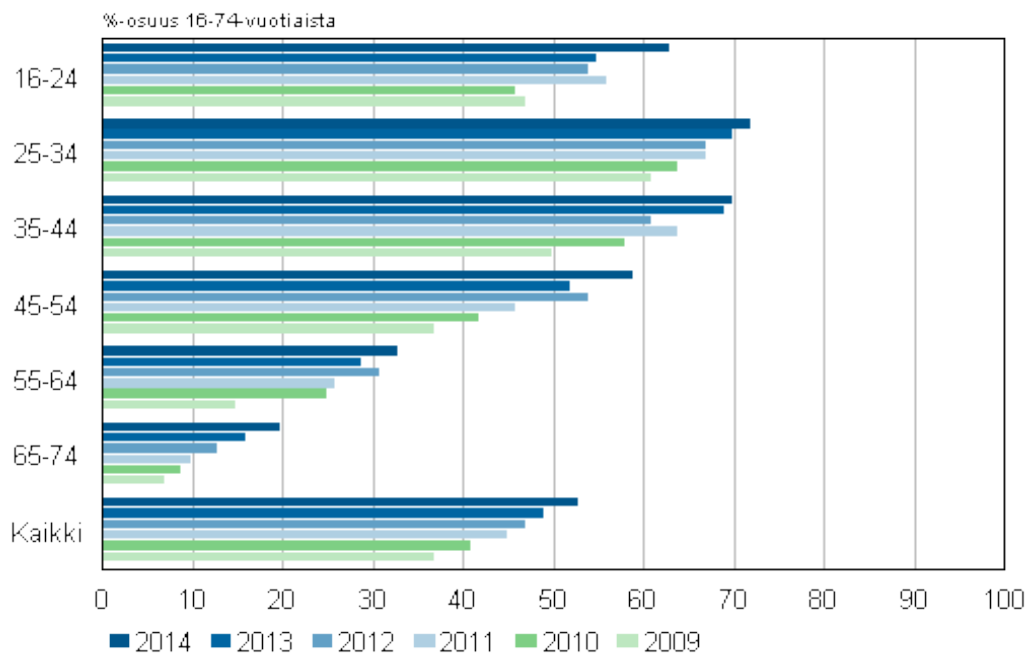

FIGURE 1. Share of consumers who have made purchases online divided into age groups (Tilastokeskus 2014)

Also Finnish market statistics point out that most of the companies nowadays focus more and more on online marketing and increase their activity on the Internet. Research conducted by TNS Gallup Oy shows that in 2014 advertising online has increased its share in Finland while advertising in print media such as newspapers and magazines and television has decreased. Altogether there was a 10,8 % increase in money spent on online advertising with the total share of online advertising being 50,2 % of all media advertising. (Mainonnan Neuvottelukunta 2014.)

Advertisers nowadays tend to reach their target audience more often through their own and social media. Own blogs and internet services as well as Facebook, YouTube and Instagram are channels which are being utilized in an increased manner. Companies invest in e-mail and mobile marketing together with other online media advertising channels. (Mainostajien Liitto 2014.)

Consumers nowadays tend to have a stricter budget and they are more price sensitive resulting in more frequent search for better deals. 56 % of consumers purchasing online search for better price offers from such performance marketing channels as voucher code, price comparison and cashback sites. In addition, 69 % of consumers use blogs and content sites to find inspiration and new ideas for purchasing fashion. For a company who has an online store, it is thus essential to cooperate with these channels to ensure that the shopper will find its way to your online store where he can gain the best shopping experience possible. The cooperation is done by exercising different types of online marketing activities. (Mainostajien Liitto 2015.)

Compared to traditional marketing one of the biggest advantages of online marketing is the ability to measure the results easily. Many activities online can be tracked and registered and then used to make analysis on the outcome. Online marketing enables also to target the advertisements to specific groups based on for instance their Internet behavior or other features such as age, residence or gender. Advertising on the Internet can be implemented fast as the campaigns can be updated online quickly and they can also be modified according to the results. Marketing online gives also an opportunity for consumers to engage and react to advertisements in a quick manner. Consumers can engage by for instance taking

part in a competition, giving a product review or recommending the product or service. (Liljeroos 2013.)

This chapter presents a few of the most important online marketing channels to give a better understanding of digital marketing as a whole. Chapter 3 will then focus entirely on affiliate marketing which is one of the online marketing channels and the main topic of this thesis.

2.1   SEM – Search Engine Marketing

Search Engine Marketing as implied in its name is about increasing the visibility of the product in the results of the search engines. There are two different types of SEM; search engine optimization which improves the results in search engines by natural means and search engine advertising which targets at the same aim but by paid means. (Larvanko 2012, 85.)
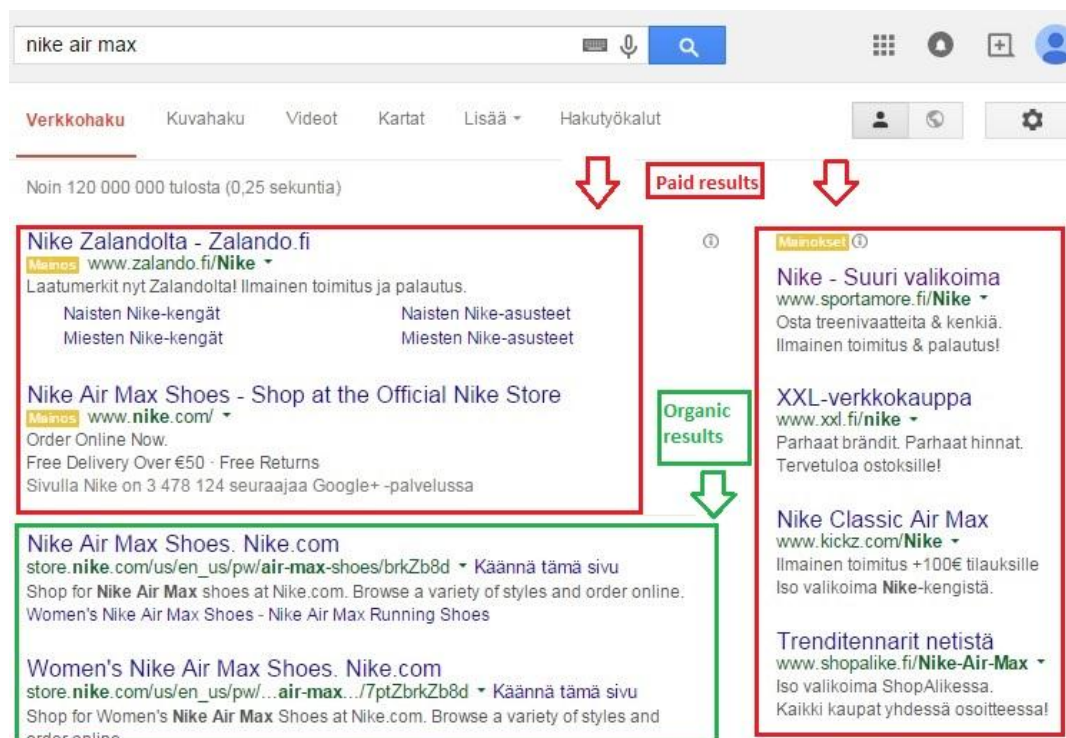
FIGURE 2. Search results on Google for "Nike air max" (Google 2015)

Figure 2 shows an example of a Google search with paid results that are influenced by the search engine advertising compared to organic results which can be improved by means of search engine optimization.

In the figure 3, there is an outcome of a test pointing out where users tend to focus their attention in the search results. The red area in the picture shows where users tend to pay attention for longest period of time and the percentages indicate the amount of participants looking at a certain result. From the picture it is clearly visible why it is important to invest in SEM as the search results in the bottom of the page are generally not recognized by the users nor the search results that are not placed on the first page. (Bojko 2011.)

FIGURE 3. Heat map showing aggregate gaze time on Google search results (Bojko 2011)

As in search engines, consumers are already pointing out their interest in the product by searching for it, the most important aim of search engine marketing is

not to draw attention of big audience but rather to communicate with a potential customer by answering to their search needs. Google is at the moment the most dominating search engine in Finnish market which is why search engine advertising in Finland focuses mainly on Google. (Larvanko 2012, 86.)

Search engine advertising works as a bidding environment where anyone, no matter how big or small player they are in the market, can compete for the same customer's searches. Each company sets their own maximum budget per day, the maximum amount that they are willing to pay for one click, which searches will show the company's advertisements and what the advertisements will look like in each case. When all of these terms are set the bidding begins. For each search the advertisement which has paid most will show as the first search result, second most paid as second and so on. If the bid has been set too low the company's advertisement will not show in the search results. (Larvanko 2012, 86-87.)

Search engine advertising is controlled via Google AdWords-system which in reality takes into account also the history of the advertiser's account and not only the current bid. The combination of certain quality criteria and history of the advertiser thus also affect the placement among the search results. Showing up in search results does not generate any costs to the advertiser. The costs arise when the consumer clicks on a search result leading to an advertiser's web page. The maximum daily budget set by the advertiser defines when the advertiser will stop taking part in bidding for the day. When the generated clicks have filled in the budget for the day, the advertiser's ads will no longer be shown in search results for that day. (Larvanko 2012, 87.)

Search engine optimization (SEO) on the other hand focuses on influencing the relevance of the webpage and increasing popularity in order to be placed better in the organic search results. In search engine optimization it is important to think about the target audience and what they are looking for. The aim of search engines is to provide users with relevant results so the advertiser has to make their site easily understandable and answer providing. (Moz 2012.)

SEO is built up of many different aspects and means. Only few most important ones are introduced next. Keywords usage and overall quality of content of the

webpage is one of the most important parts of search engine optimizing. As all of the searches are based on keywords, it is important to make sure that the website contains in natural texts and titles the keywords that the page wants to be ranked among. The more specific keywords are used, the narrower the competition and hence better chances to appear higher in the rank. SEO is also done by improving the technical building of the site so that its structure and programming language is easily interpreted by search engines and all the relevant information is identifiable. Most of the important content should be built in HTML text format in order to accomplish better ranking among search results. (Moz 2012.)

In addition, optimizing is done by improving the links and mentioning of the own webpage on other web sites. These links show that your website is trusted and appreciated among other internet users, which is why Google gives a lot of value to external links in their search engine algorithms. (Larvanko 2012, 93.)

2.2   Social media

Social media is a way of communication using network to achieve interactive and customer-oriented content and to create and maintain relationships between people (Sanastokeskus TSK 2010). Social media has had a great impact on the way people communicate among themselves and with brands and companies.

Nowadays social media has such a strong impact that it can be considered a big part of the whole company's business plan. Not only it is a part of a company's marketing and communication strategy, it is also closely related to such aspects as sales, customer management and product development. (Auramo, Parjanen 2012, 253.)

Social media consists of several different media channels with the most used ones being Facebook, Twitter, Instagram, Pinterest, YouTube and LinkedIn. Figure 4 represents the most utilized social networks in Finland showing the percentage of users of social networks who have been following the network in the past three months.

Most utilized social networks in Finland among users of social networks
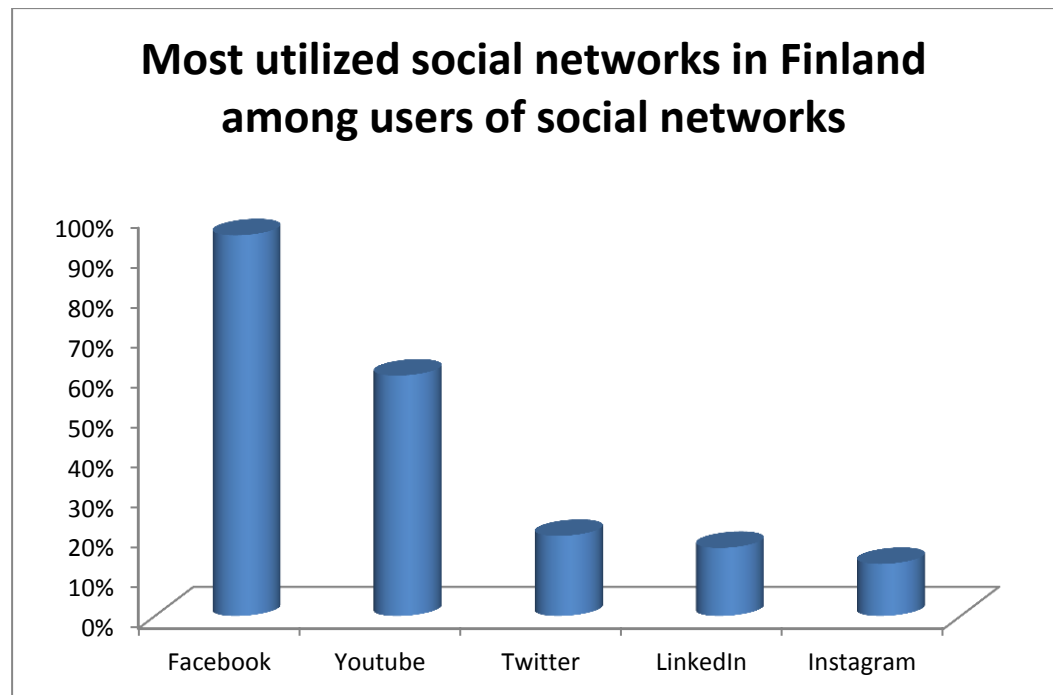
FIGURE 4. The most popular social networks in Finland in 2014

There are several reasons why social media is worth investing in. First being the fact that there has been an estimate of 2,4 million people using Facebook in Finland and 2,0 million users on YouTube, which means that this amount of people can be reached by engaging in social media (Pönkä 2015). The needs of customer can be understood better by exploiting social media. People engage in social media and state clearly their opinions, both positive and negative, about the company and their products. By engaging in an open conversation with the customers, the company can learn valuable proposals for further development. (Auramo, Parjanen 2012, 259.)

Social media opens up new ways for a company to practice marketing. Nowadays there are several influential people online, such as particular bloggers who can advertise products on their social media in a form of recommendations and convince their readers to try out the product. All in all, by engaging actively in social media the company makes itself more humane and approachable from the customer's perspective. (Auramo, Parjanen 2012, 259-261.)

2.3   E-mail marketing

Even though one could assume that with the current popularity of social media, the more traditional marketing via e-mail would have been outgrown, it is not the case. According to latest marketing surveys 8 of 10 consumers receive daily marketing messages and 70 % of the readers utilize discount deals that they receive via e-mail. For more than half of subscribers the most important reason for subscribing to email advertising is the expectancy to receive special offers. (Copyblogger Media, 2014.)

The main advantages of e-mail marketing are its cost-effectiveness and high return on investment, ability to accomplish loyal followers and the easy possibility to see results. E-mail data is quite easy to track enabling to make analyzes of open rates, clicked links and what performs best among the subscribers. (Copyblogger Media, 2014.)

An advertiser has to invest in the content of email newsletters in order for them to stand out and provide subscribers with interesting info instead of ending up as one of the spam messages. The content of email newsletters should be easy to read and understand and it should get straight to the point to catch rapidly reader's attention. Many readers judge the attractiveness of an e-mail simply by the subject line and depending on that decide whether to bother themselves to read further on or not. The mails should also have a slight personal touch making the reader feel like it was directed especially to them. This helps the advertiser to build a personal relationship with the receiver. (Copyblogger Media, 2014.)

E-mail marketing can be managed through e-mail platforms which are paid services that enable the advertiser to manage their mailing lists as well as design and send e-mails through the platform. The platforms also offer different sorts of reports that contain statistics on such things as open rates, click rates and other activities of the subscribers. There are different e-mail platform providers with different qualities and prices depending on the features that they offer. MailChimp and Aweber are examples of e-mail service providers. (Liljeroos 2013.)

2.4   Display advertising

Display advertising refers to advertising using banners which are different sized graphical images occurring on the webpages. This is the most common and one of the first advertisement methods appearing on the Internet. (Järvilehto 2012, 97.) In the figure 5 there is an example of a display banner appearing on Iltalehti.fi.

FIGURE 5. Example of a display banner (Alma Media 2015)

There are different standard sizes for the banners that can be adapted to the web pages where the advertising is intended to take place. Figure 6 shows the guideline for banner sizes set up by Internet Advertising Bureau of Finland (2015).
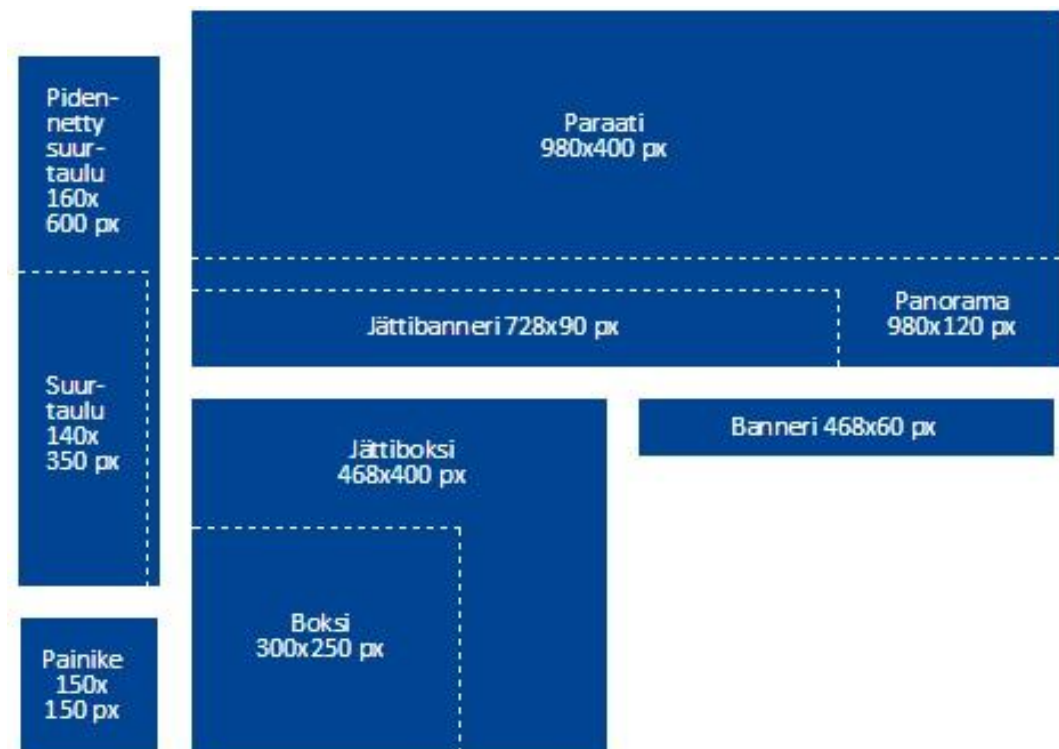

FIGURE 6. Recommended banner sizes (IAB Finland)

Banners can be either static as in format jpg or with a motion as in format gif (Järvilehto 2012, 98). According to Google the most popular banner size used in Finland is 980x120 referred to as panorama. The panorama banner performs best when it is placed on top of the main content. (Google 2015b.) In general the more simple and bigger the banner is, the more clicks and visibility the banner generates (Järvilehto 2012, 99).

By clicking the banner the consumer is led to the page of the advertised product, a campaign page or simply the home page of the advertiser. The performance of display banners is measured by clicks but it should not be forgotten that even without clicking the banner the consumer is exposed to advertisements by only seeing them which may later on lead to a purchase decision by visiting straight the webpage of the advertiser. It is thus important to take into account not only clicks when measuring the success of a display campaign. (Järvilehto 2012, 98-99.)

The biggest difference compared to banners used in affiliate marketing is the cost model on which display banners operate. The most common cost model is CPM (cost per mille) meaning that the ad views are purchased in packages of thousand views. Display ads can also be purchased on time basis for a certain period of days or weeks. There are also possibilities to use cost per click and cost per action models in display advertising but these models are not as common and for instance most big media in Finland use mainly CPM-model. (Järvilehto 2012, 101.)

Display advertising is also often used in retargeting purposes. Retargeting advertisements appear to consumers who have already visited the webpage and familiarized themselves with the products however without making any purchases. Retargeting advertisements appear for these customers while they visit other online pages. The purpose of retargeting is to bring the customer back by reminding them of your brand and the products the customer has already showed interest in by browsing them earlier. Retargeting is based on cookies which identify and keep track of consumers who have visited your web page. (ReTargeter 2015.)

3   AFFILIATE MARKETING

Affiliate marketing is a performance based online marketing channel which is not yet as commonly practiced in Finland compared to other countries such as USA or United Kingdom where it has been already used by many enterprises for a longer period of time. Usage of affiliate marketing has however been increasing both internationally and within Finland in the past few years. (Fogelholm 2012, 107.)

The payment model in affiliate marketing is such that the advertiser only pays their affiliate partners when they have generated an action for the advertiser through their web page, action being most often a sale. This type of payment model allows the advertiser to have a minimum risk and maximum return on the investment. Affiliate marketing is an effective channel for not only bringing sales but also generating leads for further activities in the future. (Affinet 2015.)

This chapter presents affiliate marketing and its aspects in details. First the process of affiliate marketing is introduced together with the presentation of the parties involved in the process as well as their essential roles. The parties are analyzed and are given concrete examples of. Following is the introduction to advertising methods and the commission payment models. Finally, the risks of affiliate marketing and the maintaining of affiliate programme are covered in the end of this chapter.

3.1   History

Marketing based on performance as it is nowadays has its origin in year 1994 when CDON started offering web sites related to music an award for generating a sale through their web site. CDON was selling CDs and they encouraged music themed web pages to review the CDs and link these reviews straight to CDON's pages where the CDs could be then purchased. (Fogelholm 2012, 106.)

Another major player affecting the birth of affiliate marketing is Amazon who has had their own affiliate programme since 1996 and is probably the most recognized affiliate advertiser globally (Fogelholm 2012, 106). Amazon's affiliate programme called the Associates Programme is highly developed and brings

Amazon continuously a lot of traffic and sales and has served as a model for many other followers setting up their own affiliate programme (Amazon 2014).

The first affiliate networks, Commission Junction and Clickbank were established in 1998 enabling smaller players in the market to begin practicing affiliate marketing without having to set up their own affiliate programme (Fogelholm 2012, 106).

3.2   Principles

The idea of affiliate marketing is based on reward for performance. Performance in this case means most often a lead to a sale but it can also mean such things as registering for web service, signing up for e-mail marketing, request for contact or any other action that can be measured. (Kunitzky 2011, 20.) Figure 7 below shows briefly the process of affiliate marketing.
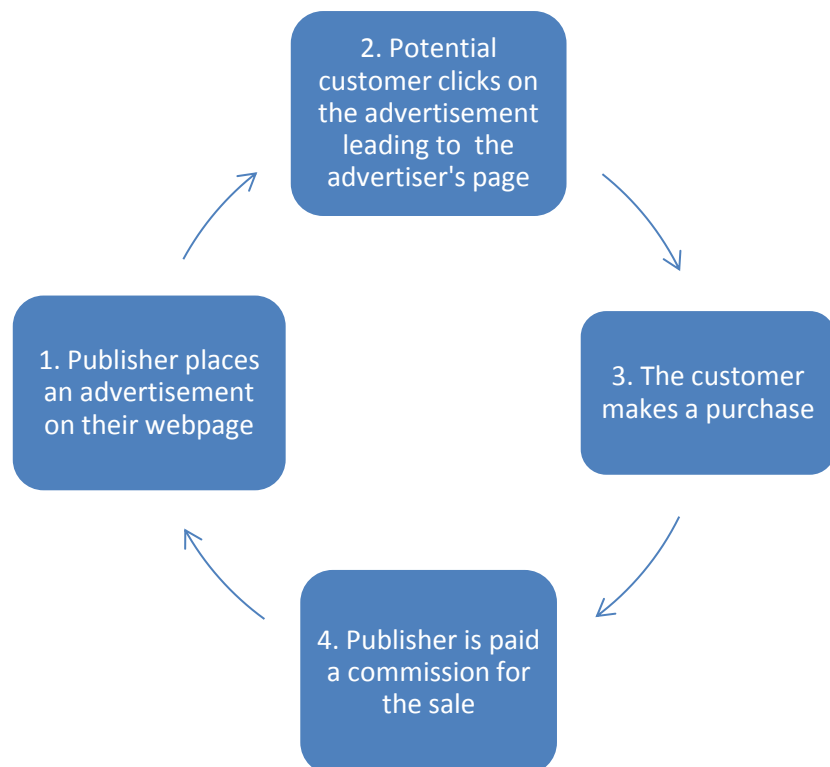
FIGURE 7. The basic process of affiliate marketing

In affiliate marketing channel there are four parties involved. The advertiser is a company selling services or products online and aiming to reach new customers, such as online store or travel agency. The affiliate, often referred to as publisher, is an administrator of an online media which is then used to advertise the advertiser's products or services. Publisher can be an enterprise or a private person and media used for advertising can be for instance blog or a web page. (Koivumäki 2012.) Publishers are presented in more details further on in this chapter.

In between the advertiser and publisher there is an affiliate network which offers services to both advertiser and the publisher. Affiliate network tracks the performance and handles the payment to publishers among other services they offer. Also affiliate networks are handled more closely within this chapter. Finally there is the customer who uses Internet and publisher's advertisements to perform the agreed action such as purchase or signing up for a newsletter which then generates money to the publisher. (Koivumäki 2012.)

The most common advertisers who use affiliate marketing as one of their marketing channels are online stores representing different industries such as travel agencies, airlines, hotel booking pages, magazines, creditors, insurance companies, web services, adult entertainment and gambling pages (Venugopal, Das & Nagaraju 2013).

Figure 8 shows the main role of each party in the process of affiliate marketing. All parties are involved in different stages of the process and support each other's tasks to ensure the fluency of the process.

Publisher
- Publisher searches for relevant advertisers and registers for their affiliate programme in affiliate network

Advertiser
- Advertiser checks if the publisher meets the criteria and depending on that either accepts or declines the publisher's registration

Publisher
- If publisher is accepted, he can start advertising by using banners and/or text links in their media
- All of the advertisements have personalized tracking links

Customer
- Customer clicks the advertisement and is redirected to the advertiser's website while cookie is left on the customer's computer
- Customer makes a purchase

Affiliate network
- Cookie on the customer's computer together with the tracking code inform affiliate network of a realized sale initiated by the publisher's media
- Affiliate network registers the sale in their system

Advertiser
- Advertiser has to accept or decline the sale in the affiliate network system
- Such things as a possible return of the product by the customer needs to be considered in this phase

Affiliate network
- Affiliate network debits the sales that the advertiser has accepted in the beginning of the next month
- Affiliate network then pays publishers the commission they have earned
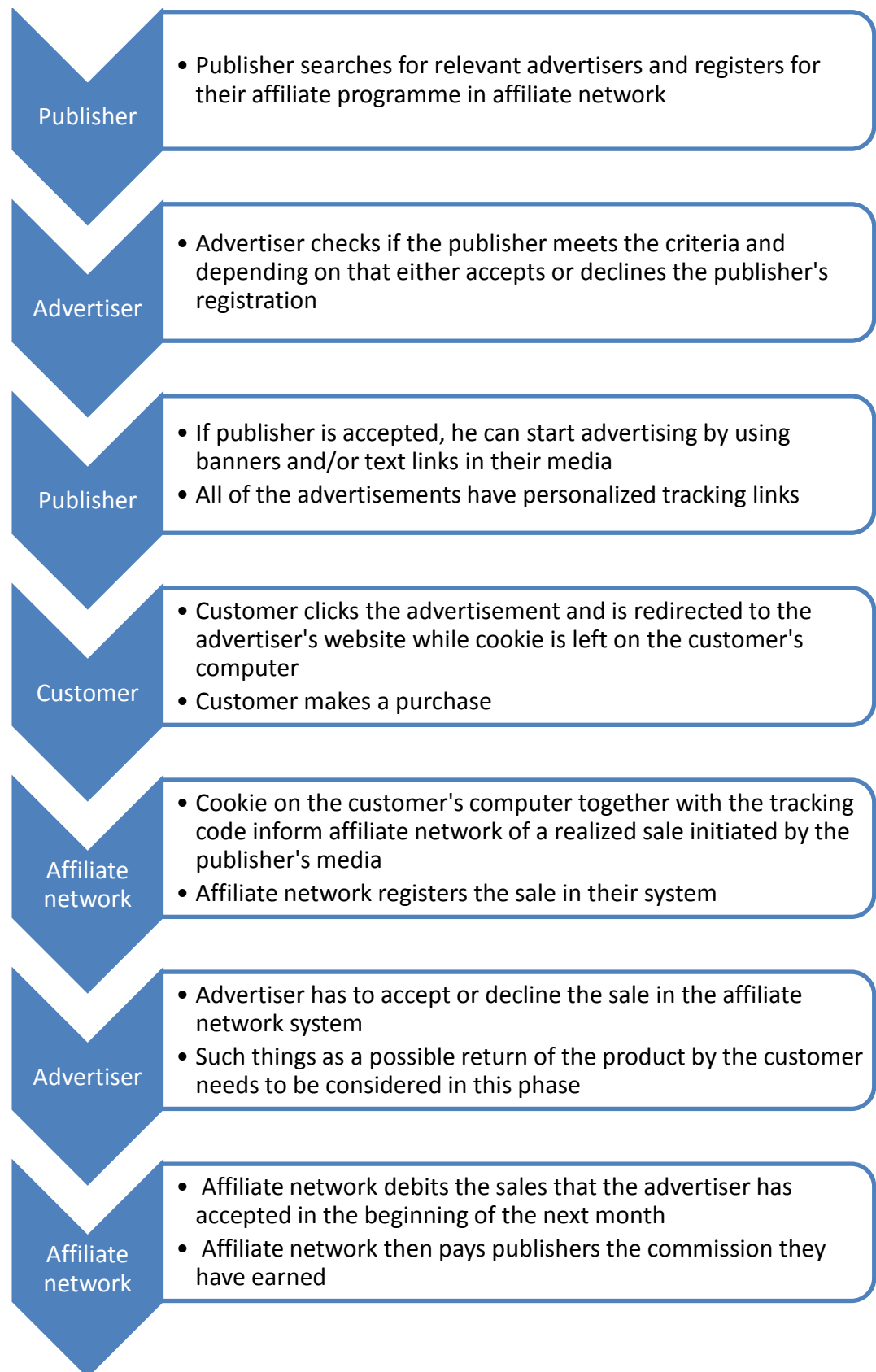
FIGURE 8. Roles and responsibilities of different parties involved in affiliate marketing process

The advantage of affiliate marketing is the performance-based approach which diminishes the risks for advertisers in case of weakly performing advertisements. Compared to traditional marketing where the advertiser pays first and gains benefits later, in affiliate marketing advertisers pay only when there has been a result. In affiliate marketing there are thus no costs occurring without results. (Edelman, Brandi 2014.) Also setting up an affiliate programme is quite simple and risk free while it provides great opportunities to increase the volumes of sales and reach a bigger audience. The typical Cost per action -payment model enables the maximization of return on investment for the advertiser and increase in traffic that has been targeted by choosing relevant publishers in the affiliate programme. (Affilinet 2015.)

In affiliate marketing the advertisement is mostly done through usage of banners or text links. Tracking of performance happens mainly through the cookies in the browser. Cookies are small text files that enable a website to leave data on Internet users' computer so that it is possible to later on track user's visits on the website and identify whether the purchase was initially followed by an affiliate advertisement. (Edelman, Brandi 2014.)

Cookies are being dropped on customer's computer when he clicks on an affiliate link or a banner. Affiliate network receives information of the cookie dropped with details such as the timestamp and technical details of the consumer's browser and computer. Lifetime of a cookie is often defined by the advertiser meaning that if the cookie lifetime is 30 days the cookie will be activated on the consumer's computer for that period of time. If the purchase is made during cookie lifetime so in this case within 30 days of the initial click, the publisher will receive a commission for that sale. The purchase thus does not have to be made right after the click. When the purchase is made, the final page where the customer is being thanked for the purchase send affiliate network the order number, time stamp and publisher identification number enabling the affiliate network to recognize the sale. (All About Cookies 2015.)

The advertiser can also follow where the traffic comes from and which advertisement material has led to a click via the tracking link technology. By analyzing these results the advertiser can make conclusions on what type of

advertising material performs best. Unfortunately not all sales are able to be tracked and identified which then causes the advertiser to gain sale without having to pay any commission. There are several reasons why the sale might not be tracked. The cookie might expire before the customer makes a purchase or the customer removes the cookies by deleting all the website settings from their browser. There are also add-ons such as AdBlock which might block the tracking by not letting a cookie drop on the customer's browser. In addition, the publisher who initially directed customer to the advertiser's page might not be rewarded for the sale if the customer finally ends up on advertiser's page via some other publisher. Voucher code pages tend to steal many customers from other publishers as customers often search for discounts before they make their final purchase. (Omnipartners 2015a.)

3.3   Affiliate networks

Affiliate networks offer websites affiliate programme opportunities. Instead of setting up an own affiliate programme the seller can take advantage of affiliate network. Affiliate networks do such things as track publisher's sales, pay out the commissions and offer consultancy service to both advertisers and publishers in case if any problems or questions arise. (Schneider 2011, 232.) Affiliate networks charge advertisers payments based on results. In addition, affiliate networks often set targets for minimum transaction revenue that the advertiser has to reach. If this target is not reached, affiliate network will most probably charge the advertiser a monthly payment instead. There might also be initial payment involved when a seller makes an agreement with an affiliate network. (Kunitzky 2011, 21.)

There are numerable publishers who belong to affiliate networks. These publishers vary from big content pages to individual bloggers. In most cases the advertiser has to define themselves which publishers are accepted for affiliate partners in their programme as publishers have to apply to become a certain advertiser's partner. (Fogelholm 2012, 107.)

All of the sales that happen via affiliate advertisements are being tracked and reported in the affiliate network. The task of the advertiser is to regularly check the transactions and either accept or reject them to make sure that the publishers

receive commission payments for transactions that meet the criteria of being actually realized sales. Affiliate network will not pay out any commissions to the publisher before the transactions have been accepted by the advertiser. Reason for rejection of the sale can be for instance a product that has been returned, a sale that has been cancelled, test order or an order which has been placed with false information and is not going to be realized for that reason. (Omnipartners 2015a.)

With a small volume of sales it is possible for the advertiser to check on transactions manually but when the volume becomes bigger it is more recommended to use automatic handling of transactions. This can be done for instance by creating a system which automatically reports the status of transactions to the affiliate network which is then able to see all the changes in sales transactions such as returns or cancellations. (Omnipartners 2015a.)

Some big companies, such as Amazon, maintain their own affiliate programs but it is more common to take advantage of affiliate networks (Fogelhom 2012, 108). In Finland, for instance Booking.com and few gambling companies maintain their own affiliate networks but in general it is quite rare as it requires a lot of knowledge and resources to set up an own network. There are about ten different affiliate networks present in Finland such as Tradedoubler, TradeTracker, EuroAds, Zanox, AdService and AdTraction. Below are introduced two of the biggest affiliate networks in Finland. (Omnipartners 2015a.)

3.3.1 Tradedoubler

Tradedoubler was founded in Stockholm in 1999 by two Swedish youngsters, Martin Lorentzo and Felix Hagnö. They were inspired by American IT-companies and saw an opportunity in affiliate marketing concept as a new way of marketing and doing business and a possibility to create a virtual meeting place for advertisers and publishers. (Tradedoubler 2015b.)

Tradedoubler gained success in European markets as well as outside Europe by generating vital income to growing amount of publishers and possibility for advertisers to increase their visibility and sales online. The success of Tradedoubler was based on its performance based model of payment where

publishers earn according to their results and advertisers have a chance to increase their sales. (Tradedoubler 2015b.)

Worldwide there are more than 140 000 active publishers who belong to Tradedoubler's network. Tradedoubler has also been voted as the best affiliate network in Europe in a research where the relationship between the advertisers and publishers and the tracking and payment solutions were evaluated. Tradedoubler offers its users high quality traffic, technology and expertise. (Tradedoubler 2015b.)

3.3.2 TradeTracker

TradeTracker Finland is a part of TradeTracker International which is the leading affiliate network in many European countries with altogether more than 2200 advertisers belonging to their network. TradeTracker is the fastest growing affiliate network in Finland. According to TradeTracker their success is based on the relationships formed between the advertiser and the publisher together with the programme they have developed themselves. (TradeTracker 2015.)

TradeTracker advertise their tracking and linking technology as being unique and their application as being the most trustworthy and user friendly in the industry of affiliate marketing. TradeTracker promises to constantly follow up each advertiser's campaign to help produce the best results. (TradeTracker 2015.)

3.4 Publishers

As explained earlier in this chapter, publishers are the party who cooperates with the advertiser and uses their advertisements to engage Internet users in actions while earning commission payments. Below are presented the most typical publishers of affiliate marketing model.

3.4.1 Blogs

The popularity of blogs has increased massively in the past few years and in some countries the bloggers have a very strong effect on public opinions (Kopla, Aller

2014). 60 % of companies belonging to Advertisers Union in Finland are already doing cooperation with blogs. Most common type of blog cooperation is sending product samples but affiliate marketing as cooperation model is increasing. (Mainostajien Liitto 2014.)

According to the blog research conducted by media companies Kopla and Aller (2014) half of the blog readers search for product reviews in the blogs and make their purchase decisions according to them. On the other hand, the research points out that 35 % of the readers are irritated by too much commercials in the blogs. The readers appreciate when the commercial co-operation with companies is pointed out clearly and the advertisements are not being repeated too often in the blog's publications. There is a fine line between successful amount of advertisements in the blogs and being too pushy but in general blogs are nowadays a very effective media for advertising the products and increasing brand awareness among the readers.

Blogs' success in affecting people's purchasing decisions is based on the fact that people believe more in recommendations that they receive from the people they know compared to general marketing communications. The more personal touch there is in the blog the deeper is the relationship and trust formed between the blogger and the reader. This also makes the blogger's product reviews and recommendations more convincing and reliable. (Heikkeri, Jaanto, Siltala, Verronen 2014.)

There is no official record of how many blogs there are in Finland but for instance according to Blogilista.fi (2015) there are more than 60 000 blogs so the opportunities are indefinite. By choosing the right blogs with whom to cooperate with it is possible to reach better your target audience with the correct offers. Affiliate cooperation with blogs means most often a post made by the blogger which introduces some of the advertiser's product or service. Posts involve text links which direct the reader to the advertiser's page where you can purchase the advertised product or in case of a campaign advertisement the reader is lead to a campaign landing page. Some blogs use also banners as one of the advertisement methods while some use only banners and no posts at all. (Omnipartners 2015a.)

There are also several blog networks such as Suomen Blogimedia or blog communities such as Indiedays or Lily to which many of the existing blogs belong to. In most cases the networks and communities determine the blog cooperation and advertisement that is allowed in the blogs and some bloggers are even being paid salaries. (Heikkeri, Jaanto, Siltala, Verronen 2014.) If the blog operates under a blog network it makes the affiliate cooperation more complicated especially if an individual blogger is considered (Omnipartners 2015a).

3.4.2 Voucher code and price comparison sites

Publishers belonging to this category are the ones who are most probable to generate the final sale and are thus usually the top earners in the affiliate programme. Many customers shopping online tend to make a search for a voucher code right before they check out the products in their shopping basket. For this reason many advertisers pay voucher code websites a lower commission compared to other publishers as they are in a certain way privileged to tempt the customer to use their web page without much effort. (Omnipartners 2015a.)

FIGURE 9. Example of a voucher code site (Alennuskoodeja.fi)

Voucher code sites publish voucher codes and other offers of the advertiser on their web page while offering a link to the advertiser's web page right next to the voucher codes. In some cases the voucher code is not shown until the customer clicks a button to reveal it and is simultaneously being lead to the advertiser's

landing page. While doing so a cookie is placed on the customer's computer and the voucher code page's administrator earns a commission if the customer makes a purchase. (Omnipartners 2015a.) Figure 9 shows an example from Alennuskoodeja.fi where you have to click on "Hae koodi" to see the voucher code in question.

Price comparison websites utilize the product feeds given to them by the advertiser. In order to provide the customers with correct offers, the product feeds should be updated regularly by the advertisers. Most common products searched via a price comparison page are travel deals and loan comparisons. (Omnipartners 2015a.)

3.4.3 Cashback sites

Cashback and reward pages offer their users points, money, gift cards or free products as a return for using their services. (Omnipartners 2015a.) Consumers have to register to become a member of a cashback site in order to be able to take advantage of the rewards. Becoming a member is however free.

Ostohyvitys.fi is an example of a cashback operating in Finland. The customer has to use a link from the cashback page leading to the advertiser's web page. When the purchase is made, the advertiser tracks the sale and pays cashback an agreed commission. Out of this commission the cashback page then pays the customer a certain amount of bonus payment back. (Ostohyvitys 2015.) Figure 10 illustrates the process of making a purchase through a cashback site.
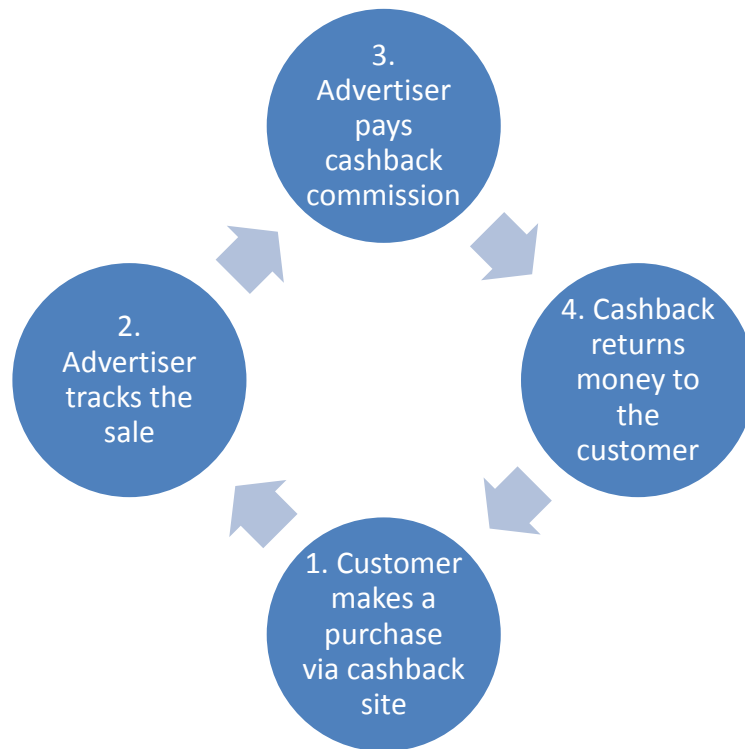
FIGURE 10. Function of a cashback site

The advertisers define themselves how much commission they pay to the cashback site and depending on that the cashback decides on how much they return from this amount to the customer. For some online stores the reward can be a fixed amount of money instead of a percentage, for example a 5 € reward for every purchase occasion. (Ostohyvitys 2015.)

3.4.4   Content sites

Content pages are web pages which typically discuss a certain field, such as Lastenvaate.fi which is a content page that covers the topic of kids clothing. For this type of publisher it makes sense to advertise for example using a banner leading to an online store where the customer can purchase clothes for kids. In the Figure 11 it can be seen that this is exactly what this content page has done.

FIGURE 11. Example of a content site featuring affiliate advertisements (Web Factory Clunet Oy)

Content pages can also be blogs, bulleting boards or review pages that handle a certain topic such as sports, travelling and electronics as an example. Usage of text links is efficient among content pages as keywords inside the content can be linked to a relevant page of the advertiser offering the product or service that has been discussed. (Omnipartners 2015a.)

3.4.5 E-mail marketers

There are also publishers who use their e-mail register to send marketing e-mails to their subscribers who have given their permission for marketing means. Practicing affiliate marketing via e-mail marketers is extremely efficient as the publisher is able to send the e-mail with one click to thousands of customers and thus communicate about campaigns and good offers to numerous readers. In addition, e-mail marketers are able to target newsletters to certain audience by choosing for instance relevant age, sex or interests. (Omnipartners 2015a.)

E-mail marketing also generates results in a fast manner as the best results can be seen already on the day of sending and on the few of the following days. Compared to the newsletter subscribers the advertisers have themselves, using e-mail marketers as publishers in affiliate marketing gives the possibility to reach much broader audience. On the other hand, there might occur problems as sometimes advertiser's mail might end up on a prohibited e-mail list and the advertiser will not be advertised in a desired way. (Omnipartners 2015a.)

3.5   Advertising methods

The most typical ways of executing affiliate marketing is usage of banners, text links and voucher codes. Below is an introduction and example of each of the advertising methods.

3.5.1   Banners

Picture in the figure 12 has been taken from a blog written by Jenni Ukkonen. On the right side of the blog entries there are affiliate banner advertisements of Nelly.com and Boozt.com.

FIGURE 12. Example of usage of banners in a blog (Jenni Ukkonen)

Banner advertisements are graphical images that are provided by the advertiser in standard sizes. The publisher can find banners from the affiliate network where the advertiser should update their advertising material regularly. Banners are most often used on the side of the web pages but depending on media are not always the most efficient advertising methods. For instance in blogs text links tend to bring more traffic compared to banners. (Atherton 2013.)

3.5.2 Text links

In the Figure 13 there is an example of usage of text links taken from Mona's Daily Style –blog. The blogger has gathered a collage of different clothes and accessories which can all be found from Zalando.fi-online store

aurinkolasit täällä, takki täällä, paita täällä, farkut täällä, korkkarit täällä

FIGURE 13. Example of usage of text links in a blog (Nieminen M.)

In the bottom of the picture, highlighted by the blue box, there are links to each product. By clicking the link the reader is re-directed to Zalando's web page to the landing page where this exact product can be purchased. These links contain tracking elements and drop cookies on the readers' browsers when they open them. Figure 14 shows where the reader is taken on Zalando's page when they open the link to the sun glasses.

FIGURE 14. Landing page for text link (Zalando)

Text links are personally generated by the publishers themselves. A link generator can be found on affiliate network's page and the publisher can choose himself where he wants to redirect his reader on the advertiser's page. Link generators create links with personal tracking code that enables to track the sale. In the example above the blogger has generated links to pages for each product that she has included in her collage.

According to the consumer protection law all types of advertising in the blogs has to be clearly stated in order to avoid misleading the reader. The commercial purpose and on whose behalf the advertisement is made have to be apparent in the blog writing. (Kilpailu- ja kuluttajavirasto 2013.)

3.5.3 Vouchers

Voucher codes are a good incentive for a publisher to write about the advertiser on their web page. Voucher codes work also very well when a new publisher is in question as the voucher code gives good incentive for the publisher to create their first affiliate advertisement for the particular advertiser. (Atherton 2013.)

Voucher codes can be personalized by creating such codes that contain for instance the name of the blogger or the web page that the code is being created for. All publishers using voucher codes should have their own voucher code as the tracking and results can then be followed not only via tracking link but also per voucher code. (Atherton 2013.)

3.6 Commission payments

As mentioned before affiliate marketing is a performance based channel meaning that the publisher is paid a reward in a form of commission only for a realized sale or any other desired action (Omnipartners 2015a).

There are different models on which the commission payment can be based. Most common model is Cost per action –model where the commission is paid only for sales generated via publisher's website. This payment model is efficient and offers profitable results for marketing investments as the publishers are only being paid for actual sales. (Tradedoubler 2015a.)

In CPA-model publisher can be paid either a certain percentage of the completed sale or a fixed amount per conversion. Some sites might use a combination of both in their commission model. Publishers can also be paid fixed amount of commission which depends on the total sales they have generated per month. Commission percentages paid for a completed sale vary from 5 to 20 percent of the total sale amount. (Schneider 2011, 232.) Advertiser can define fixed commission rates depending on the product type and the advertiser's profit margin. This type of commission payment requires more work and technical execution but for an online store with different product categories it is reasonable to execute. (Omnipartners 2015a.) In addition to product type the commission percentage can also depend on such factors as product's brand, size of an average

order and whether the purchasing customer is a new or an old one. (Schneider 2011, 232.)

Cost per lead –model generates commission when the site visitor's click converts to an action such as subscription for an e-mail advertising, taking part in a competition, registering for a web service or leaving a contact request (Omnipartners 2015a). This model applies well for launching new products or leading consumers towards more valuable products (Tradedoubler 2015a).

Cost per click –model, on the other hand, generates commission every time affiliate site visitor clicks a link leading to the advertiser's page (Schneider 2011, 232). CPC-model can be considered used in campaigns which intent to create and measure visibility and interest. CPM-model stands for Cost per mille and it is a model where commissions are generated for thousands views. Small and midsized publishers gain the most advantage from this payment model. This model enables increase in visibility but this model is however very rarely used in affiliate marketing. (Tradedoubler 2015a.)

The commission model has to be competitive enough compared to other advertisers in the same industry in order to make it interesting and tempting for new publishers. Publishers who make more sales should also be rewarded accordingly by offering them for example a better commission. This gives incentive for publishers to aim at better results. The chosen commission model should also be profitable from the advertiser's point of view. (Omnipartners 2015c.)

For instance, in Amazon's affiliate program publishers are paid a certain percentage of commission depending on the category of the goods. Electronic goods have a 3 % commission while jewelry products generate up to 8.5 % commission. (Amazon 2014.) Figure 15 demonstrates Amazon UK's affiliate programme's fixed commission rates for certain product categories.
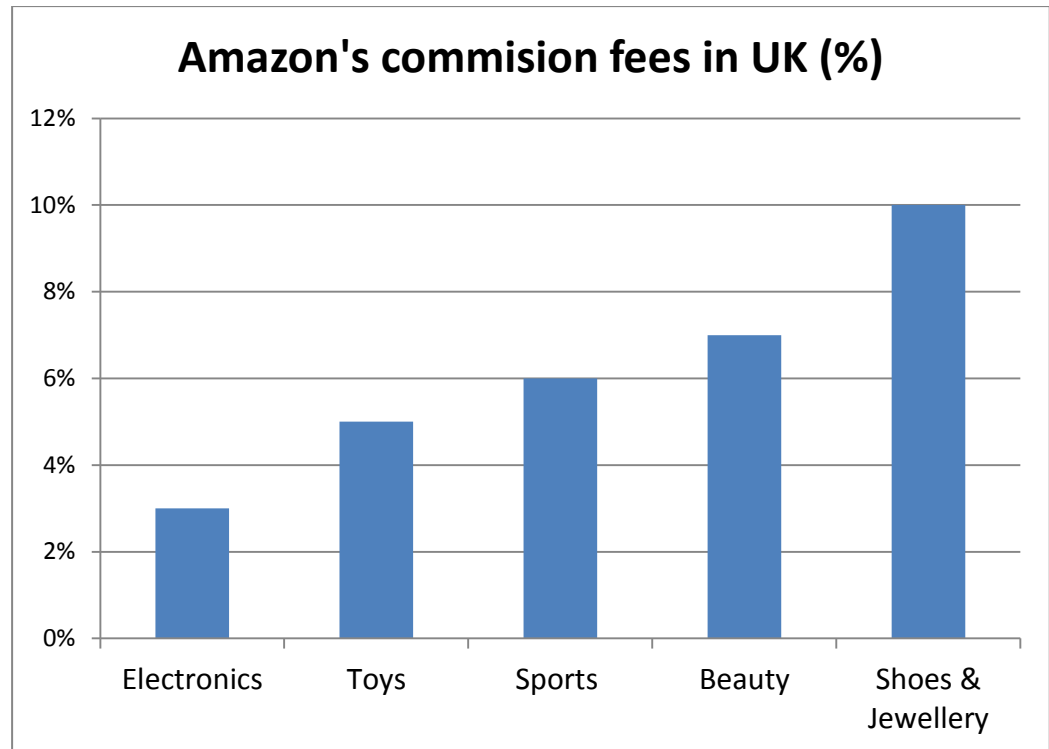
Amazon's commision fees in UK (%)

FIGURE 15. Commission fees of Amazon.com in UK (Amazon)

The commission is most often paid to publishers by cash to their bank account. It can be agreed with the publisher that they will not be paid on monthly basis but rather when they reach a certain amount of commission earned, for instance when the publisher has earned commission equaling to 50 €. Income earned via affiliate marketing is taxable in Finland and publishers have to report it to the tax office. In certain cases it can also be agreed that the publisher receives their earnings in a form of a gift card to the advertiser's shop. This is not a typically used payment method but it can be considered in some cases a profitable one. The publishers will then order from your store and might end up for example posting about the goods on their blog and hence bring more visibility to your store. (Tradedoubler 2015a.)

3.7   Mobile

With increasing amount of people owning smartphones and tablets there has been an upward trend of mobile purchasing. Mobile devices are available to the

consumers all day long and the purchases can be easily made at any time and any place. For this reason the mobile environment should also be taken into account when implementing affiliate marketing. (Tradedoubler 2013.)

Many consumers use mobile devices to search for interesting products that they have seen or heard of. As an example, study shows that 57 % of tablet owners have looked up for a product after seeing it on TV and 37 % have ended up purchasing it. (Tradedoubler 2013.)

Mobile environment and numerous shopping apps enable the consumer to quickly search for better prices using their mobile phone. Consumer might try the product in a traditional store but find a better deal for the same product in online store using their mobile phone. Research indicates that 70 % of consumers search for better prices using their phones and 60 % end up purchasing online after their mobile search. (Tradedoubler 2013.)

Presence among mobile marketing channels and apps such as sites offering voucher codes is thus essential to draw consumers' attention and lead them to making purchases at your store. (Tradedoubler 2013.)

3.8   Risks

Even though affiliate marketing is less risky marketing channel compared to other online marketing channels, there are also some risks involved. One of the possible risks is not being able to control on which web page your advertisement ends up. Even though in many affiliate networks you have to accept the publishers who apply for your programme yourself, there are publishers who maintain several web pages and not all of these pages are informed about together with the application. (Edelman, Brandi 2014.)

Some of the publishers are not trustworthy and might take advantage of the advertiser by not earning the commissions in a fair manner but claiming to collect them anyway. There is a risk of publishers who might commit fraud by modifying the records to show that they have generated sales. One type of fraud publisher is such who registers domain that is a misspelled advertiser's name. If a customer misspells advertiser's web page's name and ends up on the fraud publisher's

domain, he will then be redirected to the advertiser's site through the fraud publisher's site meanwhile a cookie will be dropped on the consumer's browser. If consumer will end up making a purchase, the fraud publisher will earn commission. (Edelman, Brandi 2014.)

There are also certain types of software that could be installed on consumer's computer. These software can identify consumer's activity upon visiting the advertiser's site and redirect the consumer through fraud publisher's affiliate link. (Edelman, Brandi 2014.)

Risks can be diminished by regularly checking reports generated by the affiliate networks and by taking a closer look at cases that seem suspicious. Also the better and more inclusive programme terms the advertiser has created the less chance there is for misinterpretation and breach of the terms agreed on. (Edelman, Brandi 2014.)

3.9   Maintaining

In order for affiliate programme to run successfully it has to be constantly maintained, followed and developed. It should not be assumed that once there has been made an agreement with the affiliate network it is enough and it will start generating automatically more sales. The advertiser has to invest their time and be active in order for affiliate marketing programme to succeed and gain results. The advertisement material should be regularly updated and new campaigns and offers created. Publishers have often incentive to inform their readers about good offers and campaigns which is why the advertiser should be creative and try out different campaign ideas. (Omnipartners 2015b.)

Regular contact with publishers is also important as it strengthens the relationship between advertiser and publisher and builds trust between these parties. The advertiser should be transparent and communicate openly with the affiliate to develop a connection. Communication with the publishers can often be done via affiliate networks as they send publishers newsletters and information on new campaigns. Affiliate networks and publishers should be thus kept up to date on all

the novelties such as new campaigns, advertisement material and offers. (Affilinet 2015.)

FIGURE 16. Example of a newsletter sent to publishers by an affiliate network (Tradedoubler)

Some affiliate networks offer a possibility for a straight contact between the advertiser and the publisher but some networks forbid it. The reason for prohibition is often fear that advertiser and publisher make a direct cooperation agreement and leave the affiliate network out of it. (Omnipartners 2015c.)

4 CASE: AFFILIATE MARKETING PLAN FOR MSO.FI

This thesis is carried out for a commissioner making it a functional thesis. The commissioner for the thesis, MSO.fi, is presented more closely in this chapter. The main purpose for a functional thesis is to provide commissioner with guiding that could be put into practice. In this thesis the aim is to create an affiliate marketing plan which can be taken advantage of if MSO.fi decides to start practicing affiliate marketing.

In this chapter the theory behind marketing plans is first briefly introduced. The theory explains how marketing plans are traditionally created and what they usually consist of. Theory is followed by introduction of commissioner with analyzes of such things as their target group, competitors and the environment.

Finally this chapter contains the affiliate marketing plan created for MSO.fi by combining the basic content of marketing plans and the aspects of affiliate marketing presented in Chapter 3. Features that are relevant for the launch of affiliate marketing programme are selected from the traditional marketing plan and are discussed in the affiliate marketing plan created for MSO.fi.

4.1 Marketing plan

Marketing is an important part of any company's strategy. Marketing is presence in our everyday life and is needed to separate a company or a brand from the competitors and catch the consumer's attention. Consumers nowadays possess more information and have more choices resulting in higher expectations. Consumers appreciate companies that are transparent and trustworthy and through marketing a company can earn consumer's credibility. (Burk Wood 2011, 2-3.)

Marketing planning is defined as the structured process which determines how to provide value to the customers, organization and the key stakeholders. Marketing planning is done by analyzing the current situation, developing objectives and strategies and finally implementing activities to achieve the objectives that have been set. (Burk Wood 2011, 5.) Marketing plans should be evaluated along the process and corrective actions need to take place if necessary as the company's situation, environment and customer needs change constantly and the marketing

plan has also to be adjusted according to the factors that change (Strauss, Frost 2012, 70).

The purpose of marketing plan is to serve as a guideline to help the company achieve results they desire. Marketing plan is created at a much lower lever compared to business or strategic plan and it is a short-term guide identifying how the company will be using marketing to achieve their objectives. Marketing plans are usually made for one year and the planning process begins several months before the plan is to be implemented. (Burk Wood 2011, 7.)

1. Situation analysis and market research

2. Defining strategy

3. Implementation plan

4. Budget and schedule

5. Evaluation and control

FIGURE 17. Basic process of creating a marketing plan

Figure 17 illustrates the main steps of creation of a marketing plan. First step is the analysis of the current situation. This step includes often analysis of internal situation such as the company's mission, resources and previous results and external situation in a form of competitive, economic, political-legal, social-cultural, demographic, technological and ecological factors. Market situation is

also often included in the analysis by defining the market and the market share as well as customer needs and their behavior. (Burk Wood 2011, 8.) Also the internal strengths and weaknesses as well as external opportunities and threats of the company are analyzed for example in a form of a traditional SWOT-analysis. (Strauss, Frost 2012, 74.)

Step 2 involves defining the strategy and objectives that the company wants to achieve. Building strategies involve several different aspects that need to be taken into account. The traditional marketing mix of 4 Ps covering the product, pricing, place and promotion are decided upon in the strategy. The tools of marketing mix enable the company to decide how they will provide customers value, build relationships and differentiate themselves from the competitors. In addition, strategy contains the aspects of positioning, differentiation, segmentation and targeting. (Strauss, Frost 2012, 76-77.) These decisions are affected by customer's needs, behavior, loyalty and purchasing patterns (Burk Wood 2011, 8).

Objectives are short-term targets which are set by deciding what should be accomplished, how much by setting a measurable quantity and within what time frame. An objective could be for example an increase in market share, increase in brand awareness or increasing sales revenue. (Strauss, Frost 2012, 76.) Objectives of the company contain often the financial, marketing and societal objectives (Burk Wood 2011, 8).

The third step is the implementation plan which relies on the strategies decided in the previous phase. This step involves making action plans and deciding on tactics which will help the company to achieve their objectives in effective and efficient manners. Implementation plan also defines the roles and actions of each party involved. The personnel of the company and service providers who are engaged in company's activity together with other possible external parties all contribute to the actions set in the implementation plan. (Strauss, Frost 2012, 78.)

Deciding upon the budget and the schedule is 4th step of the marketing plan. Budget is set by forecasting the revenues and evaluating the costs. Budget is affected by expected returns from an investment. The returns are then compared to the costs resulting in a cost/benefit analysis and the calculation of return of

investment. Not all returns on investment are measurable as there are also several intangible benefits such as the growth of brand equity and increase in brand awareness. These benefits are hard to turn to figures but it is important to take them into account when assessing the gained benefits. (Strauss, Frost 2012, 79.)

Finally the process of marketing planning involves evaluation which is one of the most important parts in the process. Evaluation enables the company to see what has been successful and whether the objectives have been met and if not to take corrective actions to improve the situation. The company should decide on some numerical measures that can be tracked and evaluated in terms of performance. Such measures can be for example cost per customer acquired, return on sales or return on marketing investment. However, not only financial results should be considered as for instance brand performance and customer loyalty are also important measures of company's success in marketing. (Burk Wood 2011, 14.)

In order for a marketing plan to be successful the company has to anticipate change as the environment is constantly changing. New rivals enter the market, new trends take place and thus there are always new threats and opportunities that need to be identified. All employees should also be engaged in marketing actions as all of the company's activity contributes to creating a certain image of a company. Partners, suppliers and all sorts of alliances should be carefully chosen to gain the most benefit and be competitive. (Burk Wood 2011, 18-19.)

4.2   Situation analysis

In the situation analysis MSO.fi is analyzed by evaluating the company itself, their target audience and their competitors. Finally a SWOT-analysis assesses the strengths, weaknesses, opportunities and threats of MSO.fi.

4.2.1   MSO.fi

MSO.fi stands for Mitäsaisiolla.fi and it is an online store which belongs to Sanoma Media Finland. There are more than 45 000 products, 1200 brands and 220 online stores featuring on MSO.fi. Mitäsaisiolla.fi advertise themselves as being the biggest online shopping center in Finland with about 45 000 visitors per

week. Customer can make purchases from several online stores all managed under one web site with only single payment and always free delivery. There are several product categories that can be purchased from MSO.fi such as electronics, fashion, beauty, home, jewelry and sports. (Sanoma Media Finland Oy, 2015a.)
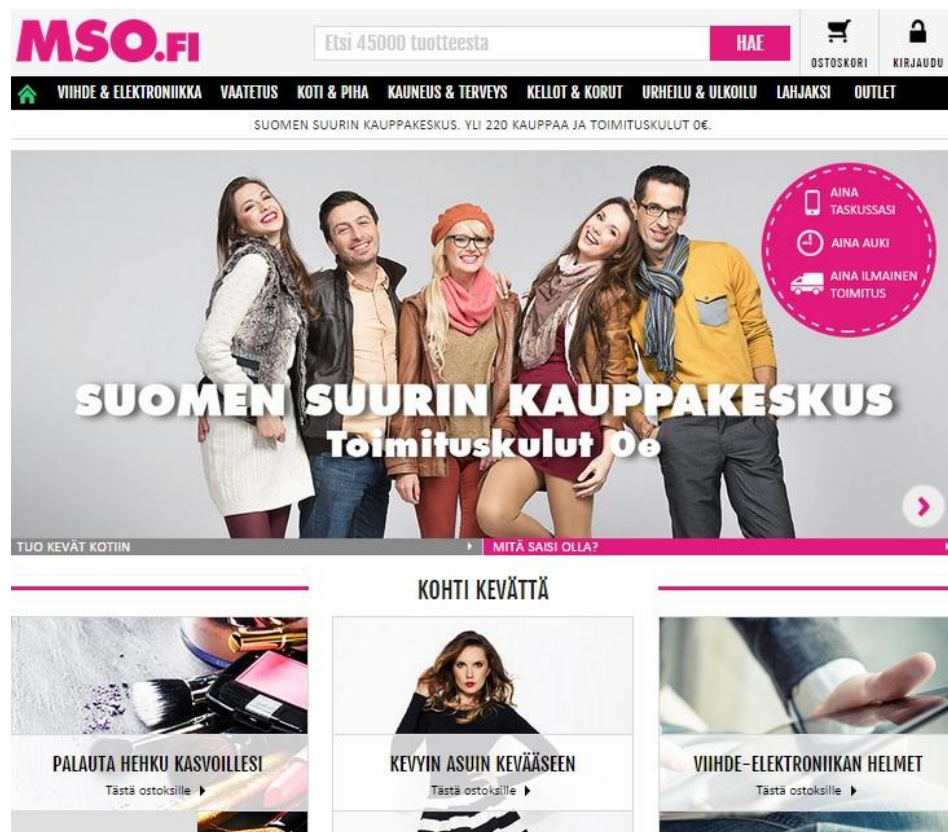
FIGURE 18. The outlook of MSO.fi's webpage (Sanoma Media Finland Oy)

From the point of view of setting up affiliate programme, MSO.fi is an interesting case as they are already in a way affiliate partners themselves. MSO.fi cooperates with hundreds of stores who pay commission to MSO.fi for all the sales which are generated via MSO's web page. MSO.fi offers other stores visibility, growth in brand awareness and opportunity to sell their products on MSO's page. In this cooperation, Mitäsaisiolla.fi functions itself as a publisher who advertises other stores in their media and receives reward for sales that have been made through their webpage. (Härkönen, Lilius 2014.)

MSO.fi offers their partners also additional paid services to increase their visibility on Mitäsaisiolla.fi. The partners can gain more visibility by purchasing display banners or visibility for their logo or a certain product on MSO.fi's web page. MSO.fi sells also packages for visibility on their web page together with a price comparison site Hintaseuranta.fi maintained by Sanoma. These services are sold on time-basis with visibility limited to a certain period of time such as one week or one month. (Sanoma Media Finland Oy, 2015b.)

Stores which cooperate with MSO.fi pay a monthly fee of 29€/month and a commission for realized sales. The minimum commission is 2,9 % and it increases depending on different product categories being sold. This type of model favors the merchants as for them the cooperation with MSO.fi does not cause practically any costs unless a sale has been made. (Sanoma Media Finland Oy, 2015b.)

From the perspective of MSO.fi the payment model they use is one of their weaknesses as it might be hard to gain profitability with only earning from realized sales. More aggressive payment model applied to their partners, such as Cost per click – model could generate more resources to MSO.fi which could then be used to increase advertising of MSO.fi and increasing their brand awareness and visibility in different media.

On the other hand, if the payment model would be for instance CPC meaning that the merchant would have to pay for every click on MSO.fi leading to their web page this might discourage some merchants to begin the cooperation. As MSO.fi tempts to be the biggest online shopping center in Finland it is clear that one of their aims is to gain as many partners as possible to have a broad selection of products and partners. This has probably had a strong effect on their decision to apply commission model based on Cost per action.

4.2.2   Target group

Target group of MSO.fi is illustrated in the Figure 19. Target group is represented by a woman who is aged 35 + and has a family. She lives in a city together with her family and she is interested in fashion and beauty, home, family as well as

sports and outdoor. The customer of MSO.fi appreciates the opportunity to make purchases from domestic online stores. (Sanoma Media Finland Oy, 2015b.)

FIGURE 19. Target group of MSO.fi (Sanoma Media Finland Oy)

The main objective of MSO among their target group is to establish strong brand awareness through investing in above the line advertising meaning advertising by using mass media to promote the brand and reach a bigger audience. MSO invests for instance in television advertisements, display marketing and cooperation with other brands to achieve this aim. (Härkönen, Lilius 2014.)

The traffic which is then brought to MSO.fi's web page is addressed by marketing actions that aim at acquiring customers. These marketing channels are search engine advertising, display and offline channels together with affiliate. On average the customer requires 3-4 contacts before they make a purchase. (Härkönen 2014.)

Finally the customers who have already purchased from MSO.fi are targeted by below the line advertising meaning more personal advertising which is directed exactly to the particular customer in question. This type of marketing performed by MSO.fi involves different kind of activities such as re-targeting and mailings in order to personalize more with the customer, Facebook and microblogging to engage the customers, catalogues and magazines to inspire the customer and onsite tools and campaigns to have an effect on merchandise. (Härkönen 2014.)

4.2.3 Competitors

Competition among online stores has been growing in the past few years. As introduced in the previous chapter, consumers are making purchases online in an increasing manner which also tempts new comers in the market.

MSO.fi attempts to stand out by advertising themselves as Finland's biggest online shopping center. With the concept of enabling the customer to make purchases from different stores all under one website MSO.fi has not many competitors. On the other hand, all of the online stores can basically be considered as the competitors of MSO.fi. Especially stores which offer products in different categories compete in the same industry with MSO.fi.

Figure 20 below shows the five most popular online stores in Finland, both domestic and foreign. Stores such as Netanttila.fi and Hobbyhall.fi are big players in Finnish market and thus big competitors for MSO.fi. The target group of these two online stores is also very close to the target group of MSO.fi presented earlier in this chapter.

Domestic online stores

1. Verkkokauppa.com

2. Netanttila.fi

3. Hobbyhall.fi

4. Huuto.net

5. VR.fi

Foreign online stores

1. Adlibris.com

2. eBay.com

3. Steam.com

4. Zalando.com

5. M.com
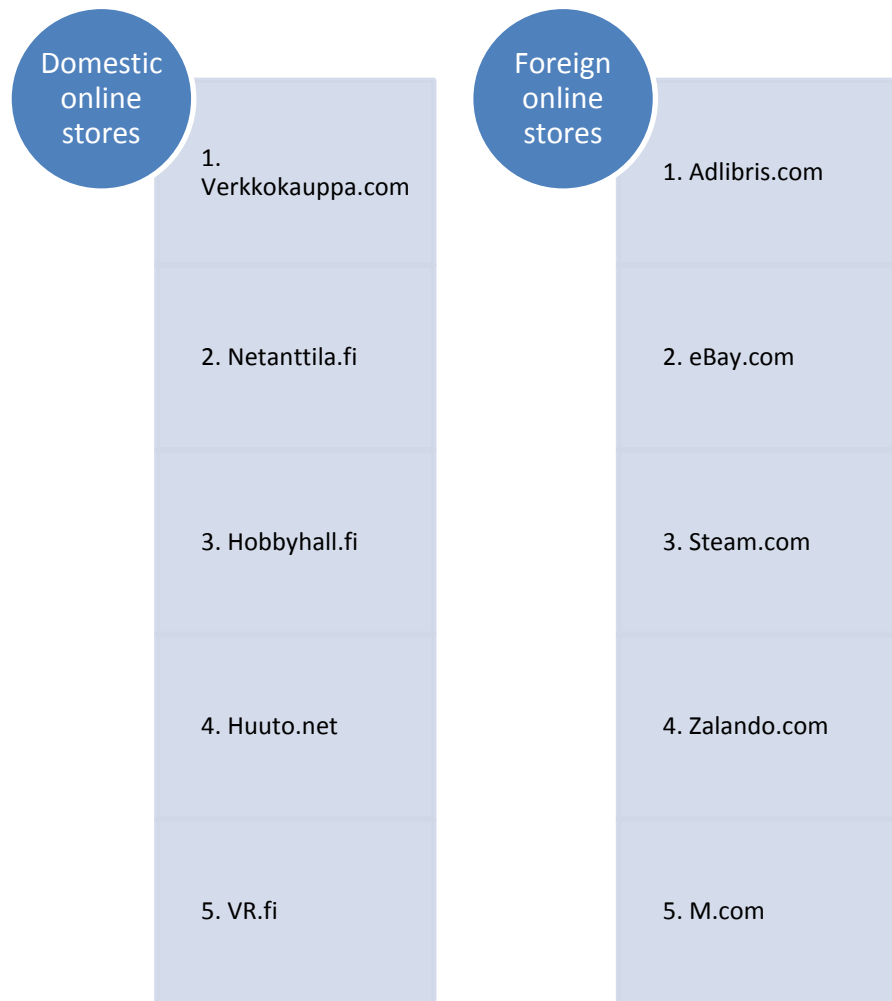
FIGURE 20. The most popular online stores in Finland in 2013

One of the biggest competitive advantages of MSO.fi is belonging to Sanoma Media Finland. Sanoma is a well-known media company and the market leader in Finland. Sanoma is behind many most utilized media in Finland including most popular magazines, television channels, radio channels and different kind of online portals such as Oikotie.fi, which offers customers possibilities to search for real estate and jobs, and Huuto.net, which is the most well-known online marketplace in Finland. Being part of Sanoma is a sign for many customers that MSO.fi is a reliable web site where purchases can be made without having doubts of becoming a victim of any kind of fraud.

Not only belonging to Sanoma Media Finland gives MSO.fi a good reputation, it also gives an opportunity to gain more visibility in other media which belongs to

Sanoma. The network of Sanoma is very wide in Finland and there are several media channels both online and offline that reach daily millions of Finns. MSO.fi already takes advantage of Sanoma's media and advertises themselves in the television and Sanoma's web pages for example via display banners. This is a cheap and profitable way for MSO.fi as more visibility can be achieved with very low costs. Another advantage of MSO.fi is the cooperation with Itella concerning the logistics solutions. Itella is a countrywide logistics service provider which enables MSO.fi and its partners to find a cost-efficient solution for delivering the sold products to the final customer without delay.

MSO.fi is however a fairly new online store which has been established only in autumn 2013. The store has not yet established a stable position among online stores as the competition is very tough and it is difficult to set yourself apart and increase the brand awareness while there are players in the market who have been there for a much longer period of time and have achieved the loyalty of customers.

In addition, MSO.fi can also face a situation where it will be competing with its own partners. The consumer can initially learn about an online store by finding it on MSO.fi's web page but in the end the consumer can visit the partner's web page directly and make a purchase through their own online store. This is not a desired scenario for MSO.fi as in this situation they have given the online store visibility and had their own share in encouraging the consumer for a purchase but will not be rewarded in any manner and might end up losing their customer. If the purchase is not made via MSO.fi they will not receive any commission.

4.2.4   SWOT-analysis

To summarize the points presented in the current situation analysis, figure 21 represents the SWOT-analysis showing the internal strengths and weaknesses and external opportunities and threats of MSO.fi.

STRENGTHS	WEAKNESSES
• Powerful media company behind MSO.fi • Not many competitors with the same principle	• Unfavourable partner deal model • New player in the market, no established position
OPPORTUNITIES	THREATS
• Consumers increasing their online shopping habits • New partners joining resulting in wider range of selection	• High competition in the industry • Customers could end up buying directly from the partners

FIGURE 21. SWOT-analysis of MSO.fi

The strengths of MSO.fi is the fact that it is owned by Sanoma bringing MSO.fi many advantages affected by a strong company behind it and also the ability to stand out by being the biggest online shopping center in Finland. MSO.fi has opportunities in the consumer's increasing online shopping habits and a wide range of goods which keeps growing with new partner stores joining MSO.fi. The weaknesses of MSO.fi are, however, its novelty resulting in non-established position among the competitors and also unfavorable partner model which can result in MSO.fi competing for customers with their own partners. MSO.fi also faces threat by high level of competition in the industry

4.3   Implementation

The implementation phase is the part of the marketing plan where actions that need to be taken are decided upon. This implementation plan focuses on actions that are relevant when a company begins practicing affiliate marketing. The most important aspects presented in the theoretical section are analyzed in this part from the point of view of MSO.fi.

4.3.1 Affiliate network

For MSO.fi the best solution would be to co-operate with affiliate network instead of setting up an own network. Creating own affiliate network requires a lot of time, resources and knowledge and in most cases is not worth investing in. Only very big players with a lot of experience in the market maintain their own affiliate networks but as mentioned in the theoretical background it is much more common to take advantage of an external affiliate network.

 As the main purpose of affiliate marketing for MSO.fi would be to support the other marketing channels and maximize results with low costs, there would be not enough resources to set up an own affiliate network. In addition, the expertise of affiliate networks is worth taking advantage of and will most probably bring more benefit to MSO.fi compared to the costs of using affiliate network's services. Affiliate networks have hundreds of publishers who are already part of the affiliate network. These publishers are more likely to join the affiliate programme as they already have their own account in the system and are familiar with the affiliate network and their process.

The choice of suitable affiliate network depends on several variables. The reputation of the network and its popularity among the publishers is one of the things that should be considered when choosing the network. Not all affiliate networks offer the same services as some networks focus more for example on e-mail marketers so the services and types of publishers offered by the affiliate network should match with the targets of the advertiser. The advertiser should also explore and compare the tools and features the affiliate network offers for tracking and reporting. The pricing of affiliate network in terms of initial, monthly and performance based payments obviously affect as well the advertiser's choice. Pricing is however often negotiable as affiliate networks try to compete with each other for new customers.

Tradedoubler has a long history and experience in affiliate marketing and has established its position as the first affiliate network also in Finnish market. There are many high-quality publishers who belong to Tradedoubler which is why

Tradedoubler would be a good candidate for an affiliate network that MSO.fi should consider starting the cooperation with.

The most reasonable process would however be for MSO.fi to choose few affiliate networks that would be most suitable for them and contact them with a request for a proposal. MSO.fi should discuss with few affiliate networks what they can offer MSO.fi both in terms of price conditions and different types of solutions for setting up an affiliate programme. In the end it is more recommended to take a closer look at offers the affiliate networks propose instead of making a decision by judging only the reputation and observations made by examining affiliate network's information given on their web page and recommendations given by other advertisers and publishers. Having offers from several affiliate networks enables the advertiser to put the networks out to tender which could result in gaining better deals. As the biggest and most influential affiliate networks in Finland are Tradedoubler and TradeTracker, MSO.fi should at least consider contacting them.

It is also recommendable to agree on a trial run of the affiliate programme if the chosen affiliate network is willing to offer this possibility. Trial run would allow MSO.fi to test out the network and its functionality before committing to a contract for a longer period of time.

When the suitable affiliate network has been found, MSO.fi should create the terms and conditions of their affiliate programme which have to be followed by the publishers. It is important to think carefully through the terms to avoid any kind of problematic situations in the future. Affiliate networks' help should be taken advantage of when making the terms as they have experience and are well aware of questionable situations that might arise during practice of affiliate marketing. To avoid problems the programme terms should forbid practices that might cause harm to the advertiser.

Brand bidding is for instance one issue that the advertiser should decide on whether to allow or forbid the publishers to practice. Brand bidding means that publishers who practice search engine marketing would use the advertiser's brand in their keywords and would appear in results when someone searches for brand

name, in this case MSO.fi. It is recommended to forbid the publisher's use of search engine marketing for advertiser's page especially if the advertiser practice SEM themselves. Otherwise the advertiser might be competing for the search results with their publisher.

Mobile pages and the mobile tracking should also be considered together with the affiliate network. MSO.fi already has mobile pages and as introduced in theory part many consumers nowadays tend to shop via their mobile phones or tablets. Affiliate networks offer also mobile tracking solutions and they are worth including in MSO.fi's affiliate programme to make sure that all sales will be traceable no matter whether the purchase will be made through computer or a mobile device.

4.3.2   Material for advertising

Advertisers should try different sorts of graphic images and styles when creating banners. Banners should also be up-to-date according to the season and what is purchased during that time. It does not make sense to offer publishers banners with winter clothing in the summer. Standard sized banners should be created for each banner set but it also makes sense to offer publishers a possibility to ask for a certain size and style for an image that will suit their web page or blog best. Having a possibility to receive personal service is valued by publishers in a similar way customers value personal service they receive from the sellers. Even though not so many publishers are willing to use banners on their web page there are publishers who utilize them and so banners should be updated regularly.

Banners can be provided in static format as jpg-images or gif-images with movement. Most often gif-images catch the reader's attention better but they also tend to irritate people more compared to static images. Advertiser should create banner sets with both variations and let the publisher choose themselves which kind of image to use in their media. After all it is the publisher who knows their audience best and will decide upon the advertisement material that will perform best among its readers.

Graphic images for affiliate banners can be same as used for example in display banners. As MSO.fi already practices display advertising it makes sense to use same images as it saves money and time. Same graphic designers can adjust the images used for display banners and re-size them for the typical sizes used in affiliate advertising.

As text links are generated via affiliate networks personally by each publisher, the advertiser does not have to take care of them in any way. Affiliate network makes sure that link generators produce correct links with working tracking codes and the publisher themselves can choose where they want to re-direct their readers to and make a link accordingly to that. Any landing page of the advertiser up to pages for a specific product, can be generated into a text link and the publisher has their own freedom of choice in making text links.

Product feed should be kept up to date as for example price comparison sites use product feeds to compare different products. Outdated product feeds could cause appearing among results of price comparison search with a product that is no longer part of store's selection or with a price that is no longer valid. If this would happen, the customer might claim the price comparison site or the online store itself for advertising using wrong information and this is not a good reputation for an online store.

In terms of voucher codes MSO.fi is a difficult case as they cannot automatically affect the prices of their partner's online stores. If MSO.fi would like to create a voucher code, they would have to ask separately all of their partners if they are willing to participate in the campaign. In case some partner would not agree on usage of voucher code on their products, MSO.fi should state clearly in the terms of the voucher code on which products the code is valid for. In addition, they should make technical adjusting to the code so that it would not work on all products that are offered on MSO.fi. Creating voucher codes is thus a more complex process for MSO.fi meaning that voucher codes and campaigns involving discounts cannot really be produced by MSO.fi spontaneously. These kinds of campaigns require planning in the early phases before the campaign wants to be launched.

Not all promotions voucher code websites publish are discount promotions involving voucher code. Promotions can be also different campaigns such as "Dresses for a graduation party". MSO.fi could then create a separate landing page where a collection of dresses offered by different stores would be gathered to. The voucher code website could then publish the promotion which could work well especially around spring time when there are many graduation parties coming.

4.3.3 Publishers

As introduced in Chapter 3 when a publisher wants to join a certain affiliate programme they sign up for it and the advertiser has the power to decide whether to accept or decline the publisher. This can be done automatically by accepting anyone who wants to sign up for the programme. It is, however, not recommended as there might be publishers signing up who are not relevant in any way to the advertiser. For example a web site which is entirely in Russian language would not be relevant to MSO.fi at all as they do not operate in Russian market and Russian customers are not the target group of MSO.fi.

In the end, it is not about the number of the publishers but rather the quality of the publishers. By choosing the acceptable publishers manually MSO.fi could also rule out any suspicious pages which could be fraud pages.

Not all publishers sign up for the affiliate programme automatically by their own initiative. It cannot be expected that once you start working with affiliate network it is enough and your sales will be increasing. As all marketing channels, also affiliate network requires effort and input to make it work. There are numerous potential publishers who need to be contacted by the advertiser themselves in order to inform them about MSO.fi and their affiliate programme opportunity.

Ideally there should be an employee who would focus only on affiliate marketing. The employee could then constantly seek for new publishers and maintain relationships with the existing ones. Regular contact with existing publishers is important as it is one key to building a long-lasting relationship between the advertiser and the publisher. New publisher can be sought for by for instance

taking a look at blogs listed on Blogilista.fi or popular websites with most visits listed on Alexa.com. MSO.fi should keep in mind that the biggest blogs and websites rarely practice affiliate marketing as they focus mostly on display advertising and other sorts of cooperation models. The mid-sized web sites are thus the ones that most probably will be interested in affiliate marketing cooperation.

Publishers should be encouraged to achieve better results by rewarding them for improvements in their achievements. MSO.fi could push publishers with potential for even better results by setting up a monthly sales goal. The goal could be for instance 50 sales per month and when this goal has been reached, the publisher would earn additional commission for as long as they can keep up the goal. If the publisher could then increase their sales further and reach a monthly level of for instance 100 sales, he could be rewarded by even better commission. Increase in commission is a very high motivation for publishers to advertise more and gain more sales. From advertiser's point of view there is however a limit for how much the commission can be raised before it becomes non-profitable so it cannot be raised continuously.

Another option for reward could be sending free products to the publishers who have improved their results. As MSO.fi does not have their own products but instead they sell other online store's products this reward method could not possibly work. The stores with whom MSO.fi cooperates would have to give out free products in order for this reward model to function but as they would not gain much benefit from this, it is most probable that they would also not be willing to give out any free products.

Another good incentive for publishers is a competition with a prize. Competitions could be such as which publisher earns the most sales during a certain period of time or which publisher will be the first to reach 50 sales. The prize could be for example a gift card to MSO.fi which would then encourage the publisher to test themselves the shopping process at the online store they advertise. The more personal experience the publisher has about the product or concept they advertise, the more trustworthy their advertisements are for the customer.

4.3.4 Commission model

Choice of commission model is another important part of setting up an affiliate programme. Advertiser can choose the commission model from the different types of models introduced in the theoretical part of this thesis.

The most suitable commission model for MSO.fi would be the traditional Cost per Action –model in which the publisher is paid commission for sales that come via publisher's media. CPA-model is the less risky model and most often used among companies who practice affiliate marketing. CPA-model would enable MSO.fi to set up an affiliate programme with fairly low costs as there will be no costs for advertiser, apart from the payments to affiliate network, unless the publishers make results. This enables MSO.fi to launch the affiliate programme without having to allocate a large budget for this marketing activity.

CPA –based commission can be a fixed percentage or a percentage that depends on different factors. Commission can depend for example on the total monthly sales of publisher or on different types of products. As MSO.fi has many kinds of product categories in their selection range the most reasonable commission choice would be paying different commission depending on the product type. Product categories that have higher profit margin, such as jewelry, would have a higher commission while product categories such as electronics would have a lower commission due to their low profit margin. This type of commission model is already used among competitors of MSO.fi, such as Amazon and Stockmann.

MSO.fi also already applies this commission model for the commission they charge from the online stores they cooperate with. It would be thus easy to apply similar commission percentages for MSO.fi's own affiliate programme.

In Figure 22 there is a suggestion for commission that could be paid to publishers on different product types. Suggestion is based on the rates of competitors in order to ensure that MSO.fi's commission is competitive and attractive enough to be able to compete for advertisement space in publisher's media but still be profitable form the point of view of MSO.fi.

Commission based on product categories

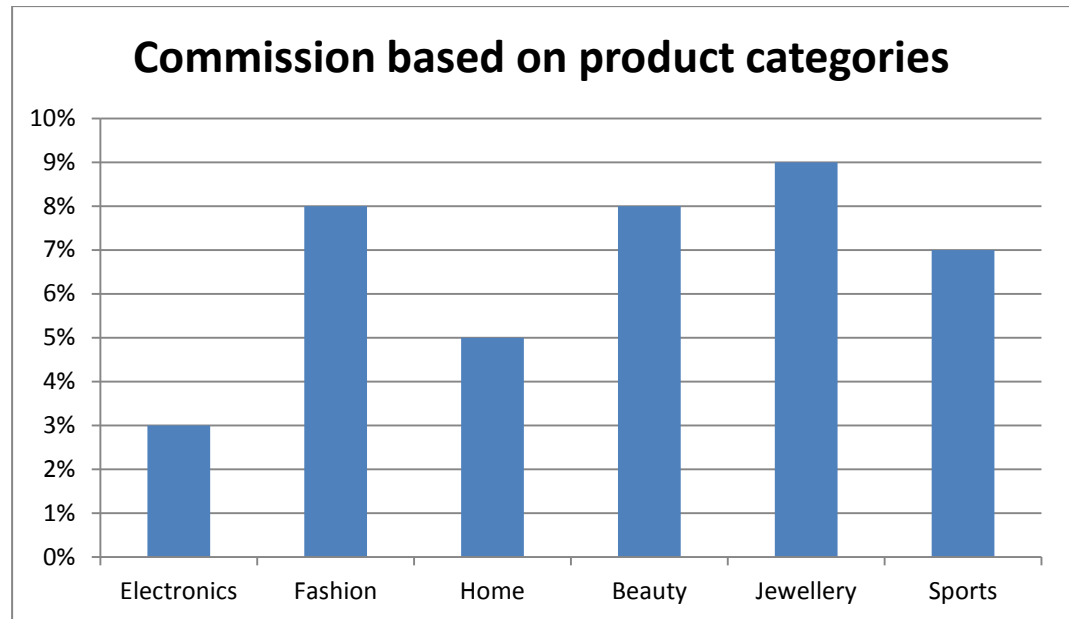| Category	Commission
Electronics	3%
Fashion	8%
Home	5%
Beauty	8%
Jewellery	9%
Sports	7%

FIGURE 22. Suggestion for commission model for MSO.fi based on product categories

Concerning commission payment MSO.fi should also consider their policy regarding returns of items, duplicate orders or breach of terms and conditions. Return period is often taken into account and should be considered when deciding upon when the sales will be validated in the affiliate network's system.

4.4   Budget and schedule

Starting up affiliate network does not require much budget as most costs are generated when there are results. The initial and monthly payments to the affiliate network should be taken into account when planning the budget for setting up affiliate network. Initial payments in Finland verge around few thousand euros while monthly payments are few hundreds. Budget can be comprised of the expected sales made through affiliate marketing and the costs generated in a form of commission payment to the publishers and the share of affiliate network in the realized sales. The idea of affiliate marketing is however such that after the commission payment the affiliate sale would still be profitable to the advertiser. This means that ideally there would not be budget needed for the expected sales as they would cause more profit than costs and the only payments needed to be budgeted are the payments to the affiliate network.

The process of launching the affiliate programme time wise can be expected to take a maximum of few months. The programme can be launched quite fast depending on how fast MSO.fi is able to make a deal with an affiliate network and how long it takes for them to decide on details introduced in the implementation phase of this marketing plan. The background search, contacting the affiliate network and deciding upon the commissions and advertisement material etc. are expected to last altogether for few months.

1-2 Months	**1 month**	**1 month**
decision on affiliate network	advertisement material & commission model	final launch & first publishers

FIGURE 23. Schedule for launching the affiliate programme

Once an agreement with the affiliate network has been made, MSO.fi should create advertisement material which they can add to their programme and also decide on the commission. In addition, an own section for affiliate programme should be created on MSO.fi pages before launching the affiliate programme. Publishers who would be interested in joining MSO's affiliate programme should be able to find easily the instructions on how to join the programme. The section could give a brief explanation on how affiliate programme works and provide a link to the affiliate network's page where the potential publisher can sign up for the programme. These steps are expected to take approximately one month and after that the programme is ready to be launched. The final phase of launching and finishing up all the details before first publishers are ready to join the programme can take another few weeks up to one month. Figure 23 illustrates the main phases of the scheduling and the durability of each phase.

4.5   Evaluation and control

Following up and measuring the success of marketing results is almost as important as the marketing itself. Without measuring the results it is not possible to find out which campaigns and methods have been successful and are worth investing in further on in the future. Tracking links offer advertisers different sorts of information that should be analyzed regularly to see what kind of advertisements have been performing well. Evaluating the results enables MSO.fi to optimize the affiliate programme in order to gain better results.

Numerical objectives set up by MSO.fi concerning the affiliate programme should be regularly compared to the actual results to see whether the objectives have been met. Objectives and comparable indicators can be concerning the brand image or awareness or more measurable indicators such as contacts, clicks or impressions. Also functional indicators such as sales and leads can be measured and set targets upon. In case the objectives have not been reached MSO.fi should make analysis of the situation and find the reason why the targets have not been reached. Analysis of failure enables the company to make corrective actions and set themselves back on track for reaching their aims. The frequency of analyzing reports and the period to which they are compared should be decided by the advertiser.

By analyzing what kind of graphical images and campaigns have been performing well MSO.fi can focus their activity on similar actions also in the future. Marketing plan and the actions taken should be evaluated constantly and actions that have clearly not worked should be modified or left out of the plan. The seasonal campaigns such as Valentine's Day campaign or Mother's Day campaign can be for instance compared to previous years to see what should be done in future. The source of traffic should also be analyzed to learn where most of the traffic comes from and invest in these sources more.

The advertiser should also regularly check that the tracking links have been generated correctly by the publisher. Affiliate networks send advertisers a report of all the activity of publishers from a certain period of time, for instance monthly reports. MSO.fi should pay attention if some publisher has many clicks and views

but very few or no sales. This could be caused by many reasons but it is important to check that it is not caused by an incorrect tracking link. Especially inexperienced publishers tend to sometimes leave parts out of the tracking link that is generated from the affiliate network's system. Links should however be copied exactly as they come out in the link generator.

Monthly reports should also be followed to rule out any possibilities of fraud. If a publisher has many sales but no clicks or views, this should be looked into more details as that is one of the signs of a possible fraud.

4.6   Conclusions

It is important to remember that in most cases using and relying only on one marketing channel is not enough to produce the wanted results. The best and most efficient solution is to use a marketing mix of several different marketing channels, both digital and traditional ones.

In the case of MSO.fi adding affiliate programme to the marketing solutions already applied can be expected to bring more visibility among different channels. Affiliate cooperation could enable MSO.fi to appear on several blogs, voucher code websites and other popular media which have a lot of daily visitors.

After deciding on matters such as affiliate network, commission model and targets and the launching of the affiliate programme, it should be maintained and evaluated on a regular basis to achieve the best possible results. Ideally there should be a person in the company who would focus entirely on the programme and building long-lasting relationships with new and existing publishers.

5   SUMMARY

The importance of online marketing has increased tremendously in the past few years. With a large share of people using Internet on a daily basis and the increasing habits of consumers to make purchases online, most companies have realized that it is necessary to practice online marketing to survive the high level of competition. Online marketing makes it possible to reach a broad audience through different marketing channels.

The most common online marketing channels are Search Engine Marketing, social media, e-mail marketing, display marketing and affiliate marketing. These marketing channels are briefly summarized in the figure 24 below.

Search Engine Marketing	• Aims to improve the positioning in search engine results • Can be done by natural and paid means
Social media	•Facebook, Twitter, Instagram, Youtube, Linkedin •Engaging in an open conversation with customers
E-mail marketing	•Sending subscribers regular marketing e-mails via e-mail platforms •Cost-effective and has high return on investment
Display marketing	•Using graphical images to advertise •Operate on cost model where display views are purchased in packages of thousand views
Affiliate marketing	•Performance based cost model and less risky online marketing channel •Three main parties involved: advertiser, publisher and affiliate network

FIGURE 24. Most common online marketing channels

Affiliate marketing is the main topic of this thesis and it is the marketing channel which involves the least risks. Affiliate marketing is a performance based channel meaning that the publisher is rewarded for a successful performance, which is most often a sale. Without sales there is basically no cost which is why there is also minimum risk involved.

In affiliate marketing there are three parties involved, the advertiser, publisher and the affiliate network. The advertiser is the company whose products are being sold and the publisher is the owner of a media which is used to advertise the advertiser's goods. The affiliate network serves as a link between advertiser and publisher and offers such services as tracking of the sales, commission payment and administrative help.

Affiliate marketing is thus a cooperation of advertiser, publisher and the affiliate network with each party making sure that the process works faultlessly. From the advertiser's point of view it is important to constantly maintain and improve the relationship with the publisher in order to build trust and mutual objectives. The advertiser should be transparent towards the publisher and share with them the key objectives they wish to achieve. The open behavior of the advertiser communicates to the publisher that they are trustworthy and willing to build a long-term relationship.

This thesis focused on creating a marketing plan for a commissioner, Sanoma Digital Finland. The aim of this thesis was to create an affiliate marketing plan for Mitäsaisiolla.fi (MSO.fi) which is one of the websites of the commissioner. MSO.fi is an online store which offers products in many different categories. Sanoma is not yet practicing affiliate marketing for MSO.fi but would like to gain more visibility with relatively low costs which is why they are interested in launching an affiliate marketing programme for MSO.fi.

An affiliate marketing plan was created by following the basic structure of marketing plans and applying it to this particular subject. Aspects of affiliate marketing presented in the theoretical background were analyzed and suggestions for implementation were made based on the needs and environment of the

commissioner. The commissioner was interviewed in order to understand their aims.

For MSO.fi, it is recommended to begin cooperation with affiliate network instead of setting up an own network as there will not be enough resources for that. The commissioner should apply commission model with cost per action and determine the percentages according to different product categories. The publishers should be accepted to the programme manually to avoid any fraud publishers or publishers that are not relevant to MSO.fi's activity.

Evaluating the results and having control over the programme is an important part of the process. Tracking in affiliate marketing offers much data which should be regularly analyzed and compared to the objectives. In case the targets are not met, corrective actions should take place. An affiliate marketing programme does not maintain itself but rather needs constant attention and care. There should be an employee inside the company whose tasks would include maintaining the affiliate programme by updating the advertising material, inventing campaigns and keeping up the relationship with existing publishers while also constantly searching for new publishers.

The process of creating the marketing plan was based on the current situation of the commissioner. As the circumstances change and the environment develops, also the aims of the commissioner might change. In addition, online marketing is a fast developing industry which means that practices of online marketing change and evolve quickly. Because of this the practices of affiliate marketing nowadays might already be outdated in a few years. Technology also develops quickly and might affect the practices of affiliate marketing too.

In case the affiliate marketing plan will not be put into practice in the near future, it is recommended to revise and update the plan according to the current circumstances before making use of it later on. As stated in the beginning of this thesis, literature sources that are written only a few years ago might already contain outdated information. If online marketing will keep developing at a similarly high pace, as it has been developing so far, also this thesis might become out of date sooner or later.

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