

8 Red Flags of Affiliate Fraud



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About Coalition Marketing



Coalition Marketing believes in the power of putting partnerships first. The founder, Dustin Howes, developed the gift of network marketing over the last 10 years in the affiliate marketing industry.

While researching programs in the industry, Dustin recognized that many businesses create an affiliate program without proper strategic planning and realistic goals. Coalition Marketing created a Quick Launch solution that helps businesses build a custom affiliate program at an affordable price. Once the program is built, Dustin teaches the business how to manage the program through a one of a kind online certification course, Performance Marketing Manager.

Dustin's energy and enthusiasm exudes throughout the online course and every interaction with clients throughout the course.

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Affiliate Marketing Industry Stats from 2018:

- According to Forrester Consulting,
 - Total U.S. affiliate channel spend in 2017 was a record \$5.3B.
 - The U.S. affiliate marketing industry is expected to reach \$6.8 billion by 2020
- Over 11,000 companies are currently utilizing an affiliate program on major networks to grow their marketing reach
- 20% of publishers' annual revenue is generated through affiliate marketing
- 16% of all online orders are generated through affiliate marketing

So you created an affiliate program, but the program is not producing the way you had hoped.

You are not alone. There are literally THOUSANDS of companies out there that are going through the same growing pains with their affiliate program.

One of those pains may be fraud. Are you worried that your affiliates might be stealing from you? Here are 8 red flags to help recognize fraud:

#1 - High Conversion Rate(CR)

Normal CR should be between 1% - 15%. If it's any higher than that, investigate the actions for legitimacy. The CR is specific to niche and product. For example, ecommerce products that have a low price will have a higher CR than a SAAS product with a high price.

#2 - Click > action = too fast

Every affiliate tracking platform should show how fast the last click converted into a sale. A normal person will take their time shopping online. If the sale happens less than 5 minutes of the shopper being on the site, the affiliate might be stealing that last click and costing the merchant money.

#3 - Website doesn't make sense

The publisher's site should be promoting products that are similar to yours. For example, if the product is Tax Software and the affiliate has a cat blog listed as their main source of traffic, this should be investigated.

#4 - Country specific

Some countries are more liable to send fraudulent traffic than others. There are schools dedicated to teaching how to "earn" fraudulent commissions. The origin of traffic should be investigated more closely if specific countries are infiltrating your program.

#5 - Spike in transactions

Did an affiliate go from 1 sale a month to 15 sales? What is the cause? Maybe Google decided to rank them higher organically...or maybe they are doing something fraudulent to force the sales.

#6 - Same IP address

If all the sales from an affiliate are coming from the same IP location, there needs to be a good reason for it. More than likely they are creating fake sales and collecting commissions.

#7 - Lifetime of customers

This is a bit harder to dig into and is usually specific to MRR model merchants. If the customers are returning products or closing accounts soon after the affiliate has been paid out, this should be monitored. This is most likely a partner you don't want to work with.

#8 - Where there's smoke, there's fire

Several red flags, but no evidence collected? Inquire about their traffic source and make sure the partner is transparent. If they can't explain clearly, cut your ties with them.

Conclusion

Those are the 8 red flags I look for when auditing an affiliate program. If you are seeing these signs of fraud, do something about it.

Dustin Howes has been doing fraud audits for over 10 years. He has developed the world's only online course that teaches affiliate managers how to audit their program, prioritize time, recruit the right affiliates, and develop deeper partnerships.

Contrary to popular belief, the affiliate channel is not a set it and forget it situation. Affiliate programs need love and affection to flourish; you can't just go tell your junior marketer to create and run the program when they don't have any idea what that are doing. Yet I've seen this time and again where companies try to cut corners, throw paint on the wall and hope a Picasco shows up. Good luck with that.

For those companies that recognize the power of influencers and invest time and resources into the affiliate channel, they will be rewarded.

Does your company's affiliate manager know how to properly grow the program?

Everyone can use more knowledge. Performance Marketing Manager specializes in teaching innovative techniques to optimize affiliate programs.

Are you interested in taking your affiliate program to the next level?

This course is designed to help all levels of affiliate managers, junior to veteran. Each tip and tactic has the potential to be a game changer to your program. The first step to success:

[Sign up here to schedule your FREE 20-minute no-obligation Exploration Call now.](#)

On this call, I'll help answer any questions you have about affiliate marketing and help determine if this course is right for you. There is nothing to lose and I'll guarantee you walk away with takeaways you can use to improve your program.

*Please note, due to the detailed and custom analysis, spots are limited. Sign up for your launch call before time is up and gain the Performance Marketing Manager advantage over your competition!



I look forward to helping your business grow,

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Founder & Chief Coach
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