

Affiliate Marketing Abuses

The Who, the Why, and (Steps Towards) the Fix

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Affiliate Management Days

Why affiliate marketing?

- Creativity
- Reach
- Attractive pricing model, risk model

Affiliate marketing fixes...



Affiliate marketing fixes...

- Invisible banner ads



Affiliate marketing fixes...

- Invisible banner ads
- Click fraud rooms
- Click fraud botnets

Why affiliate marketing?

- Creativity
- Reach
- Attractive pricing model, risk model

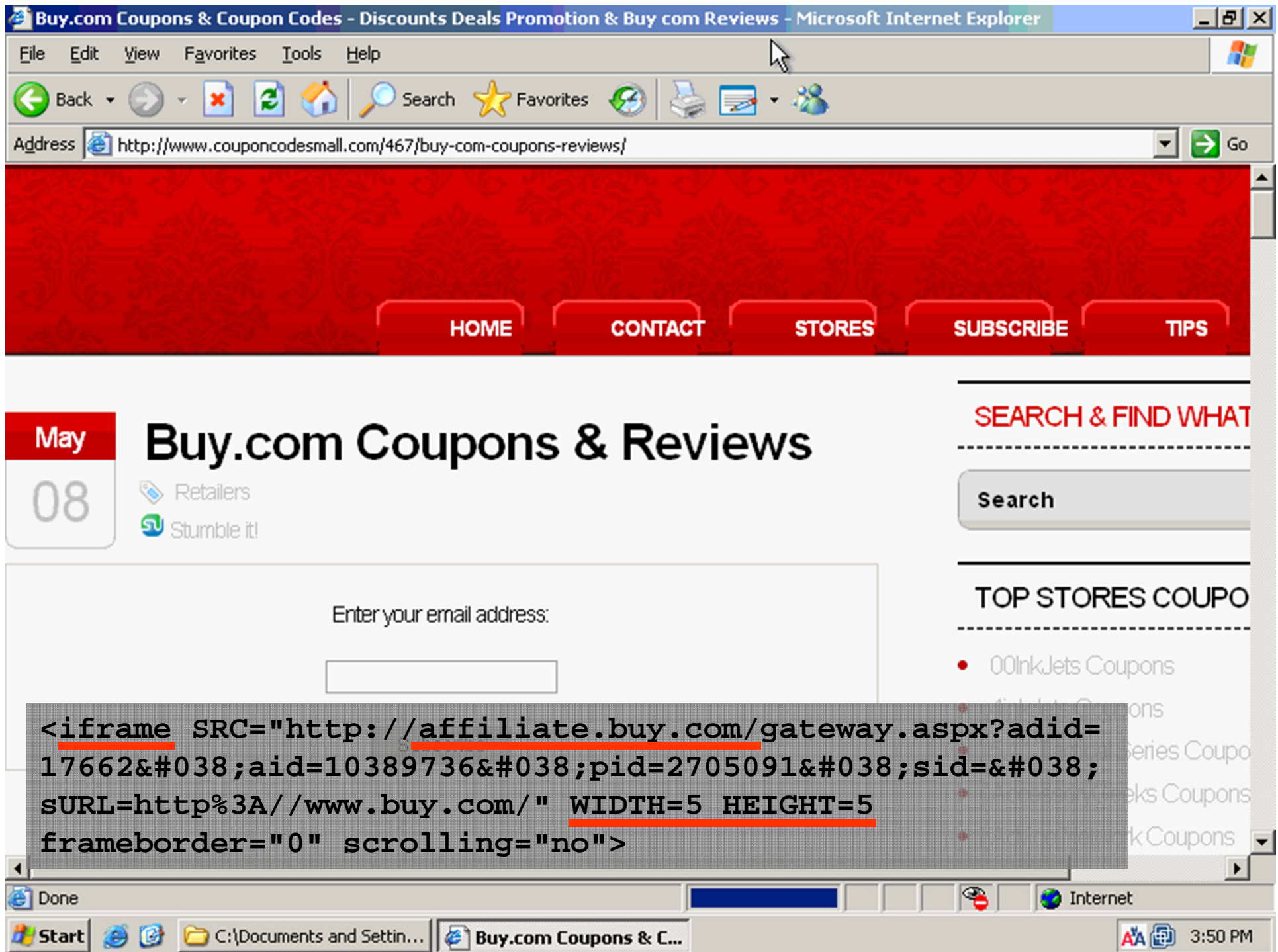
/BUT/

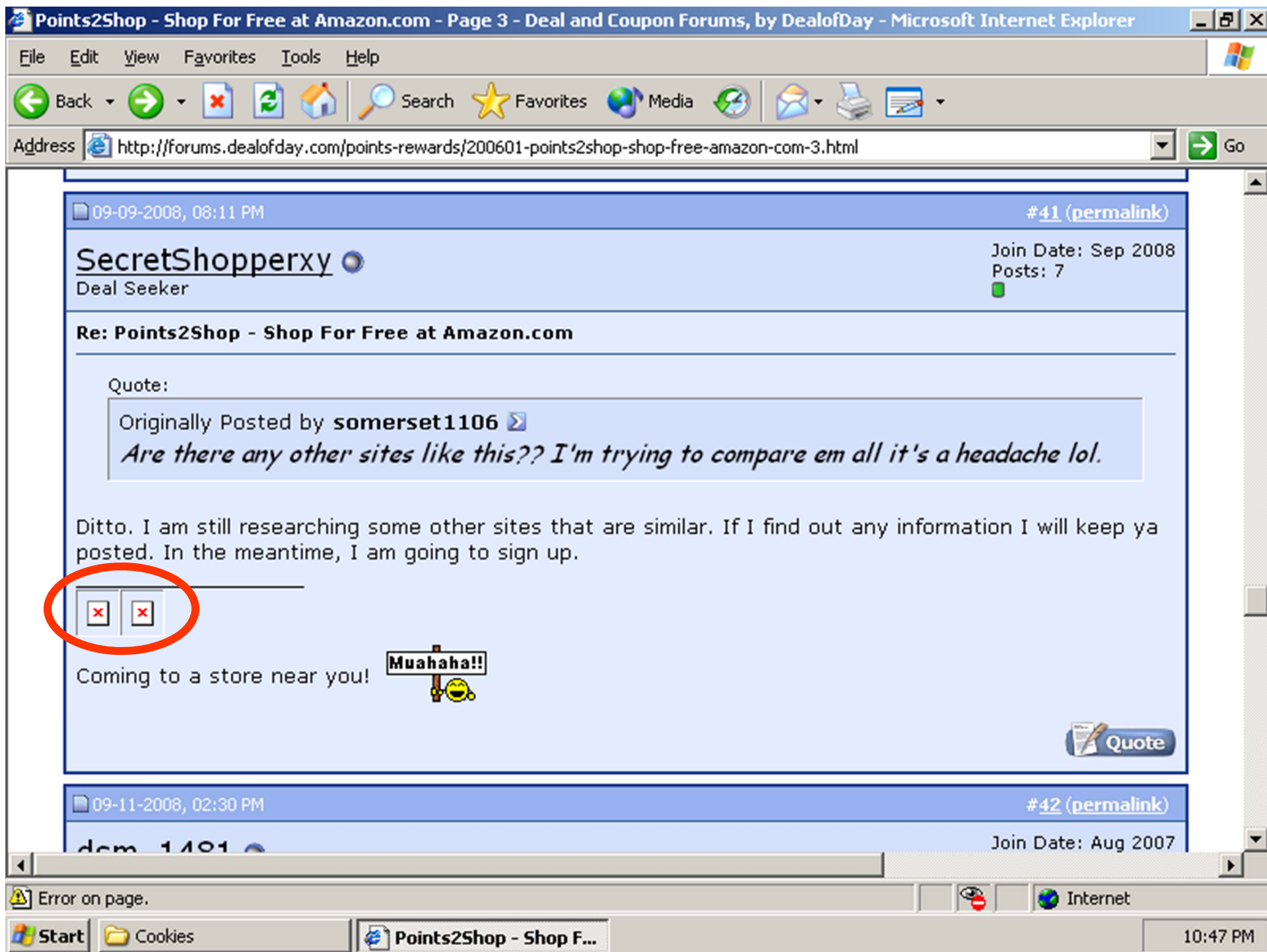
- How to supervise many small affiliates a retailer has never met?
- Many & divergent incentives: merchant, network, affiliate program manager, affiliate

Affiliate earns commission if ...

- User browses the affiliate's web site
- User clicks affiliate's link to merchant /and/
- User makes a purchase

→ Merchant can safely partner with anyone?





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```
GET /img16.jpg HTTP/1.1 ...  
Host: www.avxf.com
```

```
HTTP/1.1 302 Found ...  
Location: http://secure.hostgator.com/cgi-bin/  
affiliates/clickthru.cgi?id=dsplcmnt01 ...
```

```
GET /img17.jpg HTTP/1.1 ...  
Host: www.avxf.com
```

```
HTTP/1.1 302 Found ...  
Location: http://www.amazon.com/?...&tag=qufrho-20
```




Firefox

Mozilla Firefox Start Page

sea5s.com

sea5s.com



Google

Search



Are you on Facebook? Hey, so are we!
"Like" us to stay on top of the latest.

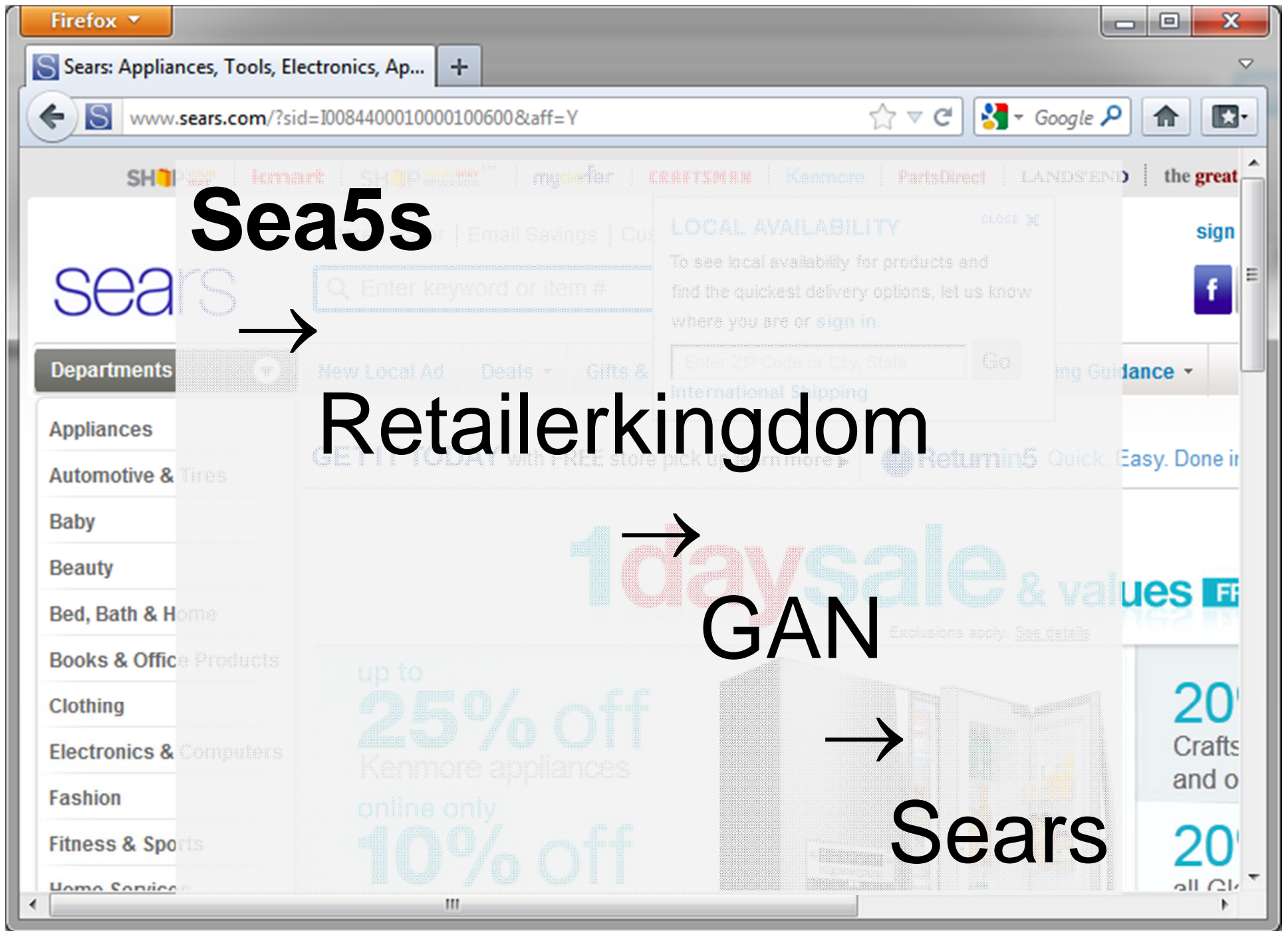


Restore Previous Session

About Mozilla

Set Up Sync

Pair a Device



H&R BLOCK Canada - Do It Yourself | Do Your Taxes Online | Payment - Windows Internet Explorer

http://www.hrblock.ca/services/payment.asp

WhiteSmoke Bar Customized Web Search

Web Search Search Print Enter Text Here Translate Dictionary Check my text

Favorites H&R BLOCK Canada - Do It Yourself | Do Your Taxes ...

Welcome

- If I used H&R Block's Online...
- Is my information accurate?
- What if I need to update my...
- Why does H&R Block ask for...

commission: 20% on \$19.95 to \$49.95

"earned" if a user buys within the next 45 days via this popup, the back window, or otherwise

Don't file until you're satisfied

- Free expert advice
- Max refund - guaranteed
- Free audit support and representation - only from H&R Block

H&R BLOCK AtHome™

Features

- Easy to use
- No download
- Simple and fast
- Step by step
- ONLY \$15

ePipo
NCase
180 Search Assistant
Zango
Seekmo
MossySky

This ad served by MossySky. Click here to learn more.

Done

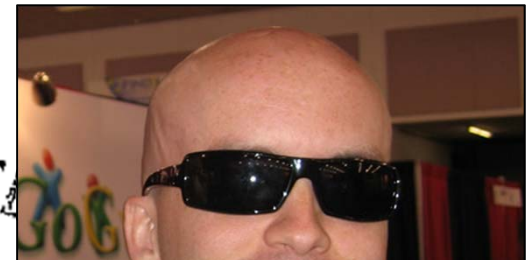
Start C:\WINDOWS\system32... C:\Documents and Sett... H&R BLOCK Canada - Do... H&R Block -

Internet 100% 1:29 AM

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA

FILED
2019 JUN 24



7. Digital Point Solutions was a member of the Affiliate Program. In 2006, Digital Point Solutions received approximately \$10,500,000 in compensation from the eBay Affiliate Program in the United States. Between January and June 2007, Digital Point Solutions earned more than \$5,000,000 in compensation from the eBay Affiliate Program in the United States. As of approximately June 2007, Digital Point Solutions was the number-one producing account in the Affiliate Program. In other words, based on data

18. It was part of the scheme and artifice that, through various means, the defendant disseminated on a large number of web pages computer code that, when those web pages were viewed by a computer user, was designed to cause that user's computer to make a request to eBay's home page merely for the purpose of prompting eBay's servers to serve up a cookie, which would then be "stuffed" onto the user's computer. These cookies contained information that identified an Affiliate ID of Digital Point Solutions. In such situations, the human user never actually clicked on an eBay advertisement or link on Hogan's affiliate websites.

Affiliate earns commission if ...

- ~~• User requests affiliate web site~~
 - ~~• User clicks affiliate's link to merchant /and/~~
 - User makes a purchase
- ~~→ Merchant can safely partner with anyone?~~

Supervising Affiliates

- Penalties? Litigation?
- Identity verification
 - Name - email - phone number - address - tax ID - IP
- Need to prevent sequential pseudonymity (reregistering using a new name)

Incentives wishlist

- Take existing detection technology as given
- Effective at deterrence
 - Reduce cat-and-mouse
- Undercut incentives for use of pseudonyms and multiple identities

Payment delay

- Pay more slowly.
- If uncover a fraud, don't pay.
- Pay a bonus to make good agents indifferent.
 - Compensate good agents for having to wait.
 - Focus delays on affiliates who are suspect (new, coy, missing Referers, etc.)

References:

Delaying Payment to Deter Online Advertising Fraud (2008)
benedelman.org/paymentdelay

Deterring Online Advertising Fraud Through Optimal Payment in Arrears
Financial Cryptography 2009 - SV LNCS

Fixing Affiliate Marketing

- Supervising small affiliates.
- Managing divergent incentives: merchant, network, affiliate program manager, affiliate

Incentives aligned?

For a given fixed amount of merchant sales, a selfish ... wants commissions to go ...

merchant	down
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in-house affiliate manager	?
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outsourced affiliate manager	up
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affiliate network	up
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affiliate	up
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Ramblings Of A Wannabe Alien...



What Does Carmen Electra, Cyber-Terrorism and Meg Whitman Have In Common? eBay!

by **digitalpoint** on Aug 2nd 2010 at 10:41 am (23658 Views)

35 Comments

I haven't said much about it to date about the dealings between myself and eBay, because well... I didn't see a point. But now with people's imaginations running wild about what did (and didn't) happen, I suppose I'll talk about it. The story itself is far more interesting than you would think possible within an affiliate program.

...

When I asked them why they would knowingly allow affiliates to violate their terms of service, they were very good at avoiding answering my actual question. Finally after pestering them with the same question for weeks, they broke down and informed me that their terms of service (and even the entire affiliate program to some degree) was a bit of a facade. It allowed eBay to do things they wanted to do (like spam search engines, deploy in countries where they had no actual presence, etc.), while also giving them a way to wash their hands of any wrong-doing when any of their large partners (like Google) would question them about it (like why there are so many spam sites directing people to eBay). They could simply say, "It's our affiliates, and they are violating the terms of service we set forth." To me, I suppose it sort of made sense and I stopped questioning them about it. BTW, one of the times this was explained to me was at PubCon in Las Vegas, *while* an eBay employee was going around to each public access computer with a USB dongle he developed that would automatically install something that would redirect any user to eBay when they tried to access Yahoo Auctions.

...

This was also the time that my affiliate revenue from eBay broke over \$1M in a single month, which is significant because now I had to make good on the "promise" that I never thought I would have to follow through on. My eBay contact called me immediately after I broke \$1M in a month and said, "Okay, you broke \$1M... buy me a car." Sadly, I'm a man of my word and I did try to buy them a car... unfortunately the car they wanted was backordered everywhere, so instead of buying them an actual car I told them I would give them the money needed for the car and they could go find one themselves. It wasn't extortion or anything since I was the one that offered, but it sure felt like it to me in the end. That was a promise I made that ultimately cost me \$50,000.

On top of that, I was coerced into buying my eBay contact a plasma TV, a really nice laptop (while I had a crappy TV and crappy laptop of my own... hah), etc. I kept asking if this was "normal", and was only told, "Yes, all the affiliates buy their contacts stuff like this."

[full post](#)

Fixing Affiliate Marketing

Can a merchant

- Supervise thousands of small affiliates the merchant has never met?
- Manage divergent incentives: merchant, network, affiliate program manager, affiliate?

/AND/

- Retain the cost-effectiveness, excitement, flexibility, and passion of affiliate marketing?

benedelman.org

more examples, perpetrators, and infractions