

CPA Marketing: A Low-Risk, High-ROI Approach to Affiliate Marketing



[Selling products online](#) enables your business to reach a virtually limitless audience, but targeting the right leads and converting them into customers isn't always easy.

CPA marketing, short for cost per action marketing, is a type of [affiliate marketing](#) used by businesses of all sizes to scale their marketing efforts and reach a wider audience.

This involves partnering with an [influencer](#), blogger or publisher who promotes your products in exchange for a commission fee. The affiliate receives a commission when a customer purchases a product through the affiliate's marketing efforts.

For example, the affiliate might write a review, display a banner ad on their website or post a video on social media promoting the advertiser's product.

Unlike other types of digital marketing tactics like cost per click (CPC) where you pay to advertise your brand with no guarantee of a sale, CPA marketing only requires you to pay after the sale occurs.

If the customer requests a refund, you can recoup any payouts made to the publisher.

Under this arrangement, the publisher assumes more risk than the advertiser because their earning potential depends on their ability to attract and convert website traffic into paying customers.

The CPA Marketing Model

The CPA marketing model is an advertising model that consists of a publisher (affiliate), a business (advertiser) and a CPA network (a platform that brings together affiliates who want to earn commissions by promoting products and businesses that want their products promoted).

Advertisers typically use a CPA network to find the best affiliate to advertise their product — typically a publisher or influencer who creates related content and has an established audience.

For example, a travel blogger might specialize in publishing content about culinary hotspots via WordPress. An app developer might offer a mobile app that lets users find and review restaurants, which would appeal to the travel blogger's audience.

The CPA network helps match affiliates and advertisers so that influencers can endorse products they genuinely like while earning a commission for each sale. Meanwhile, businesses can reach a customer base they wouldn't otherwise have access to.

CPA affiliate marketing makes use of web browser cookies to attribute customer actions to a specific affiliate link or referral source so that publishers can earn a commission for any sales they helped generate.

Affiliate or publisher.

An affiliate is usually an influencer, publisher or content creator who runs a blog, website or brand with a built-in audience. Affiliates partner with advertisers to drive traffic to the advertiser's ecommerce site.

Business or advertiser.

The business or advertiser is a brand that seeks to drive quality traffic to their ecommerce site and increase sales by partnering with an affiliate who can promote their products.

CPA network.

A CPA network is a conduit between an advertiser and publisher — typically a company whose main purpose is to vet qualified publishers and help advertisers find offers from publishers that

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are most likely to generate leads.

CPA networks also manage relationships between advertisers and publishers and are often responsible for handling payments.

3 Categories of CPA Marketing

Pay per sale.

The advertiser pays the publisher a percentage of the product's sale price after a customer purchases an item as a result of the affiliate's marketing strategies. The publisher *only* receives a commission if a sale is made.

Pay per action.

The publisher receives a commission when a customer takes a specific action, such as visiting the advertiser's website and subscribing to a newsletter, or signing up for a trial.

Recurring payments.

Many affiliate programs pay a one-time commission when a customer makes a purchase; however, a recurring payments affiliate model ensures the publisher receives payment each time that customer makes a repeat purchase.

CPA Network Terminology

To get started with affiliate marketing, you need to be familiar with basic terminology and key metrics so you can measure the success of your campaigns:

Affiliate Agreement: A contract stating the terms of the affiliate relationship between the advertiser and publisher. The agreement specifies each party's responsibilities and the commission a publisher receives in the event of a sale (typically a fixed percentage of the sale price).

Above the fold: Content on a website that is visible without needing to scroll down. Because of its high visibility, "above the fold" is considered the most desirable (and expensive) spot for placing advertisements.

Chargeback: **When a commission is deducted because a sale fell through (i.e. the item was returned or the customer requested a refund).

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Commission: A percentage of the sale price of a product that is paid to the affiliate for an attributed conversion.

Cookies: Cookies allow advertisers to track which affiliate deserves credit for a sale. Cookies assign each website visitor a unique identifier and track actions they take on the website, such as clicking an affiliate link.

Contextual link: A text link placed within an affiliate website that leads back to the advertiser's website.

Conversion rate: The percentage rate of website visitors that turn into customers divided by the total traffic.

Cost Per Action (CPA): The cost of advertising divided by the number of actions taken. For example, if a business spends \$150 on a campaign and there are 10 actions associated with that campaign, the cost per action is \$15.

Cost Per Lead (CPL): The amount of money it takes to generate a new prospective customer for your sales team. Say you spend \$1000 on a PPC campaign and 10 users convert into leads, then your CPL is \$100.

Earnings Per Click (EPC): The average amount of money you earn each time someone clicks one of your affiliate links. Calculated as total earnings over period "x" divided by the number of clicks over period "x."

Offer page: The webpage where the conversion occurs after a customer takes the required action.

Return on Investment (ROI): The profit generated from an affiliate campaign divided by the ad spend, multiplied by 100.

CPA Marketing Best Practices

To make the most of your CPA marketing campaign, find an affiliate manager with whom you have a good relationship. Also, choosing the right offer and CPA network are key to achieving high returns.

Form bonds with affiliate managers.

An affiliate manager oversees an affiliate program on your behalf. They find affiliate partners that suit your requirements and negotiate affiliate agreements with publishers.

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Find an affiliate manager who will help you build a positive relationship with your affiliate partners so they will continue to promote your products. Some affiliate managers also provide creative input to help affiliate partners create the most relevant content.

Avoid shady networks.

Affiliate fraud occurs when affiliates artificially inflate engagement metrics (eg: clicks or traffic) to earn higher commissions. Pop-ups, spam or using bots to flood a website with traffic are examples of unscrupulous activities undertaken by untrustworthy affiliates.

Some affiliates simply publish low-quality content that does your brand reputation more harm than good. Choose a high-quality CPA network that has a strict vetting process for publishers and offers fraud prevention services.

Join a CPA network.

As a [beginner or newbie](#) to online marketing, joining a CPA network enables you to choose a CPA offer and start receiving referral traffic from affiliate sites. Choose a network that offers a robust dashboard to track important metrics and financial information.

Another important thing to look for is a solid list of offers from a range of reputable publishers in the verticals you'd like to target.

A good CPA network updates its offers regularly, so you should have [a long list of offers](#) to choose from at any given time. Some networks also provide creatives such as landing pages, banners and recommended ad copy, which makes it easy to start a campaign.

Also, check the network's vetting process for publishers. If the platform is too lax, they may be accepting subpar publishers.

Implement traffic strategies.

Now that you've found an offer and joined a network, you must drive traffic to your site. The most common methods include SEO, email marketing, pay-per-click (PPC) ads, native ads, Google ads and social media.

Consider the CPA marketing payment system.

To set up payments for affiliate commissions, you'll need to select a payment processor and payment structure. For example, will you pay affiliates on a recurring sale, pay per action or pay per sale basis?

Many CPA marketing payment processors offer chargeback protection (a money-back guarantee in the event a customer backs out of a sale) and fraud prevention. A payment processor also lets you track and manage your CPA marketing expenses from one dashboard.

Benefits of CPA Marketing

CPA marketing works because it affords advertisers access to a broad audience while maximizing return on ad spend (ROAS).

Integrated advertising.

By partnering with publishers, you can build product awareness with a wider audience. Content creators and influencers tend to have audiences that trust them, so promoting your products on their site helps build brand awareness and reputation.

High ROI.

CPA marketing is affordable because you only pay a commission if a sale is made, which creates a high return on investment. Commissions can be a flat rate or a percentage of the sale price.

Low risk.

CPA marketing is a low-risk form of affiliate marketing because you only pay when you receive a conversion. This ensures any referrals you receive generate value while vastly reducing the chances of an affiliate gaming the system to artificially inflate clicks or website traffic.

Easy to use.

A CPA marketing campaign is easy to set up — simply choose a CPA network and an offer to get started — with a low upfront cost. You can appoint an affiliate manager to negotiate affiliate agreements on your behalf and have commissions paid automatically by your chosen payment processor.

Top CPA Affiliate Networks

CPA affiliate networks act as a conduit for advertisers and affiliates to form mutually beneficial partnerships. The best CPA networks have thousands of vetted affiliates, a sizable list of different offers to choose from, fraud prevention services and customizable dashboards for tracking campaign metrics.

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MaxBounty.

MaxBounty was named the [No. 1 CPA Network](#) in 2021 by OfferVault, and counts household-name brands like Apple, Microsoft and American Express as clients.

The platform offers an Advertising Tracking Interface to access detailed tracking reports to monitor progress and optimize campaign performance.

Panthera Network.

Specializing in performance advertising, Panthera Network offers access to thousands of top-tier publishers and CAN SPAM-compliant email marketers. Affiliates can market offers in a variety of mediums including banner ads, email, mobile ads, pop-ups, search and social media.

Panthera also has a strict screening process for publishers to minimize the chances of advertising fraud.

Clickbooth (now Perform[cb])

Voted the No. 1 [CPA Network](#) Worldwide for six years in a row by mThink and a Top User Acquisition Company by Business of Apps, Perform[cb] is a one-stop solution for CPA marketing. Founded as Clickbooth in 2002, Perform[cb] claims to have the strictest compliance and brand protection standards in the industry.

PeerFly.

PeerFly lists more than 2,000 live offers to choose from at any given time and charges no monthly fees. According to the website, PeerFly works with over 75,000 active publishers in 165 countries and works with brands like Uber, Target, Fiverr and McAfee.

Unlike other affiliate networks, the software is custom-built for each advertiser, so you can add any features you want. While PeerFly was founded in 2009, it has remained a small company, so every advertiser has a dedicated rep to manage their account on a daily basis.

W4.

W4 manages CPA, CPC and CPM campaigns with qualifying publishers. The company does its own internal campaign testing to ensure performance and yield while providing track and reporting features for users.

Admitad.

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Admitad has a network of over 30,000 advertisers. Ad spaces offered include social media, YouTube channels, messengers, as well as cashback and loyalty programs. Get detailed order reports with an order tracking system.

The platform has a deduplication feature that allows you to filter out orders from other paid sources so you don't pay for the same lead twice. Over 162 million orders were made through Admitad publishers in 2020, according to the [website](#).

The Final Word

CPA marketing is an affordable, high-ROI form of affiliate marketing that allows businesses to reach niche audiences by partnering with publishers and influencers to make money online.

To get started, all you need to do is join a CPA network and start working with an affiliate manager who can match you with qualified publishers. Selecting the right CPA network is key to achieving the highest conversions and ROI from CPA marketing.

FAQs for CPA Marketing.

What is a CPA in marketing?

CPA stands for “cost per action,” which refers to the fee an advertiser pays each time a new lead takes a predefined action (i.e. buying an item or signing up for a newsletter) which can be attributed to a promotional campaign from an affiliate.

What is the best method of CPA marketing?

The best method of CPA marketing is to tie commissions to sales. While you can choose to compensate affiliates for other actions taken by website visitors, such as filling out a form, downloading a whitepaper or signing up for your newsletter, these actions don't guarantee that a sale will be made.

How do I track CPA conversions?

To track CPA (Cost Per Acquisition) conversions, use tracking pixels or tags provided by your affiliate or advertising network. These are small pieces of code placed on your website's conversion pages, such as the thank you or confirmation page. When a user completes a desired action, the pixel or tag records the conversion and sends data back to your tracking platform. Additionally, use UTM parameters in your URLs to track the source of conversions in analytics tools like Google Analytics. This enables detailed reporting on the performance of your CPA campaigns.

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What are the challenges of CPA marketing?

The challenges of CPA marketing include finding reliable affiliates who can drive quality traffic and conversions, managing fraudulent activities where affiliates generate fake leads or clicks, and dealing with the complexity of tracking and attributing conversions accurately. Additionally, maintaining profitability can be difficult due to varying CPA rates and the need for constant optimization. Ensuring compliance with advertising regulations and aligning affiliate incentives with business goals also pose significant challenges. Finally, competition in the CPA space can make it harder to stand out and attract top-performing affiliates.

What metrics should I monitor in CPA marketing campaigns?

In CPA (Cost Per Action) marketing campaigns, monitor key metrics such as conversion rate to gauge the effectiveness of your ads, cost per conversion to understand your spending efficiency, and return on ad spend (ROAS) to measure overall profitability. Additionally, track click-through rate (CTR) to assess ad engagement and the quality of your traffic sources to ensure they are generating valuable leads. Monitoring these metrics helps optimize your campaigns for better performance and higher returns.

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