

BRANDHOOK

PerformanceIN | Advertiser Survey 2015

October 2015



PROJECT BACKGROUND



PerformanceIN has conducted annual research projects across its affiliate readership in previous years. In 2015, the publication took to surveying the progress of advertisers within the entire performance marketing landscape: an area where very few studies are available.

BrandHook has worked alongside PerformanceIN and its key stakeholders to determine the main objectives for its most recent study, the key themes for the project as well as the areas which deserve focus ahead of their rising importance.

The main objectives have been used to guide the questionnaire and the analysis stages as well as to ensure the outputs are relevant and beneficial to the publication's audience of performance marketers.

FOREWORD



Last year PerformanceIN's Advertiser Survey looked into the activities and preferences of brands investing in affiliate marketing. This year we thought we'd examine happenings in the wider performance marketing space in order to gauge opinion from specialists working on campaigns within PPC, display, retargeting, social, affiliate and other results-driven channels.

While there are varying interpretations about what 'performance marketing' actually is, we're working off the basis of marketing that can be measured and rewarded on a pre-determined action. That could be on the basis of a plethora of metrics: think clicks to a targeted ad; a sale driven by an affiliate link; a lead generated by a product sample.

Advertiser spend powers the whole of this economy and it was a pleasure to be working with these groups once again. I'd like to thank all the advertisers that completed the survey as well as the experts that lent their thoughts to the commentary.

PerformanceIN hopes the Advertiser Survey 2015 will provide valuable insight regarding some of the most talked-about topics within performance marketing, including everything from mobile revenue through to attribution, popular channels and data management.

It's said that marketing is gaining a more results-driven feel. With that in mind, learnings from studies such as the one you're about to read have never been more important.

Richard Towey, Head of Content, PerformanceIN

REPORT HIGHLIGHTS

Performance marketing is generating over £10 million in annual sales for 27% of advertisers

Revenue from performance marketing activities rose year on year for 84% of advertisers

Retail is the most dominant industry in terms of where performance marketers operate

Over half of respondents (54%) are using a data management platform, with a further 16% set to follow suit in the next 12 months

Account management is the most important publisher attribute in the eyes of an advertiser

Most advertisers (87%) will look to develop direct connections to publishers in the next five years

The majority (57%) of advertisers have deviated from a last-click wins attribution strategy

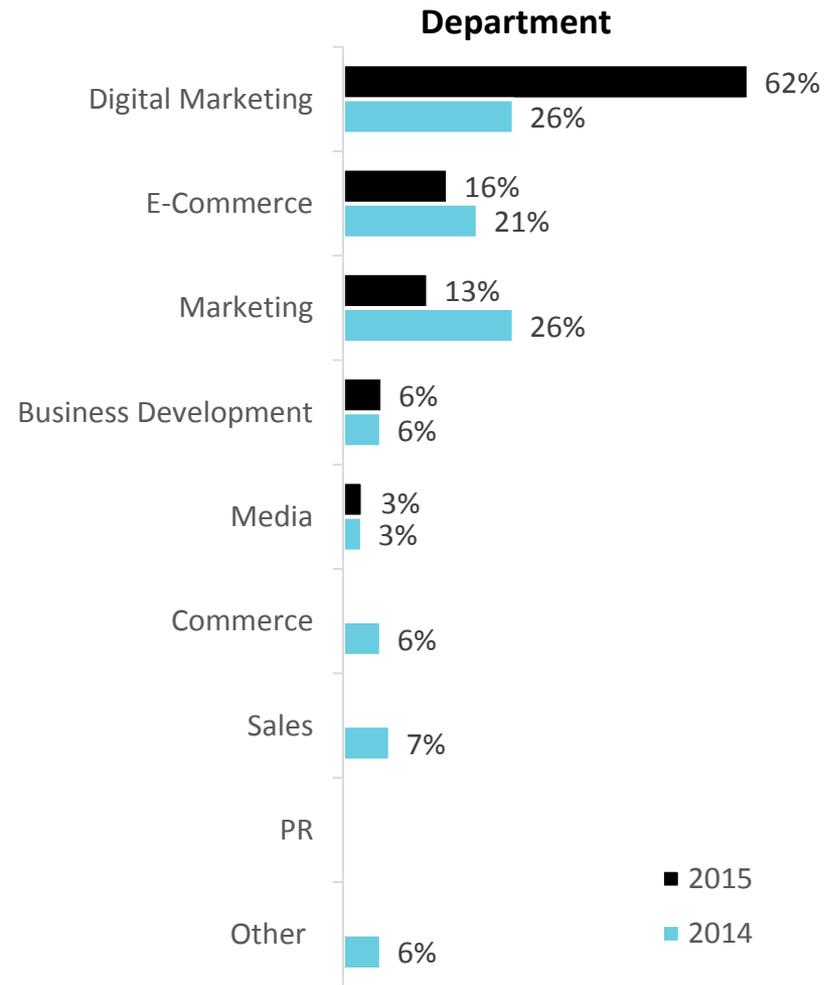
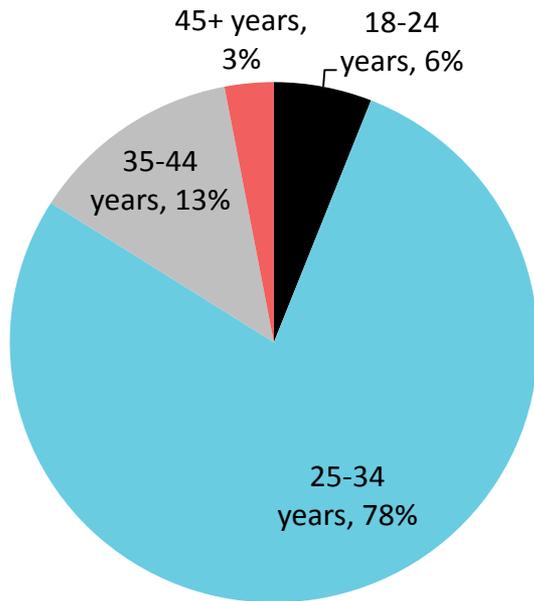
Search is the most important performance marketing channel, according to brands

SURVEY DEMOGRAPHICS

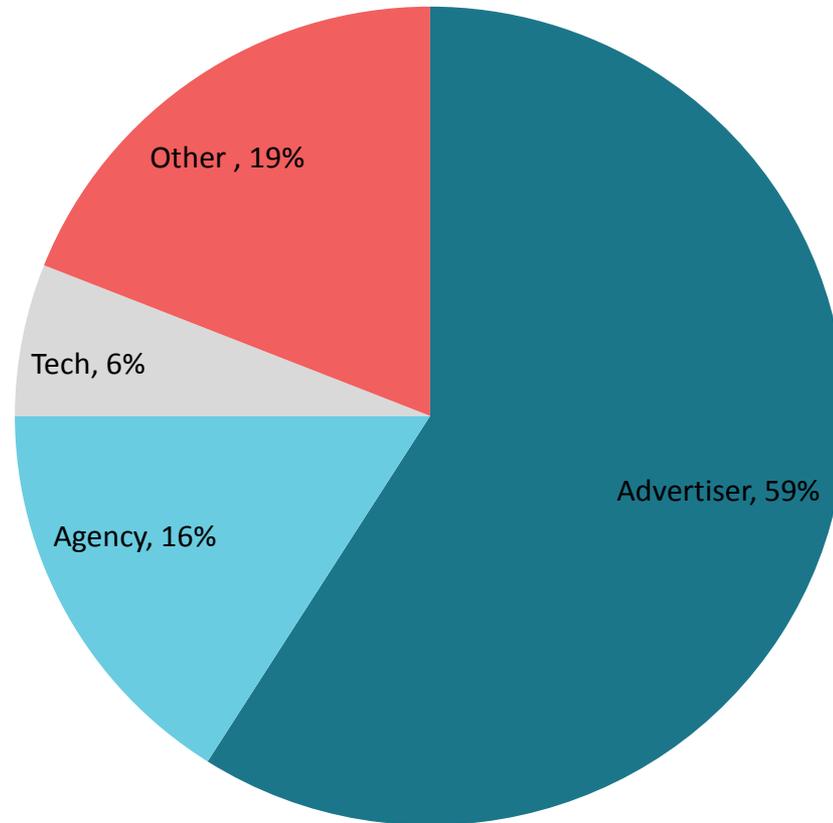
DEMOGRAPHICS & FIRMOGRAPHICS



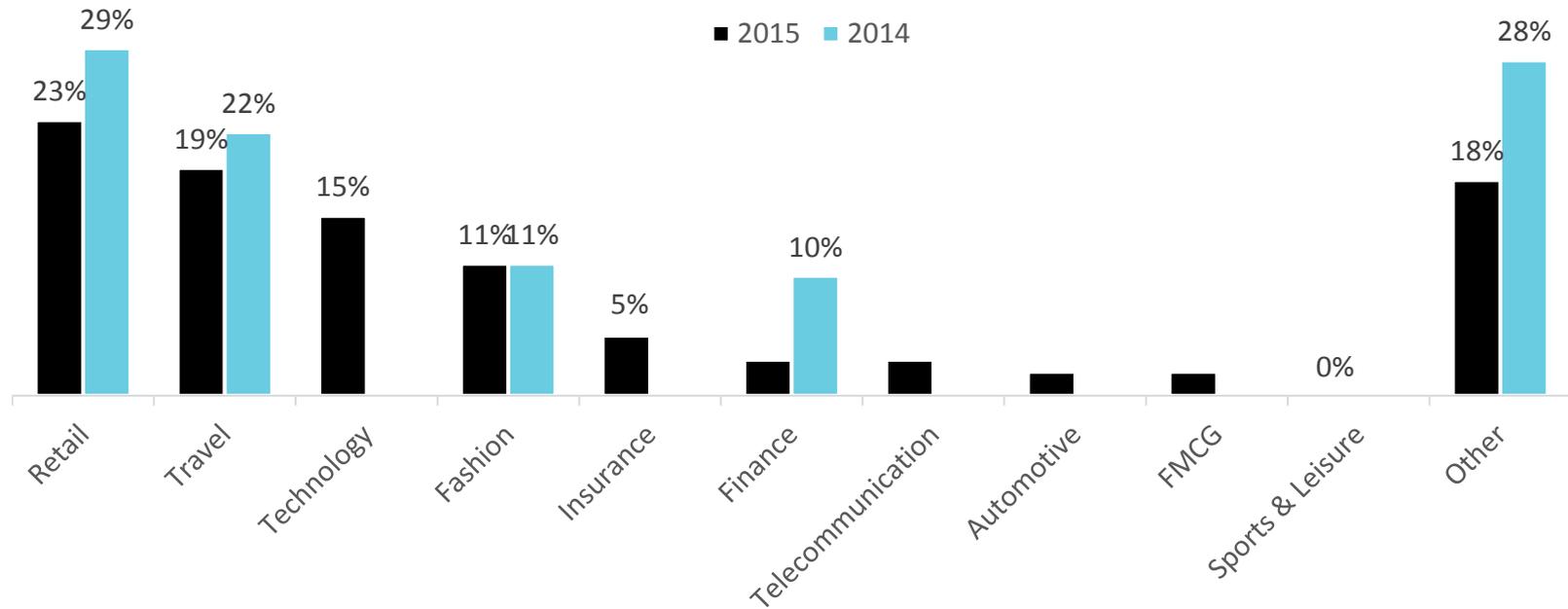
51% Female
49% Male



ORGANISATION TYPE



INDUSTRY VERTICAL



“In our Advertiser Survey covering the affiliate discipline, travel was named as the most popular demographic. Travel brands still play host to 19% of performance marketers, but slightly more (23%) can be

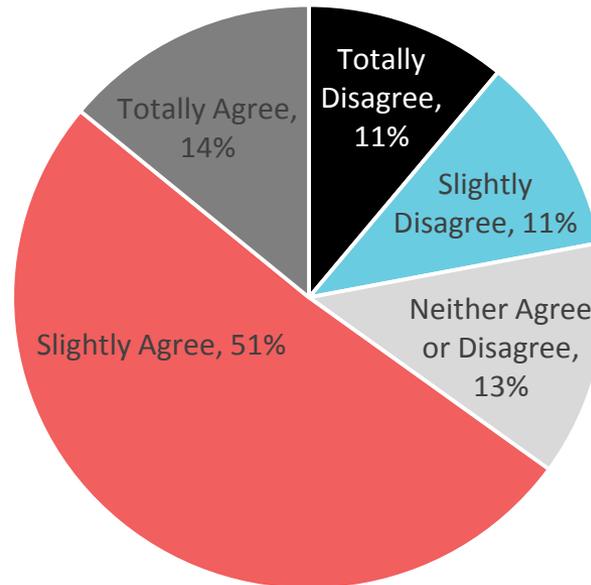
found working for retail brands. Finance scoring a lowly 3% certainly wasn’t foreseen, and neither was the 2% sitting behind the wheel of automobile brands.”

PERFORMANCE MARKETING OVERVIEW



PerformanceIN DEFINES PERFORMANCE MARKETING AS...

“Marketing that is measured, and when rewarded, is done so on a pre-determined action.” Our survey said...



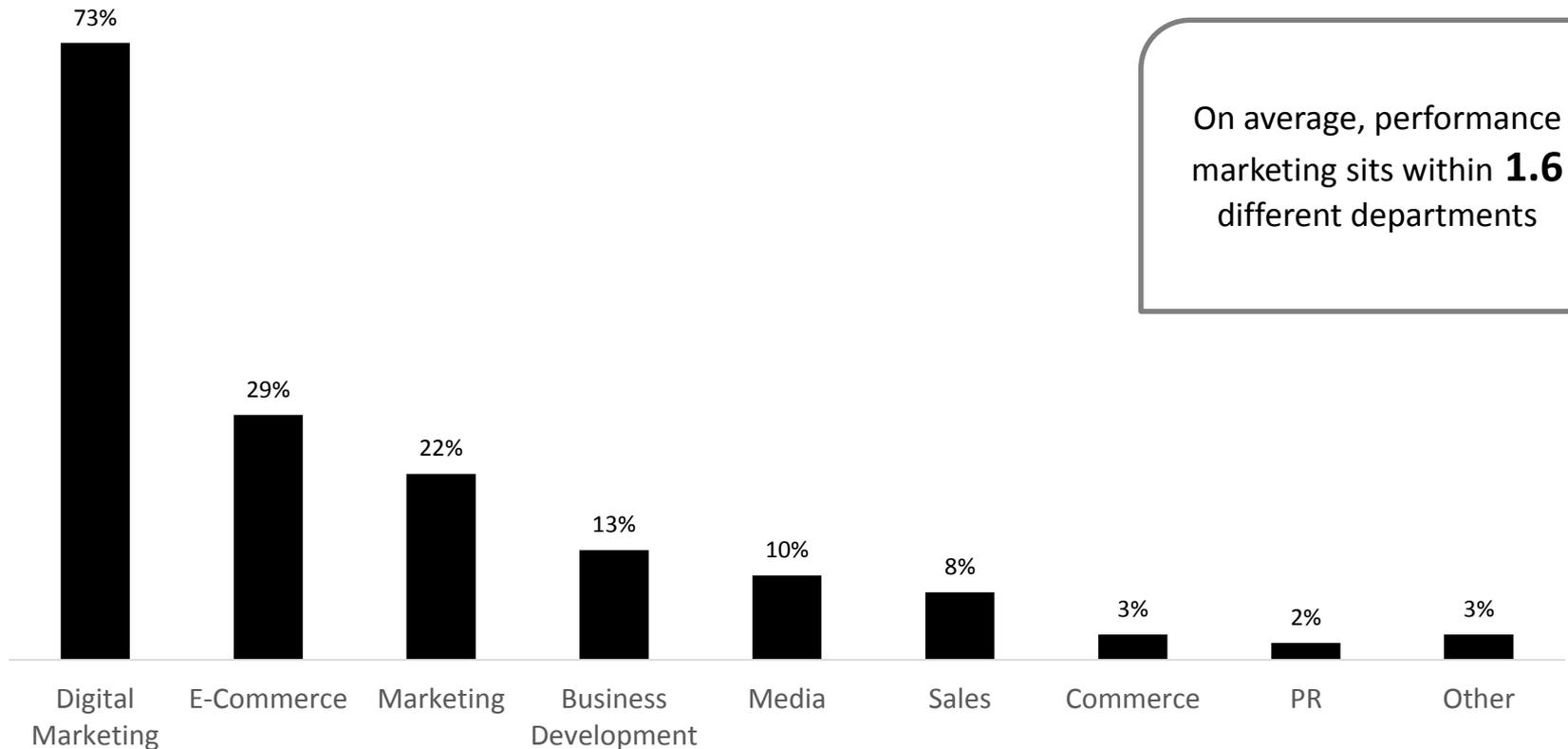
“We at PerformanceIN define performance as the above; marketing you can measure which delivers on a pre-set goal. Given the sheer variety of responses we received, we’ll take positives out of the fact that 65% of the

group agreed with our definition in some capacity. Still, with more and more channels and activities now being put under the performance barrier, the real question will be whether it stands the test of time.”

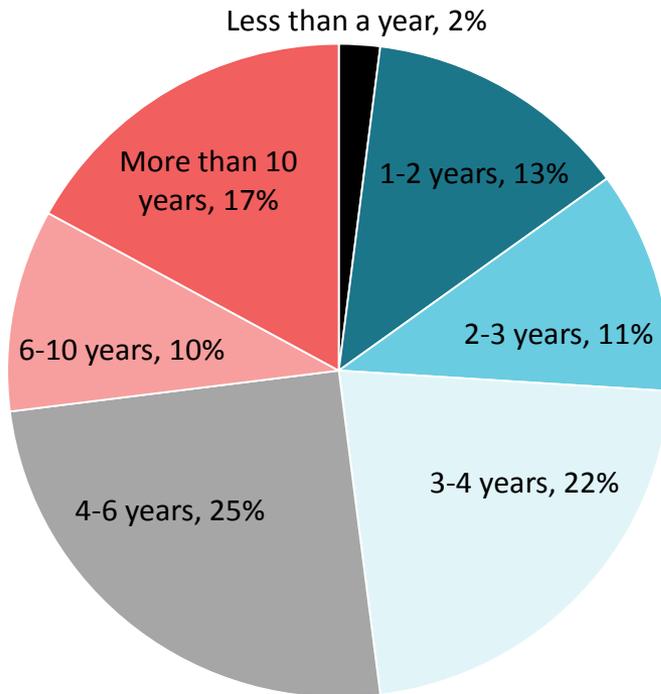


PERFORMANCE MARKETING SITS WITHIN DIGITAL MARKETING FOR THE MAJORITY

Where performance marketing sits within the business



LENGTH OF TIME PERFORMANCE MARKETING HAS BEEN INCORPORATED AS PART OF THE MARKETING STRATEGY



Performance marketing has been incorporated within business' marketing strategies for an average of **5.1 years**

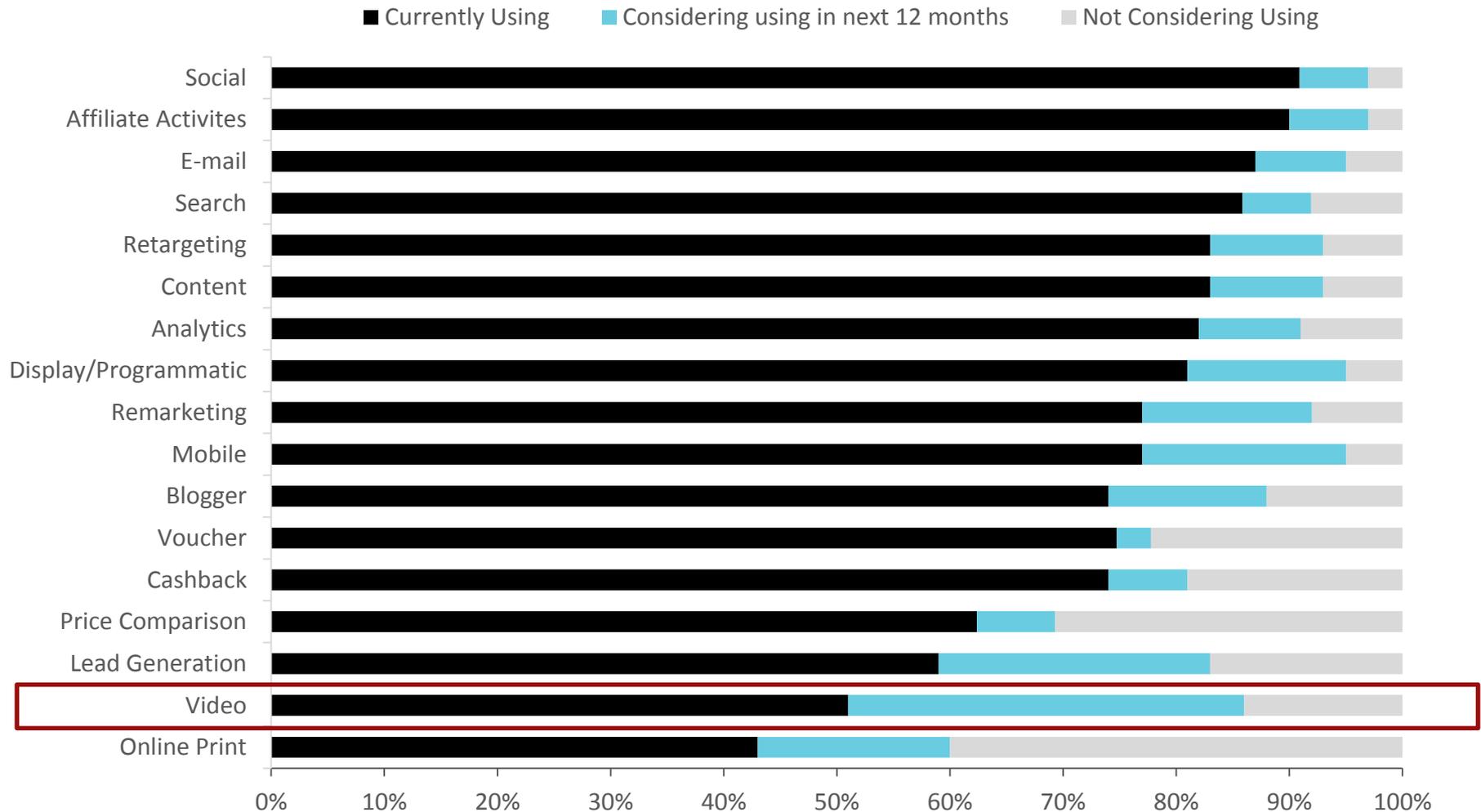


Bruce Clayton, Director, Optimus Performance Marketing

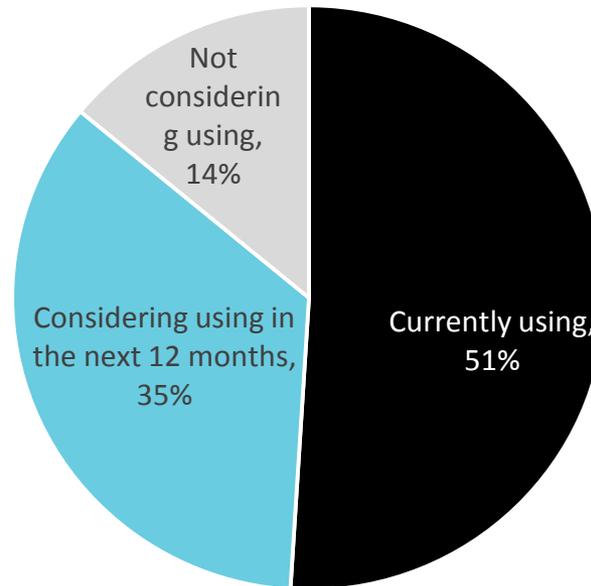
“Having watched the performance space blossom for over 10 years, these numbers broadly reflect the development of the industry, its early adoption, affiliate marketing becoming a mainstream tool, market saturation and the natural demand for performance marketing from new retailers and larger merchants.

Performance marketing is now more of a considered purchase as the publisher landscape is more intertwined with other digital marketing channels, meaning the potential contribution of the performance channel needs to be far better understood by merchants and sold-in more professionally to maintain growth in clients.”

CURRENT AND FUTURE USAGE OF PERFORMANCE CHANNELS



VIDEO: THE PERFORMANCE CHANNEL OF THE FUTURE



Justin Taylor,
UK MD, Teads

“Video is a big winner here - its rising importance being driven by the introduction of stricter standards around viewability and huge improvements in measurability. Marketers have more options in terms of format and more places to place their video

ads. They are able to influence consumers simultaneously across all their devices, coordinating campaigns with TV and other advertising in a way which has never before been possible.”

THE MOST IMPORTANT PERFORMANCE CHANNELS

PERFORMANCE MARKETING CHANNEL	RANKED IMPORTANCE
Search	1 st
Affiliate activities	2 nd
Lead generation	3 rd
Mobile	4 th
Retargeting	5 th
E-mail	6 th
Remarketing	7 th
Analytics	8 th
Display / Programmatic	9 th
Social	10 th
Cashback	11 th
Content	12 th
Price comparison	13 th
Voucher	14 th
Online print	15 th
Blogger	16 th
Video	17 th

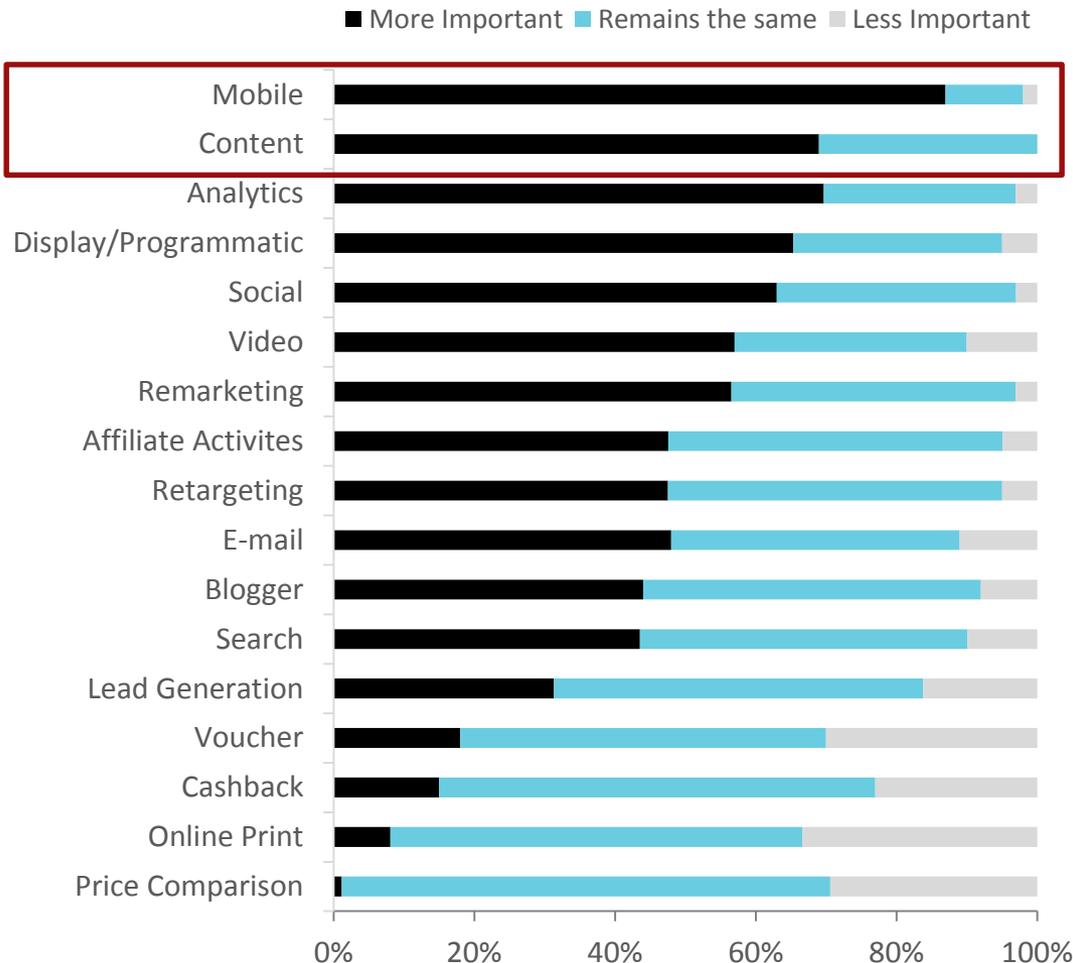


“Affiliate is a mainstay of performance marketing, but search appears to be trumping it in terms of importance to advertisers. Activities like pay-per-click encapsulate everything that performance marketing is good for, with payment only coming following a pre-set goal.

Going forward, there is likely to be a fair bit of movement in the rates of importance for social and content as they both become more measurable. In a similar vein, the forecasted growth of video and use of bloggers should paint the table in a different light come 2016.”



IMPORTANCE OF PERFORMANCE CHANNELS IN THE NEXT TWO YEARS



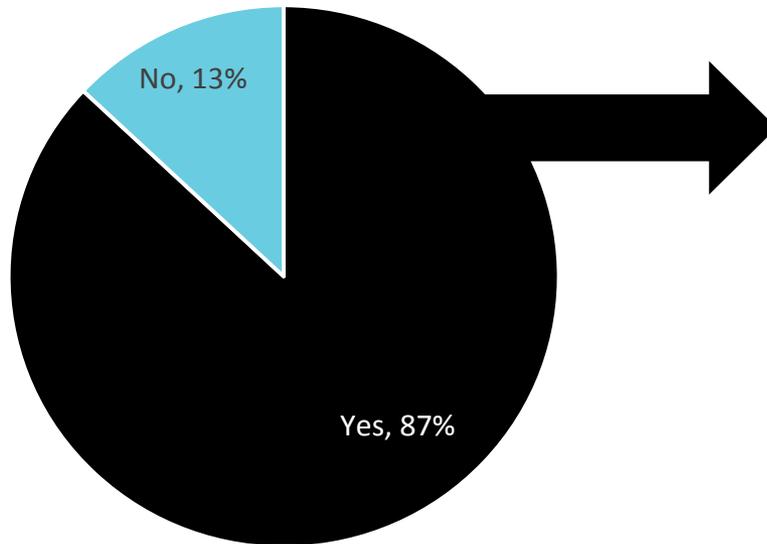
“As has been the case in previous studies, mobile, analytics and content are touted for big things (and investments) in 2016 and beyond. At the other end, we’re seeing a potential steer away from incentive publishers as voucher and cashback sites look set to become less important elements of the performance marketing mix.”



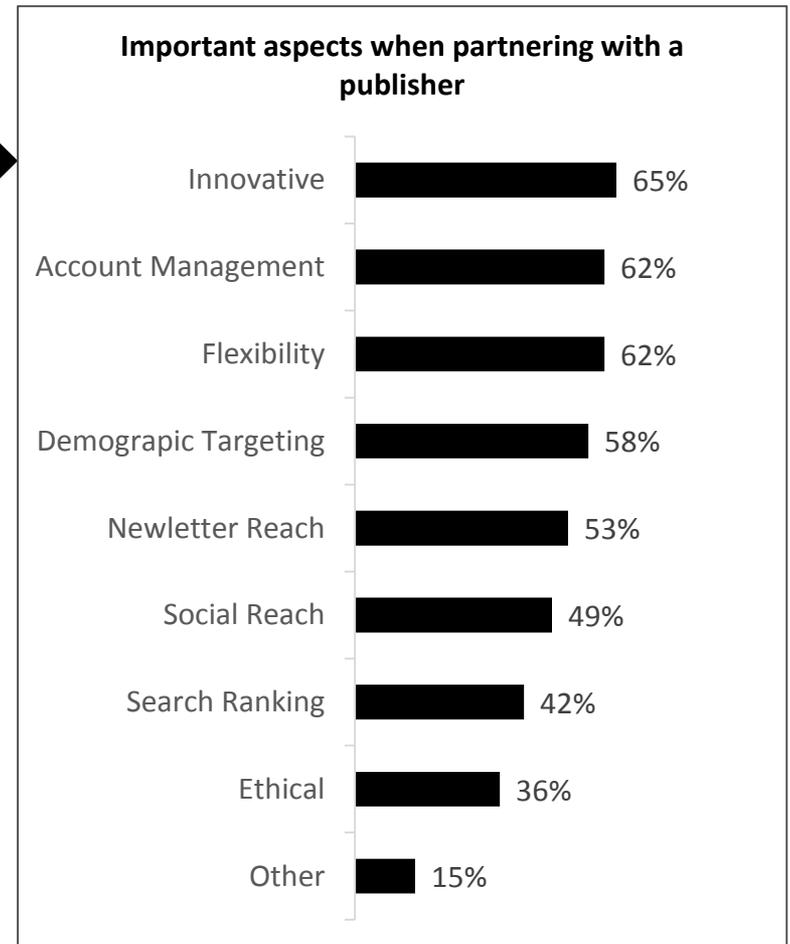
Chris Tradgett, Business Development Manager, Linkdex Publisher Discovery

“We are seeing some changes in the affiliate landscape globally. There has been a steady change in emphasis globally from cashback and coupon/voucher affiliates, who appear to have suffered in search volumes, towards more content-oriented publishers.”

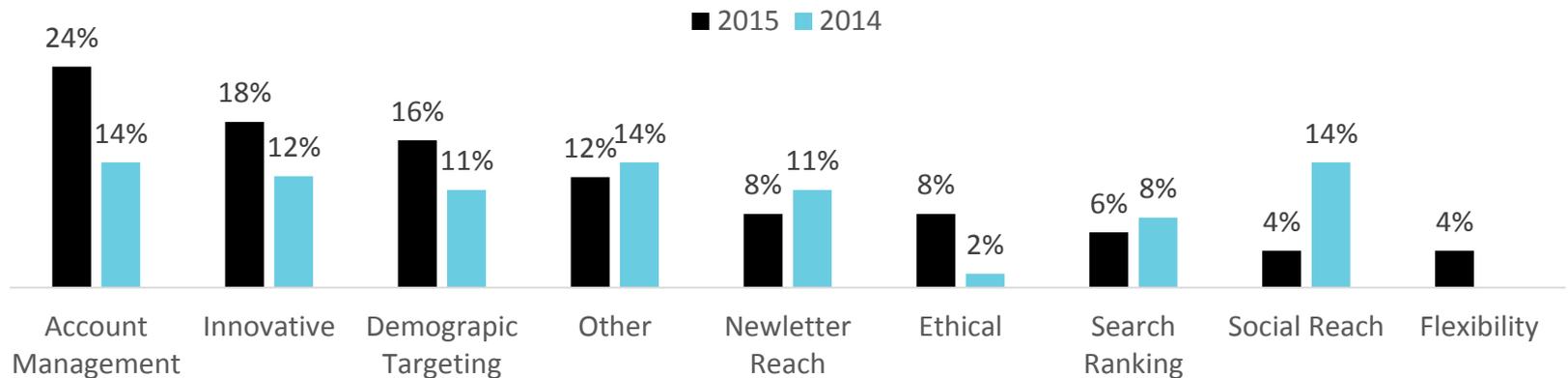
87% ARE INTERESTED IN PARTNERING DIRECTLY WITH A PUBLISHER IN THE NEXT FIVE YEARS



“Forging direct relationships with publishers is certainly on the agenda for performance marketers in 2015, who are clearly seeing value in having that one-to-one connection with the people driving their campaigns forward. Rise of the blogger, anyone?”



WHAT IS THE MOST IMPORTANT ASPECT OF PARTNERING WITH A PUBLISHER?



Graham Jenner, Head of Partnerships, TopCashBack

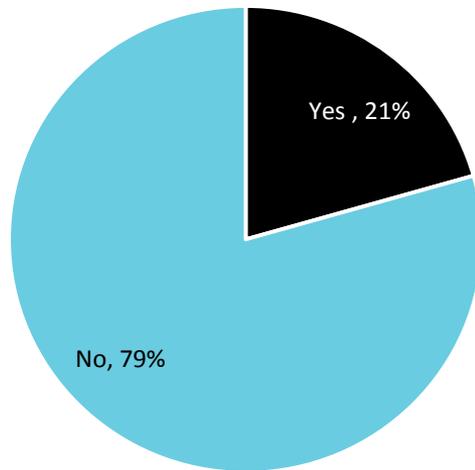
“The results of the Advertiser Survey are interesting and encouraging for us as a business. Although people typically just view the volume of sales driven and assume that’s all a publisher can do, we put great stock in ensuring that we offer flexible, original ideas to the brands we partner with. From our perspective, it is good that this is valued by

advertisers as it’s something we enjoy doing, and the depth of these campaigns allow us to understand our clients’ objectives better.

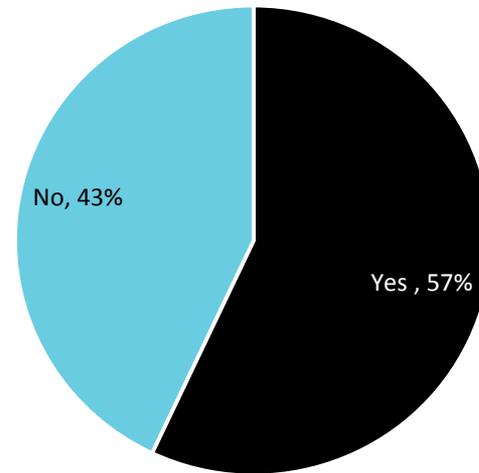
Additionally, I was surprised to see ethics come up so low in the survey. Fair play is one of the core principles of our business, so hopefully that becomes more important in the future.”

HAVE YOU DEVIATED FROM A 'LAST-CLICK WIN' STRATEGY?

2014



2015

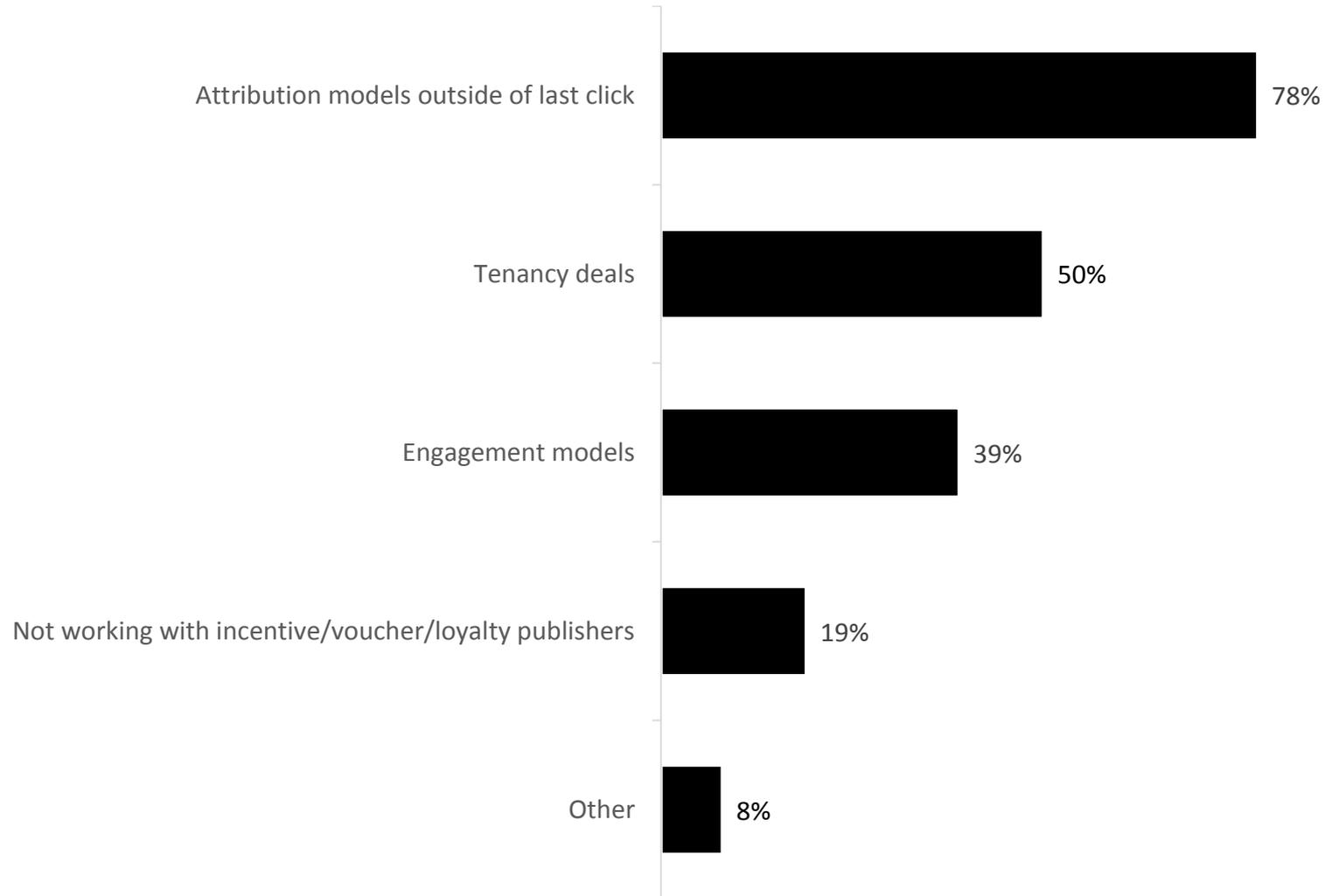


Kevin Edwards, Global Client Strategy Director, Affiliate Window

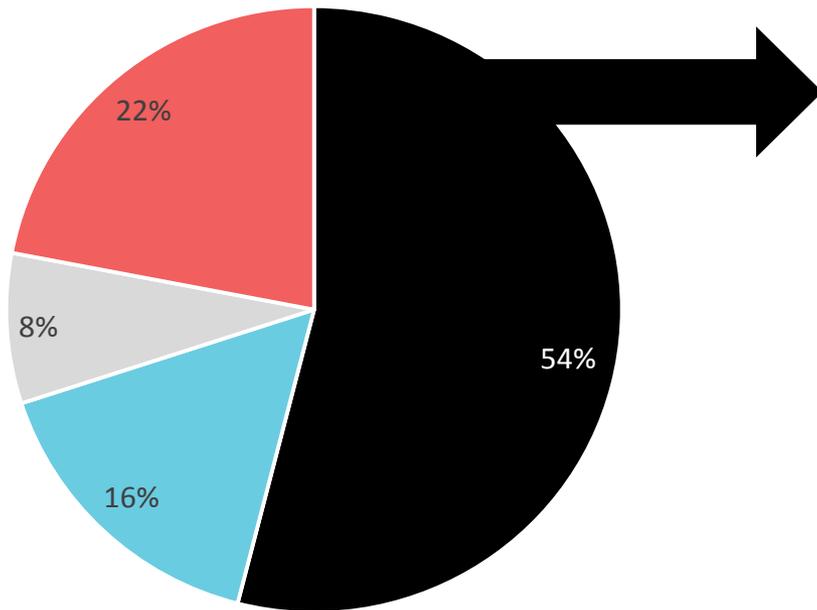
“That advertisers are measuring away from a pure last-click wins approach isn’t surprising. It’s something every advertiser should do. What remains, however, is that the affiliate channel is premised on rewarding for sales delivered on last click. It’s a fixed mechanism and

ultimately the ‘quality’ of that interaction is (or should be) determined by the commission paid. Given the branding, awareness and early-funnel contribution of the majority of affiliate activity isn’t rewarded, yet clearly contributes to sales, it’s encouraging to see so many advertisers looking beyond simple commission payments to reflect value delivered. We’re actively devising payment mechanisms to support this.”

ALTERNATE METHODS OF REWARD

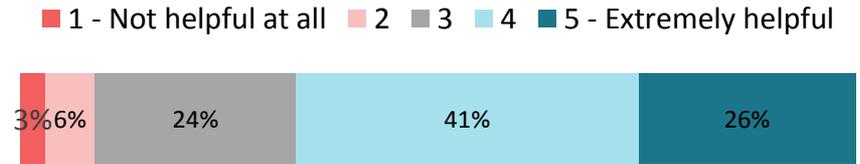


DOES YOUR BUSINESS USE A DATA MANAGEMENT PLATFORM?



- Yes
- No, but we are planning on using one in the next 12 months
- No, and we are not planning to use on in the next 12 months
- Not sure

Helpfulness of data management platform in conducting activities



“Data-driven marketing requires a platform to handle everything that’s collected. And despite murmurs of concern regarding how the information is being used, 54% of performance marketers do at least have data management tools at their disposal.”

It is however a tad worrying to see that 22% aren’t sure about whether their business has a platform, which means they definitely won’t be using one. Data is a big play for marketers at the moment and it’s applicable on so many levels. We really do hope to see a more cut-and-dry version of usage next year, with people either firmly in or firmly out.”

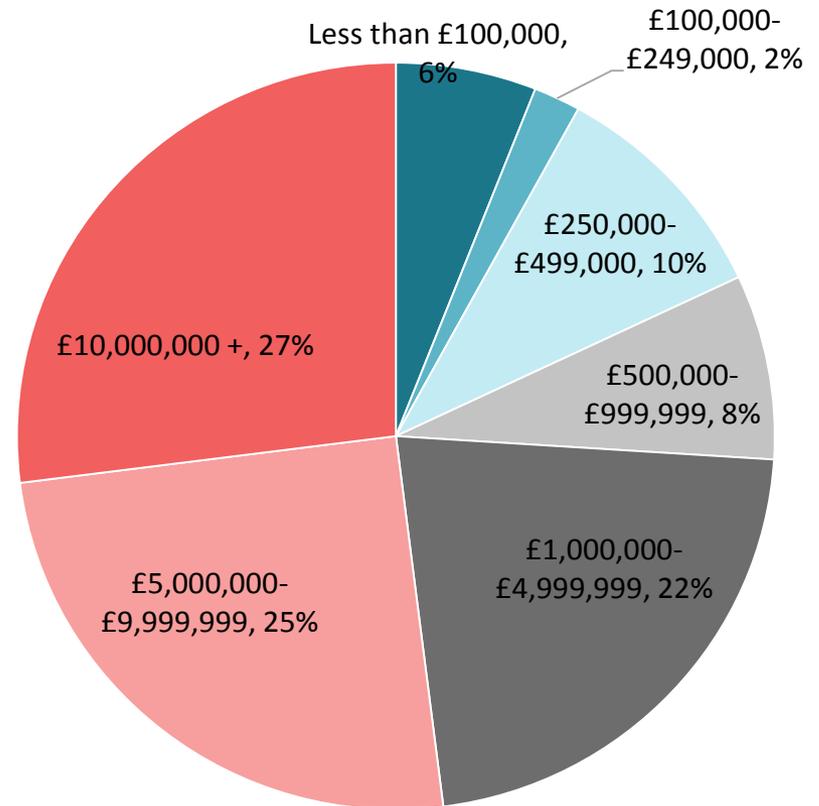


SALES REVENUE & SPEND

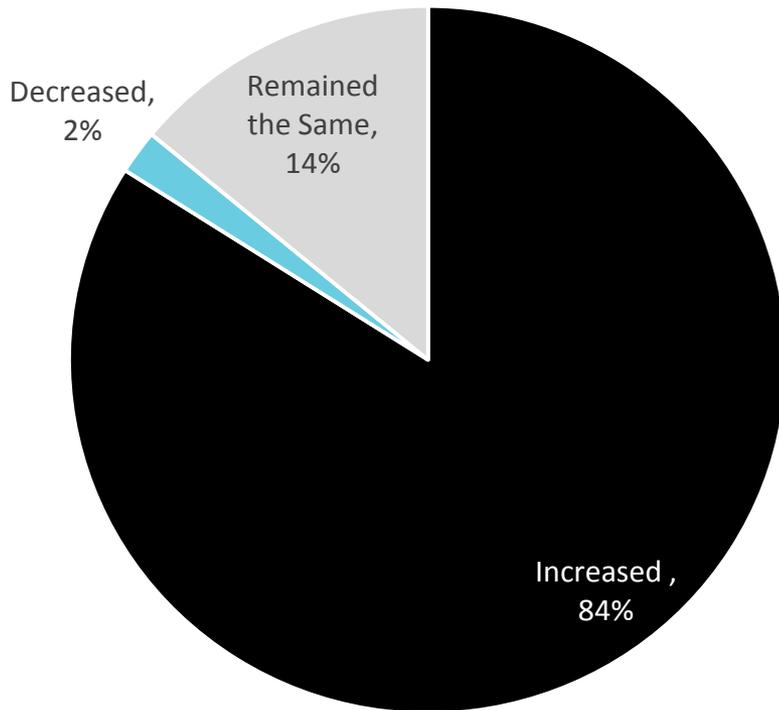
SALES REVENUE THROUGH PERFORMANCE MARKETING ACTIVITIES



“With 27% of companies generating over £10 million in sales revenue through performance marketing, we can safely say that earnings in 2015 are high. Slightly less (25%) are managing between £5 million and £9.99 million, with only 26% of the group reporting sales below the £1 million mark. More recognition of these figures both internally and externally will be crucial to performance’s growth in years to come.”



CHANGE IN REVENUE COMPARED TO LAST YEAR



Bruce Clayton, Director, Optimus Performance Marketing

“With over 80% of the industry reporting year-on-year increases in sales revenue, it seems like business as usual, but that doesn’t really tell the whole story.”

Maturity normally signifies a slowdown in growth and everyone moving on to ‘the next big thing’, so it is testament to the continued creativity, adaptation and professionalism of the industry that it continues to deliver sales growth for clients as well as answering the many challenges of advertiser scrutiny, increasingly complex customer journeys and the wider economic landscape.”

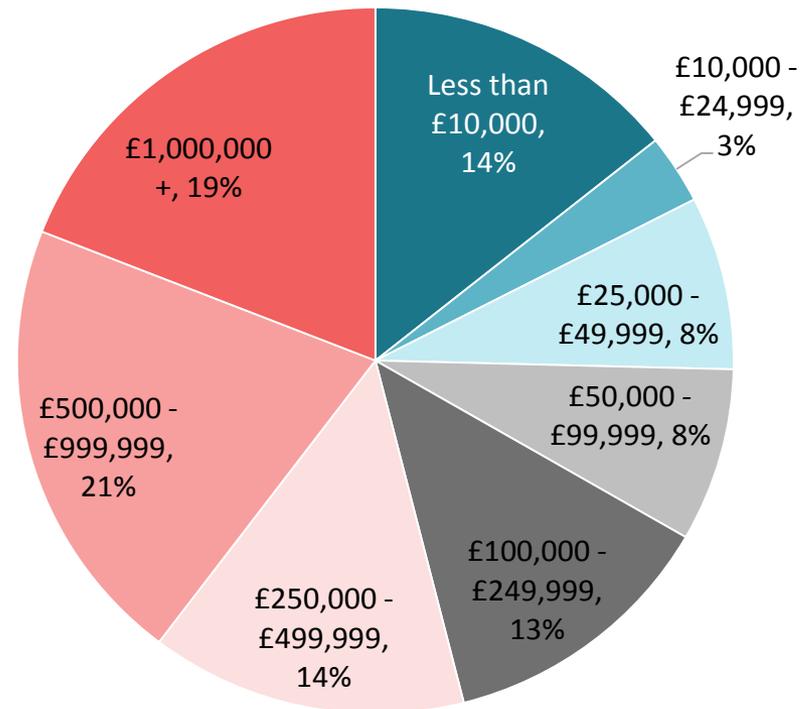
REVENUE FROM MOBILE DEVICES



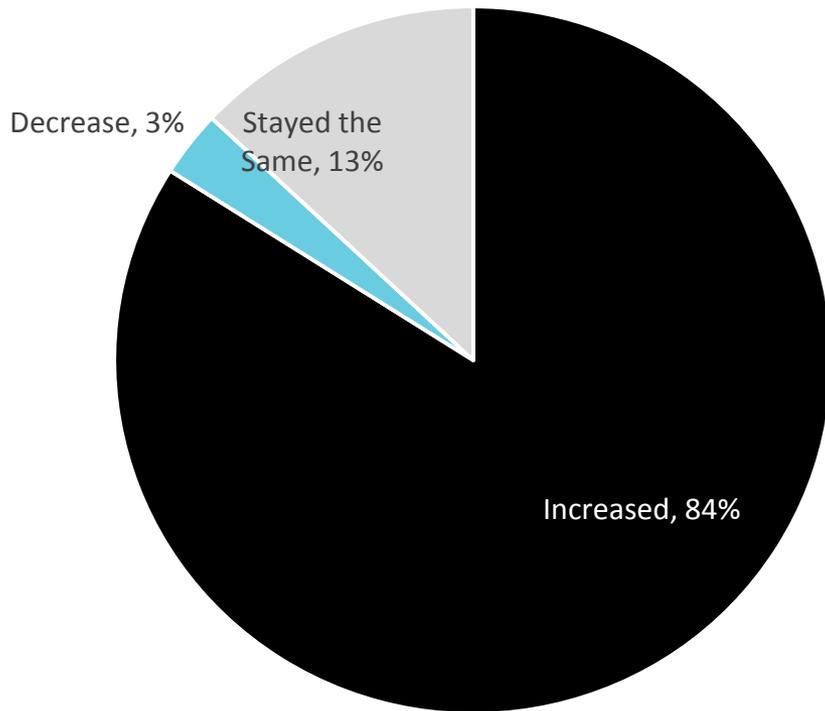
Antoine de Kermel, Managing Director EMEA, TVTY

“We’re seeing performance marketers instantly launching campaigns during the key offline moments that make consumers reach for their smartphone or tablet.

For example, when the latest X-Factor winner is crowned, a brand might use that moment to trigger a tailored mobile campaign on Facebook to congratulate the winner, showing allegiance to the millions of fans that voted for them. This can lead to boosted brand awareness which we know lifts revenue. We’re also seeing brands increasing their returns by ‘counter-attacking’ when a competitor’s TV ad is being aired. This tactic allows a challenger brand to launch a mobile advertising campaign within seconds, to a consumer’s second screen.”



REVENUE FROM MOBILE COMPARED TO LAST YEAR

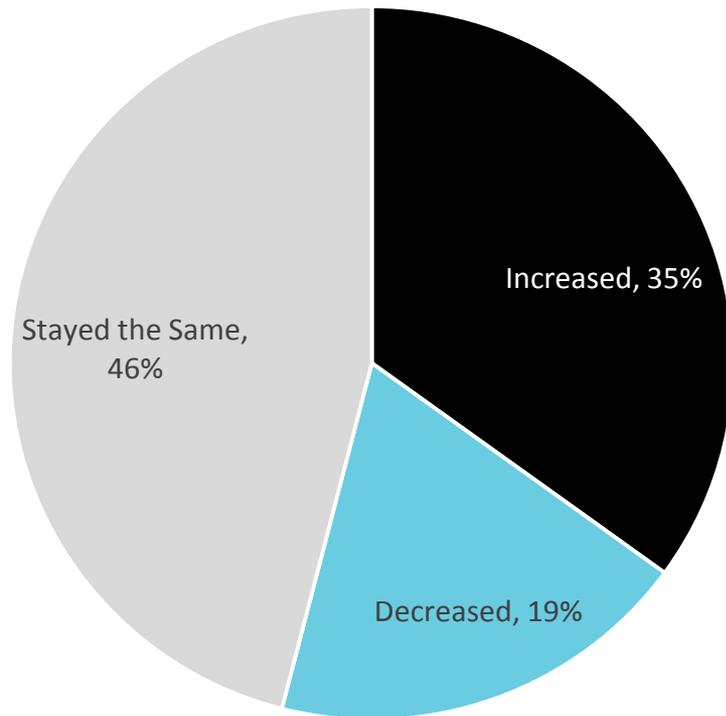


Stephanie Carr, VP, Marin Software

“Driven by rapid consumer adoption of mobile devices, and a corresponding surge in mobile ad-clicks and conversions, it’s no surprise that advertisers expect revenue from mobile to increase.”

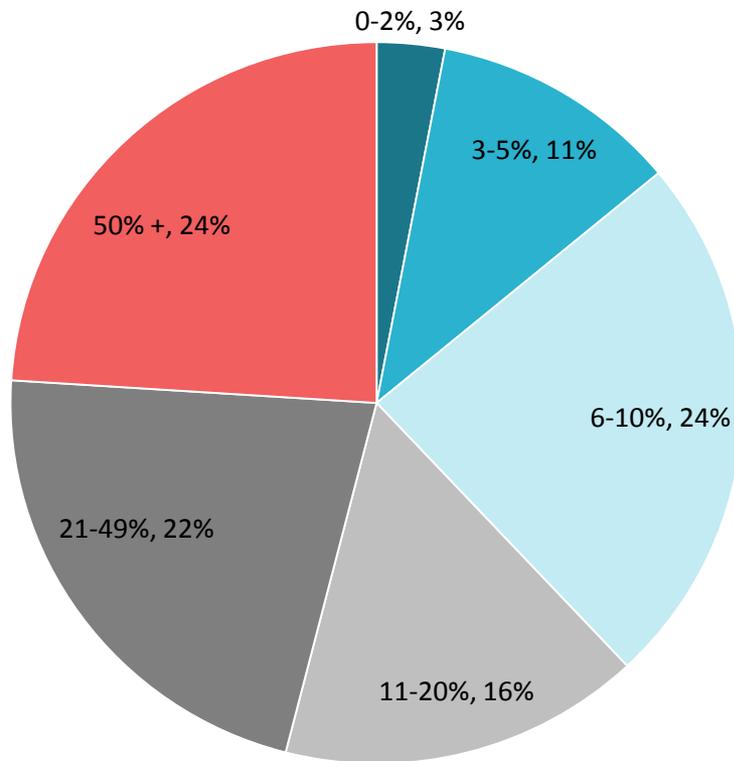
But marketers could be disappointed in the results as attributing revenue to mobile remains a challenge. Marketers should consider tracking mobile ad formats, like click-to-call and store locator, that can estimate revenue from mobile transactions more accurately. Mobile app usage accounts for a majority of smartphone usage, so having a reliable way to link mobile app activity to mobile app purchases and browsing will be essential for all marketers going forward.”

YEARLY COMMISSION LEVEL CHANGES



“It looks like certain publishers will have been glad to welcome an increase in commission over the last year. Payouts look to have mostly stayed the same since 2014, according to 46% of the group, although it’s good to see the number of advertisers decreasing their commission being in the minority.”

PERCENTAGE OF TOTAL SALES REVENUE FROM PERFORMANCE MARKETING ACTIVITIES



On average **31%** of sales revenue is coming from Performance Marketing Activities

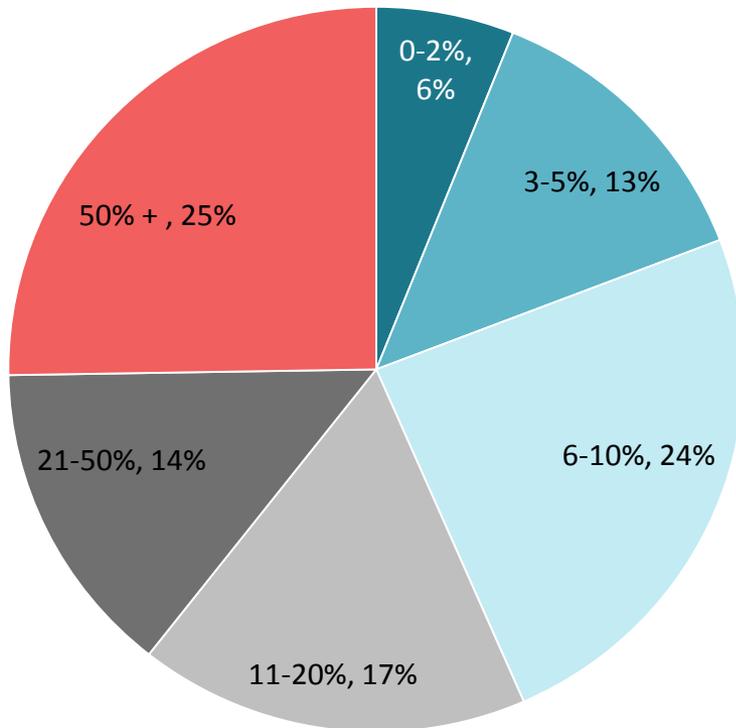


Stephanie Carr, VP, Marin Software

“This statistic might surprise people but the significance of performance marketing cannot be overstated.

Performance marketing has become increasingly complicated as it includes any marketing strategy which improves performance of a brand, like search advertising, pay per acquisition, email marketing and more. In fact, performance encapsulates programmatic display and social as these are now judged on ROI. With new opportunities in real-time measurement, like programmatic, it won't be long before all digital marketing will be considered ‘performance’.”

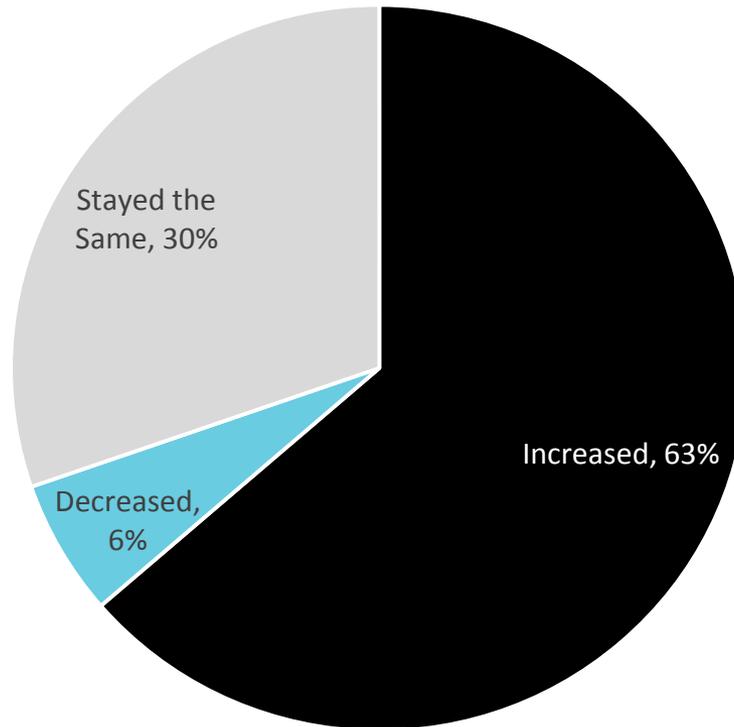
PERCENTAGE OF TOTAL MARKETING BUDGET ASSIGNED TO PERFORMANCE MARKETING ACTIVITIES



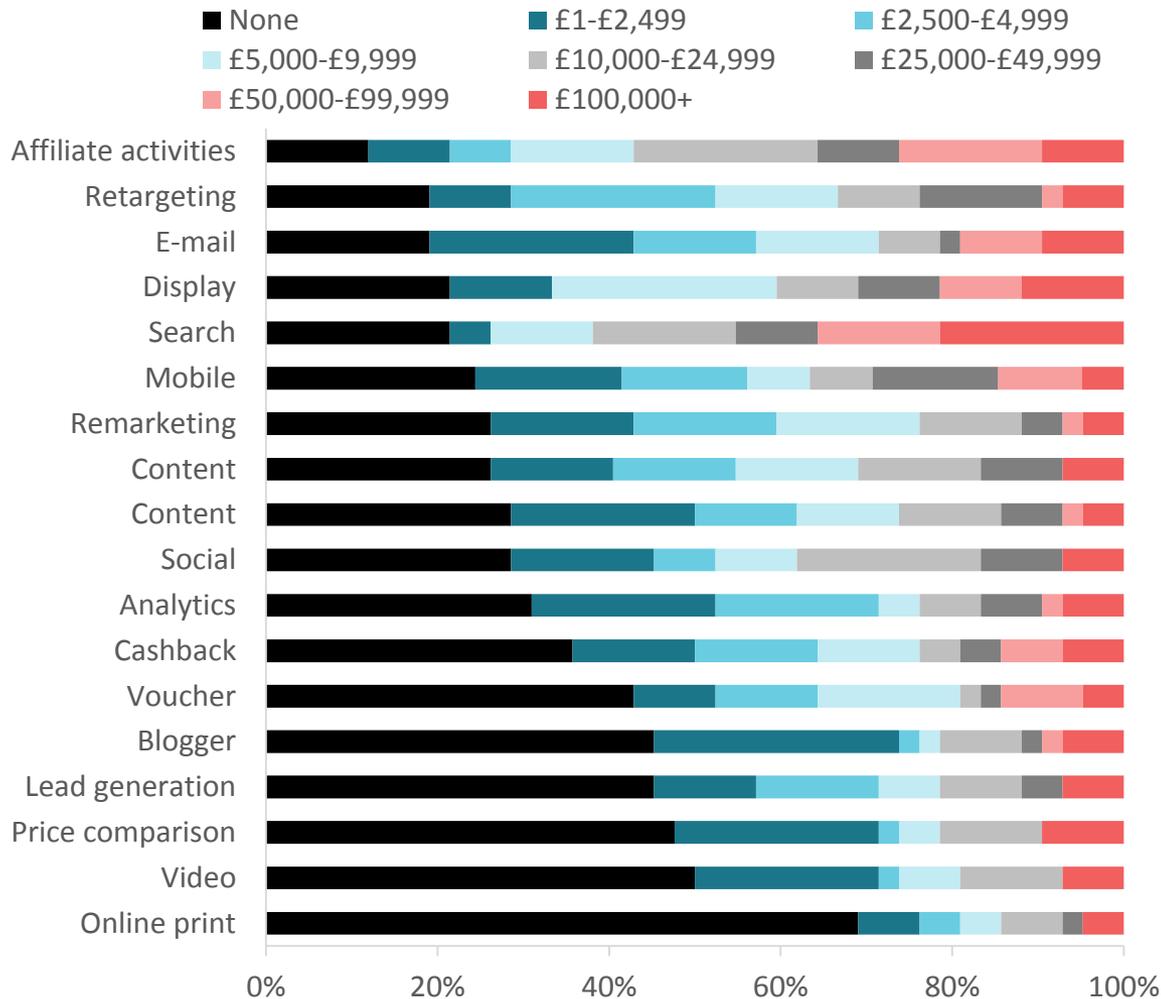
“Here lies an imbalance in regards to the amount being spent on performance marketing and the money being generated. A quarter of our advertiser respondents (24%) say that 50% of their total sales revenue comes from performance marketing activities, yet it looks like 60% of advertisers are dedicating less than 20% of their marketing spend towards it. Performance marketers will need to talk more about their good work if they’re to address the miscalculation.”

On average **29%** of marketing budget was assigned to performance marketing activities this year

CHANGE IN PERFORMANCE MARKETING BUDGET



MONTHLY EXPENDITURE



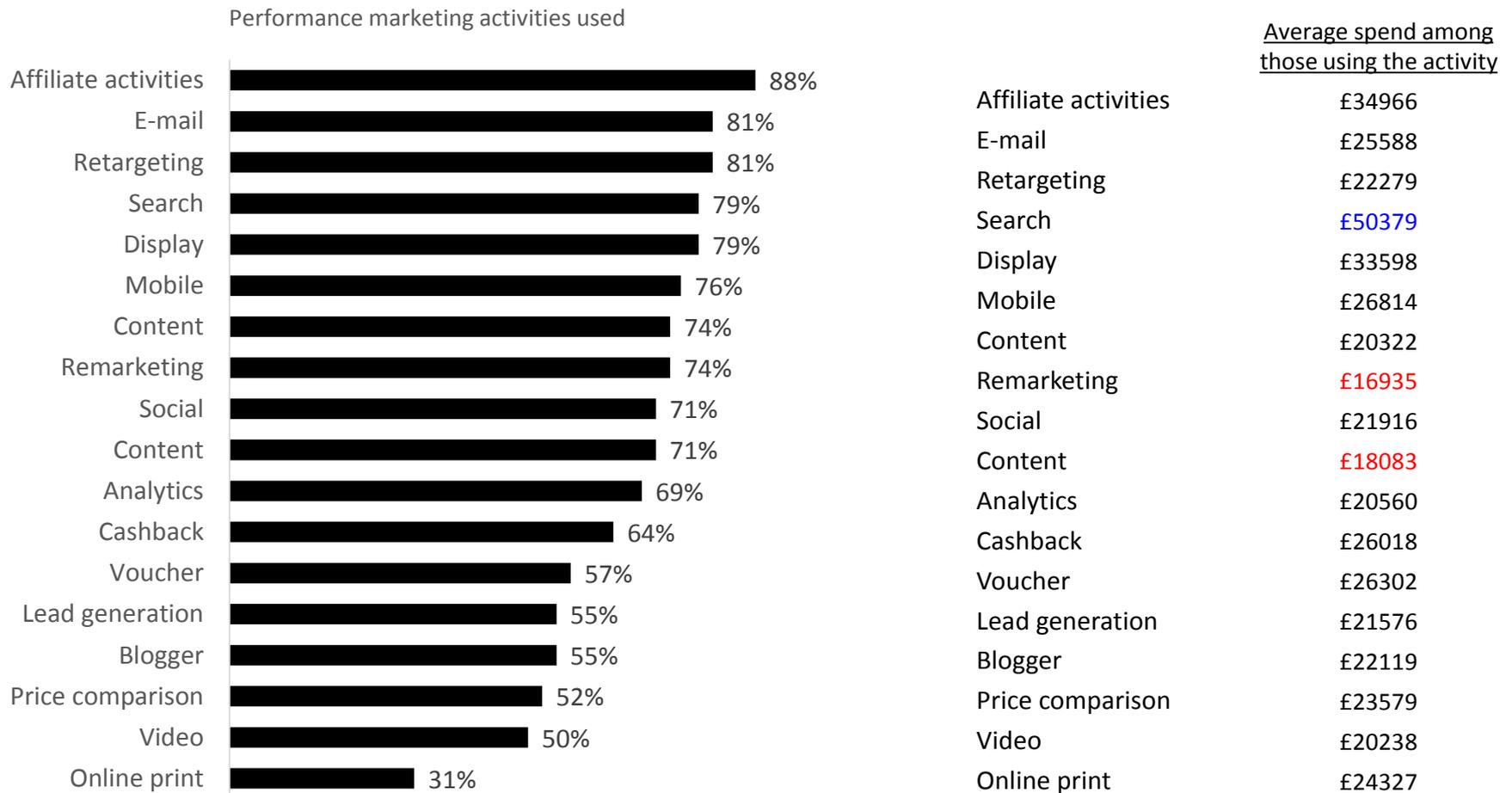
“Search marketing, also recognised by the study as the

most important channel in the performance mix, looks to be taking a fair chunk of our advertisers’ spend, way ahead of channels like display, email and lead generation in the same stakes.

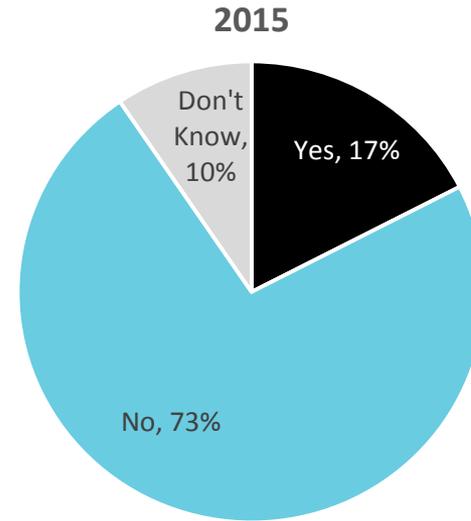
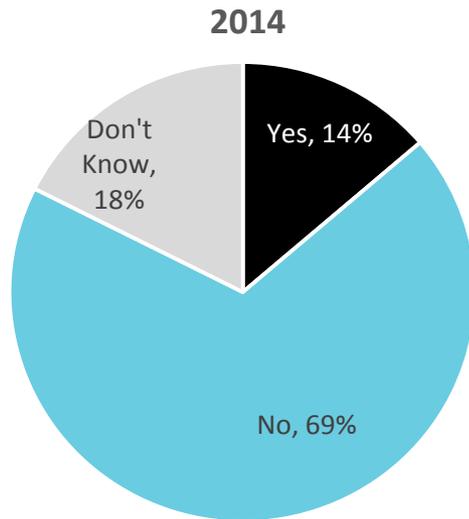
Onlookers will notice retargeting, content, video and analytics commanding fairly low amounts of budget, whereas social, affiliate and mobile boast a fairly even weighting across the spend chart.”



MONTHLY EXPENDITURE ON EACH OF THE FOLLOWING AREAS



CONCERNED THAT YOUR DIGITAL EFFORTS ARE BEING LOST TO OFFLINE SALES?

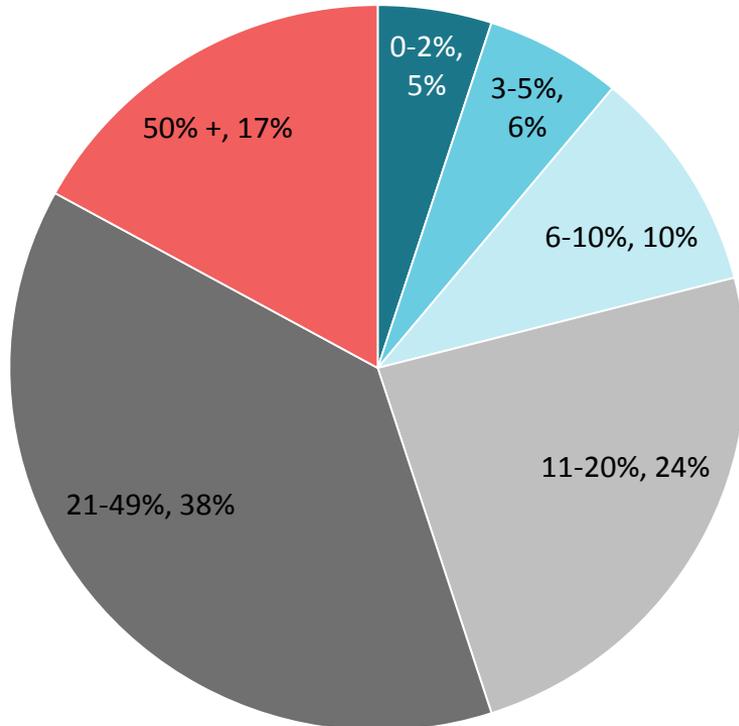


"We decided to try our luck with this one. Of course offline selling came before e-commerce, but we wanted to see whether performance marketers felt aggrieved about putting in crucial legwork in terms of raising awareness

and brand recall in order to pave the way for an in-store purchase; one - without attribution - they wouldn't be recognised as driving.

It turns out most aren't, with 73% declaring as much."

TOTAL SALES FROM REPEAT CUSTOMERS



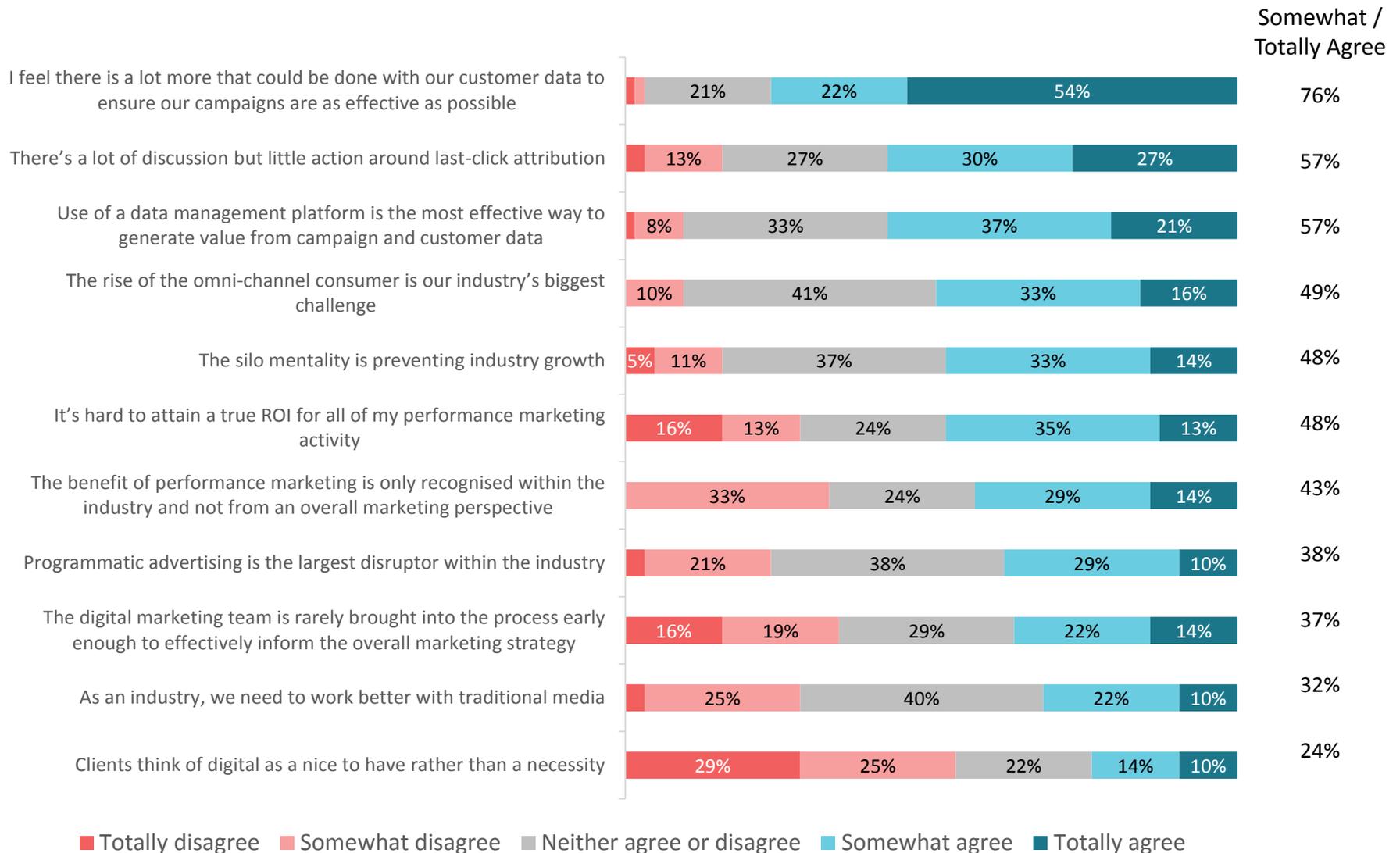
On average **31%** of total sales came from repeat customers



“They say it’s far cheaper to keep an existing customer than acquire a new one, and with the largest proportion of performance marketers claiming sales of between 21-50% on repeat business, this could bode well for performance’s role in boosting customer lifetime value.”

ATTITUDES

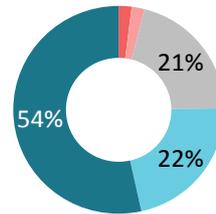
ATTITUDES



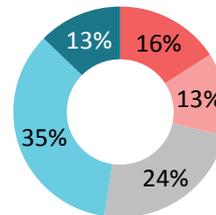
ATTITUDES

- Totally disagree
- Slightly disagree
- Neither agree or disagree
- Slightly agree
- Totally agree

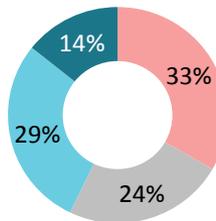
I feel there is a lot more that could be done with our customer data to ensure our campaigns are as effective as possible



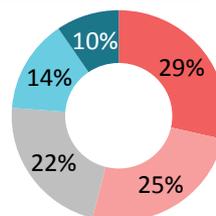
It's hard to attain a true ROI for all of my performance marketing activity



The benefit of performance marketing is only recognised within the industry and not from an overall marketing perspective



Clients think of digital as a nice to have rather than a necessity



“It’s certainly alarming to see 76% of performance marketers are seeing plenty of room for improvement in regards to their usage of customer data. On a similar note, struggles over ROI cannot be positive for a space which incorporates so many techniques that pay on results driven.

To address this, advertisers must look carefully into the kinds of engagement and interactions their activity drives in order to see their contribution to sales and, ultimately, the bottom line.

The fact that not one respondent totally disagreed that performance marketing is only recognised in its own industry has to be seen as a positive, along with the 29% that said the same for digital being classed as a ‘nice-to-have’ by advertisers.”

BRANDHOOK

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For any questions regarding the study, its methodology and the points raised,
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