PerformanceIN
ADVERTISER'S GUIDE

AFFILIATE MARKETING

IN ASSOCIATION WITH

AWIN

Written by Kevin Edwards,
global client strategy director at Awin

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Introduction

Partnering with affiliates offers brands the most tracked and accountable form of digital marketing. In an age when companies are demanding transparency and fully measurable return on their investment, the benefit of paying for customers and sales delivered becomes increasingly attractive.

While the channel continues to evolve new affiliate models and opportunities for brand partnerships, it doesn't exist in a vacuum and is shaped by emerging technologies and changing consumer behaviour.

Mobile, influencer marketing and a focus on qualitative measurement are all critical elements of a well-run affiliate programme and demand new solutions and payment models to ensure this vital marketing channel continues to grow.

Current state of play

When one of the world's most influential marketers announced in 2017 that transparency and accountability should sit at the heart of any brand's online efforts, it signalled the growing relevancy of affiliate marketing.

Procter and Gamble's chief brand officer Marc Pritchard gave a rallying call to businesses everywhere to demand more from their suppliers which presents an amazing opportunity for the affiliate industry to frame the way future marketing budgets should be measured.

Those budgets are continuing to grow. The Internet Advertising Bureau, in conjunction with PwC, announced brands spent £1.6 billion to drive sales in excess of £19 billion in 2016 marking 12% year-on-year growth and delivering £12.30 for every pound spent.

Going global

The international opportunity, an increasingly attractive proposition for UK companies in a post-Brexit world, is also seeing similar progress. While no definitive global figure exists, Awin estimates more than £12 billion is being spent by companies across the world on their affiliate marketing efforts.

The beauty for British brands is that affiliate marketing knows no physical barriers and it's possible to align with a network that can offer access to pockets of affiliates in dozens of countries who are either significant players in their home markets or appeal to a specific niche.

The increasing globalisation of affiliate marketing is also manifested in a series of trends that cut across borders, shaping a common narrative for the industry for the first time.

While there will always be cultural, legal and logistical vagaries that will influence the development of affiliate marketing at a local level, these themes are finding commonality.

The themes uniting us

First and foremost is the rise of social media influencers and harnessing their brand advocacy within the channel. While so-called influencer marketing is viewed by many as an emerging industry, the origins can be traced to the early days of the affiliate channel when content affiliates defined much of its activity.

The challenge affiliate marketing practitioners face is ensuring the impact of influencers, often in the early stages of a path to purchase, is understood and properly rewarded. This requires a more nuanced approach to affiliate payments and also demands more qualitative data is understood.

The industry is making inroads into capturing this more three-dimensional picture of affiliate marketing across the whole spectrum of activity the channel offers. This will require a more joined-up approach and openness to share more value based data between all stakeholders in an affiliate sale: publisher, advertiser and network. Networks are increasingly investing in business analytics tools and data teams to help support these efforts.

The ability to also track this activity across multiple devices as smartphone traffic hits 50% for many brands has also become increasingly important. More generally the industry will also need to ensure it has put in place robust tracking solutions and sufficient provisions to tackle the new challenges that ad blocking and operating systems create in potentially limiting what networks and other suppliers are able to track online.

Regulatory challenges

Additional challenges will come in the form of 2018's regulatory landscape as the full impact of the General Data Protection Regulation (GDPR) and new ePrivacy Regulation play out for all businesses. A specific challenge for the affiliate industry will be ensuring bloggers and influencers are adequately disclosing their commercial interests to consumers. The focus on delivering ethical and incremental sales at scale will also continue through a combination of cross-network collaboration and new business approaches from individual affiliates looking to stand out from the crowd.

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Tying these multiple affiliate strands together takes time, effort and dedicated resource from all sides of the industry, but only through ongoing investment can the full power of the affiliate channel be properly understood securing its longer term sustainability and continued transition to the mainstream.

What's next?

The next generation of affiliate marketing programmes will be data led. Understanding that individual affiliates and promotional methods play different roles at different stages of the purchase cycle and elicit varying buying behaviour is critical. Increasingly brands are layering this more complete picture with additional customer data points that help them appreciate supplementary metrics such as the volume of new customers delivered, repeat purchase, lifetime value and how different promotional methods can be tweaked to alter buying patterns.

Typically the industry has been focused on measuring volume but as it matures so we see a shift towards focusing on delivering the right type of sales and deepening relationships with those individual affiliates who are able to do so. Affiliates too will need to play their part in contextualising the consumers they can reach by stitching their data together with that of the advertisers they promote.

Where in the past individual affiliates and advertisers may have guarded their own data, this next wave of affiliation will require a new spirit of sharing as well as the analytics tools and agile reporting platforms to deliver it.

Every year new marketing watch words crop up and machine learning is the current flavour of the month. At the heart of the subject is data and the patterns that can be identified to deliver automation and more informed responses. Affiliate marketing has always been insulated to a degree by how relationship based the channel is. This is unlikely to change, indeed it should be resisted, however, in line with many other industries efficiencies and processes will be delivered by a combination of data usage and technological developments.

How we do it

Awin is a global affiliate network. With 15 offices worldwide, 900 employees, 100,000 contributing publishers and 6,000 advertisers, Awin connects customers with brands in over 180 countries around the globe. Operating across the retail, telecommunications, travel and finance verticals, Awin generated £5.4 billion in revenue for its advertisers and £324 million for its publishers in 2016.

We're the company that joins the dots and shapes the industry to deliver value on a daily basis. Working with a diverse and intertwined network of digital publishers, Awin is helping brands navigate the variety of technological solutions to generate millions of new customers across the globe every year.

First to market with our ground-breaking approaches to tracking across devices, innovative influencer marketing solutions within the affiliate channel and a transparent and ethical attitude to doing business, we're the original affiliate network of choice for more than half of the UK's top brands.

Case Study

lookfantastic.com, leading beauty arm of online multi-website retailer The Hut Group (THG), worked with Awin to strengthen partnerships with influencers prior to and throughout Cyber Weekend 2016 via a high-profile celebrity and blogger led campaign.

lookfantastic

In order to attain increased engagement with this publisher type, lookfantastic.com set the following objectives around the campaign launch:

- Increase brand awareness
- Increase demand and traffic to the website prior to and during Cyber Weekend
- Promote self-confidence
- Increase in sales and revenue throughout Cyber Weekend

Strategy/Execution

The Hut Group identified top UK bloggers and brand ambassadors based on social reach, appeal to the beauty market and influencers previously used in campaigns. Each selected participant handpicked a selection of lookfantastic.com beauty products to promote an inspiring message around self-confidence. This led to the creation of the #MySpotlightSaviour campaign, aimed at providing a non-sales focused approach of storytelling.

Influencers became a trusted voice within the beauty industry and were issued with a unique discount code linked exclusively to their chosen products. They were encouraged to share their content in a spotlight saviour story alongside the discount code via their most engaged social media channels, in the lead up to Cyber Weekend, averaging a reach of 10m people.

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The affiliate channel sat at the heart of this campaign, and was supported via PR releases, social, content and paid media. With affiliate performance tracked and analysed, each influencer was given prescribed times and dates to post content, guaranteeing that lookfantastic.com's marketing channels could amplify their posts accordingly, as well as monitor performance.

Due to the last click wins affiliate model, Awin's payment on influence commission tool was switched on when the campaign went live to avoid influencers being overwritten by another publisher type.

Customers were also encouraged to join the campaign and share their own inspiring message and beauty products across their own social channels, using the #MySpotlightSaviour hashtag. This meant campaign analysis could track UGC, engaging with those who had shared their favourite products and reshared this content across lookfantastic.com's social platforms.

Results

- Traffic saw a 197% increase MoM between the campaign's top influencers.
- Revenue from the campaigns top influencer increased by 86% MoM.
- Brand awareness was boosted; post-campaign analysis tracked 143k likes on influencers' social posts, 750k views from the #MySpotlightSaviour campaign video and the hashtag received 501 posts and 3.7 million impressions.
- The #MySpotlightSaviour campaign saw two newly recruited brand ambassadors as well as new opportunities with the male demographic.