

# The Performance Marketing Guide to Emerging Affiliate Models

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# Contents

Introduction .....	3
Where innovation is happening? .....	3
– Technology .....	3
– Customer behaviour.....	4
– Regulation .....	5
How this approach provides advertisers guaranteed return on investment? .....	5
The future .....	5
How we do it .....	6
Q&A – Helen Southgate, Managing Director EMEA, Acceleration Partners .....	6

# Introduction

Innovation and change are the bedrock of the affiliate industry and we are lucky enough to see the continual development of new business models and concepts. Evolution is a natural life cycle, in recent times we've seen new technology platforms launch, affiliate networks merging, and publishers acquiring other publishers. To avoid stagnation we as affiliate marketers should always encourage innovation; that's what keeps the industry alive.

Today's digital market is extremely dynamic. This can be attributed to emerging concepts like blockchain and artificial intelligence (AI), responsible for changing the way we interact with each other, how we shop and the way we live our lives on a daily basis.

Innovation can be time consuming; it requires dedication and focus. Thanks to the low-risk nature of the affiliate model, innovation has long been a foundation of the channel. But what does innovation look like in the channel today? Which publishers are driving innovation in our channel? And how can emerging models impact the future of affiliate marketing?

## Where innovation is happening?

There are three things to consider when looking at emerging affiliate models: technology, customer behaviour and regulation.

### Technology

Technology plays an important role in the affiliate marketing funnel and AI is certainly changing the way we interact in the affiliate channel. AI is improving the way we target consumers, how we manage performance and making the customer journey more efficient. AI, means brands can reach the right customer at the right time through real-time insights. Many publishers, new or existing to the affiliate marketing landscape are implementing AI solutions in order to boost their performance; using the technology to target their audience with the most relevant content deals in the market.

Machine learning is another new opportunity which removes the need for manual tasks, saving time and increasing efficiency. This is where technology is playing an important role, picking out the partnership which offers the most potential, developing and growing personalised relationships with key advertisers, leading to better performance for both parties involved.

## Customer behaviour

Mobile devices and social media have completely transformed consumer behaviour and the way we interact with the internet on a daily basis; connectivity permeates our lives. The rise of mobile and increasing use of social media has significantly impacted the affiliate industry, from adaption of network tracking and technology to opening doors to new and exciting players that have large mobile audiences, to new publisher models such as influencers rising in popularity.

If you talk to advertisers today, most of them want influencers to be a significant part of their affiliate marketing mix and this is only set to increase. Influencers aren't new to the digital industry although the affiliate channel have welcomed this exciting business model as advertisers invest more in branding and loyalty and look to target consumers across the buyer journey. In the last few years we have seen consumers moving from just the "click" to the "swipe up", with functionalities such as Instagram's "swipe up" meaning consumers no longer need to leave the app to purchase from an online store, integrating browsing and purchasing.



As an industry we still face challenges working with influencers on a last-click model because as much as they influence an audience, they are often at the beginning of the funnel, and in many cases the sales get attributed to other affiliates. As an industry if we want to nurture new and existing emerging models, we have to make sure that the attribution model adapts with the market, otherwise we risk losing them to other marketing channels.

There are affiliate networks that have been at the forefront of this change and are providing a way of attributing sales to the right partner and/or channel, an example is Awin's latest Voucher Attribution launch to help facilitate brand and influencer partnerships or Rakuten's attribution solution, Cadence. It will be great to see this change happening across the industry as a standard, perhaps AI will help streamline the process.

There are some true innovators out there that promise to disrupt the status quo, they haven't reinvented the wheel but they understand how the market is evolving, proving there's space for new and inventive ideas in the affiliate marketing space – from Revlifter's, real time deals personalisation AI-powered technology that enables advertisers to offer personalised incentives to customers, to 21buttons, a social-commerce app that lets influencers monetise their fashion looks with a simple button.

## Regulation

Last but not least, regulation has been the hot topic of 2018, and will continue to be for some time. The General Data Protection Regulation (GDPR) has shaken up the industry, making sure that non-compliant players don't have a place anymore – in fact we've seen a few of them disappear already – and emerging affiliate models with no good intention could be put out of pocket before they know it.

Apple's Intelligent Tracking Prevention (ITP) 2.0 has recently seen the light alongside iOS 12 and MacOS Mojave this year. The update is reported to affect web to web browsing, which could impact tracking if changes in-line with the update are not made. At the moment it is not clear whether the update is affecting web to web browsing, and many advertisers and networks are still testing the impact. With this in mind, every new emerging affiliate model should be aware of the changes and implications, making sure they partner with stakeholders that are ahead of the game and stay away from the ones that have failed to evolve.

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## How this approach provides advertisers guaranteed return on investment?

In the performance marketing industry specifically, there's no secret formula.

Every advertiser has their own strategy and measurements that dictate whether a campaign is successful or not. Affiliate success comes down to partnerships – this is not a new conversation and in order to get the best out of the publisher, advertisers need to consider the overall value brands are receiving from their partnership with them.

Whether an advertiser decides to partner with influencers or new technology partners, it's important that they welcome innovation and aren't afraid to implement new and innovative ideas.

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## The future

We now live in a world where Bitcoin and cryptocurrency are becoming common terms, although if we ask what blockchain is (the technology behind Bitcoin and other cryptocurrencies), how it works and how it can affect the affiliate industry, the answer may not be so straightforward.

Blockchains aim is to develop smarter and affordable solutions accessible to all – imagine a world where there's a 100% level of transparency and all data is encrypted. The implementation of blockchain in the affiliate industry will mean there will be more trust in the affiliate channel, advertisers will no longer worry about cookie dropping or declined transactions; publishers will be fairly compensated; networks and SaaS platforms can focus on showing the added value they can bring to their customers; everyone will be under the same roof accessing the same information.

This is a futuristic and at the same time frightening view of the future, in fact it's hard to determine who's going to do what and what innovation blockchain is going to bring in real shape and form, but with any big change happening, expect to see emerging affiliate models in the coming year or two. Be open to innovation. Test, fail and learn.

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## How we do it

Acceleration Partners' is an award-winning affiliate marketing consultancy focused on building better affiliate marketing programmes for the world's largest brands. We know that in an ever-competitive market, successful partnerships are increasingly important for brands in the affiliate channel. Our in-house publisher development team focuses on sourcing and engaging with new and emerging publisher opportunities to match our clients with a diverse range of publishers, who drive incremental sales and maximise opportunity.

We understand the importance of building strong relationships with publishers across the channel who align with our clients' business goals and values; our team, take a proactive approach to publisher recruitment and development, seeking out new revenue avenues for our clients and supporting the development of these opportunities at a global scale.

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## Q&A – Helen Southgate, managing director EMEA, Acceleration Partners



### What does AP do to leverage emerging affiliate models for its clients?

We keep an open mind. It's easy to have the attitude "we tried before and it didn't work" but that can mean missing out on opportunities. An idea might seem different, unique or complex but could be the next big thing. When cashback first emerged people were sceptical, now it's one of

the largest revenue drivers. We also have a proactive approach to research new ideas, the affiliate model can be used in any situation, we use that to seek out new revenue avenues for our clients and support the development of those opportunities.

#### **How can emerging publishers benefit brands in today's channel?**

The biggest request from brands that we get is that they want more diversity from their affiliate channel, they don't want to be reliant on a small number of publishers or dominant models. By using the affiliate model to support emerging publishers, and spending the time supporting their development we can help brands continue to drive incremental sales, but from a diverse range of publishers.

#### **What do you think is the key challenge the industry faces with emerging affiliate models?**

Fear is often the biggest factor, many people don't like change, they like things to be as they were. Sometimes that attitude can stifle innovation and growth. I think the channel has, at times been guilty of that in the past, or rested on its laurels and not sought out the opportunity to expand the affiliate model into wider areas. We must always fight against that, the affiliate channel for me has always been the place to experiment and has developed so successfully because of that.



# ACCELERATION PARTNERS®

## Who we are

Acceleration Partners is an award-winning global affiliate marketing consultancy, building better affiliate marketing programmes for the world's largest brands. We give flexible, honest and impartial advice. From global coordination through to in-market account management, auditing and restructuring, we offer high performing affiliate programme consultancy and management. Our team of experts work with our clients to design strategies and implement programmes that deliver sustainable growth and efficiencies; an approach trusted by some of the world's largest brands.

**Learn more about how Acceleration Partners' team of experts can help you build a better affiliate marketing programme:**

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