



affiliate partnership marketing.

australian advertiser and industry review

2022



iab affiliate marketing working group.

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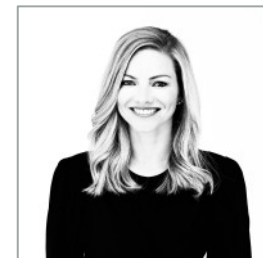
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introduction.

Affiliate Marketing has established itself as a valuable and sophisticated acquisition channel for brands. The IAB Affiliate Marketing Working Group continues to publish this annual industry review to explore current experiences and plans with Affiliate Marketing amongst marketers and agencies in Australia.

Affiliate Marketing is continuing to experience significant growth amid the turbulence brought about by COVID-19 and the lockdown. Nearly seven in ten of the survey participants saw an increase in affiliate spend across 2021, with a similar amount looking to increase their investment in 2022.

This increase in affiliate and partnership investment by brands is directly assisting in driving positive business outcomes with three quarters of the respondents indicating that affiliate revenue increased in 2021 and 76% noted that their overall business performance improved over the course of the pandemic.

Notably, the channel has perceived value for marketers. When compared with other marketing activities, 72% of respondents rated affiliates a 7 out of 10 or higher for return on investment, and 65% of respondents rated the channel a 7 out of 10 or higher for customer acquisition. The most valued affiliate type to work with was rated as Reward partners, which includes cashback and loyalty.

It is common for affiliate marketers to use more than the traditional Cost per Action (CPA) payment model through the channel, and nearly three quarters are happy to offer exclusive promotions to affiliates.

With the coming retirement of the third-party cookie, some current methods for digital marketing and its measurement and tracking compliance will continue to be challenges. Worryingly amongst affiliate marketers in this survey, 62% of brands are not yet making steps to track without third-party cookies, or did not understand the need to move away from third party cookie tracking. It's important for brands to make plans to adjust their marketing and measurement to ensure smooth continuity into the future. The IAB and Affiliate Marketing Working Group will continue to provide information and guidance on this topic throughout 2022

The 2022 affiliate industry review demonstrates how important affiliate marketing is for Australian brands. Continued growth, and positive success metrics, are making this an invaluable channel during a time of uncertainty and disruption.



David Glasgow
Navigate Digital
& IAB Affiliate Workgroup Chair



methodology.

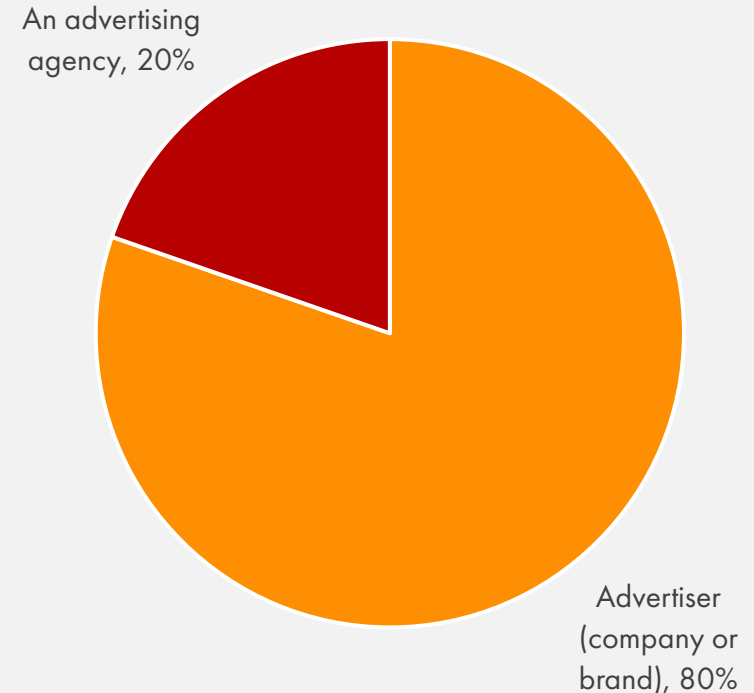
This research was designed and conducted by the IAB Australia Affiliate Marketing Working Group.

The group conducted an industry survey over December 2021/January 2022 and responses were gathered from over 140 industry participants who operate affiliate marketing programs in Australia.

This report makes comparisons to previous IAB affiliate marketing industry surveys conducted in November 2020 (n=130) and September 2019 (n=70).

The survey was designed to explore advertiser and agency experiences and plans with affiliate marketing.

respondent sample business type

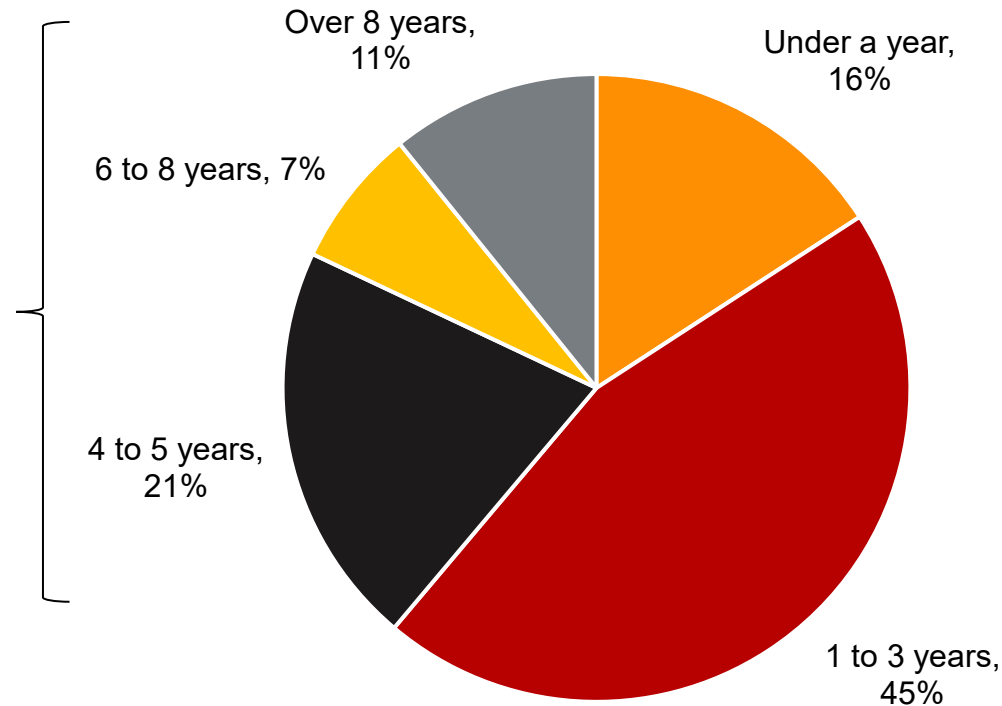


experience with affiliate marketing.

4 in 10 survey respondents (39%) have 5 years or more experience with affiliate marketing. There is a greater prevalence of less experienced affiliate marketers responding to the industry survey this year. 61% of respondents have 3 years or less experience, compared to 48% in 2021.

4 in 10 respondents (39%) with 5 years or more experience with affiliate marketing.

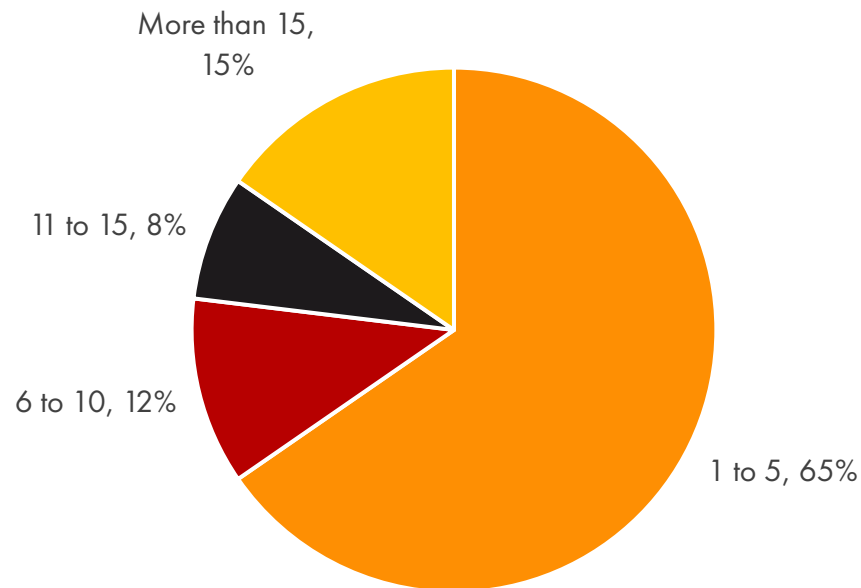
number of years engaged in affiliate marketing



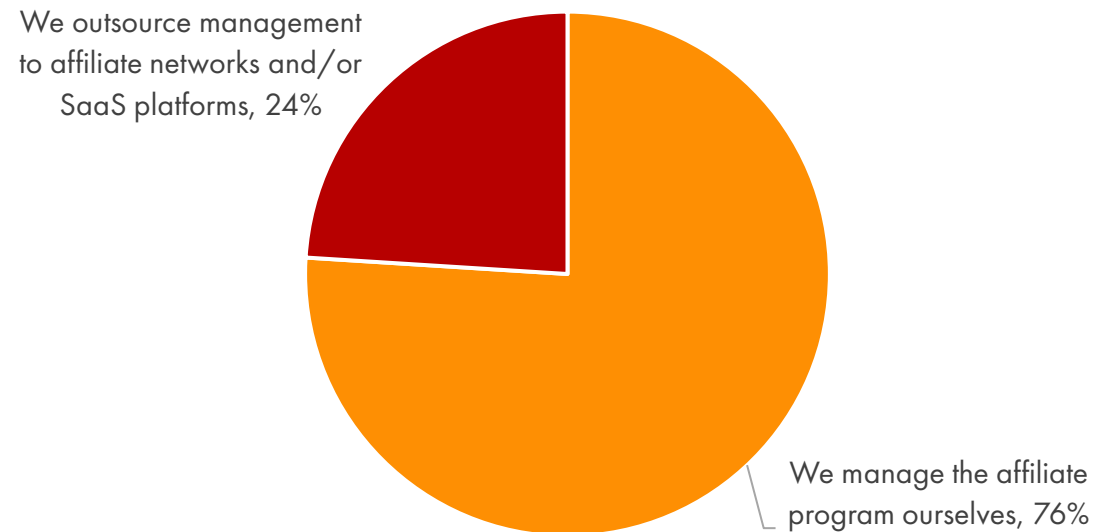
agency experience with affiliate marketing.

With the greater prevalence of less experienced affiliate marketers responding to the industry survey this year, those from advertising agencies who predominantly manage their client's affiliate programs themselves, do have less clients than agencies surveyed in the prior year. Most agencies are managing 10 or less clients engaged in affiliate marketing (77%). Most agencies are also managing the affiliate programs themselves on behalf of clients (76%) rather than outsourcing.

number of clients engaged in affiliate marketing

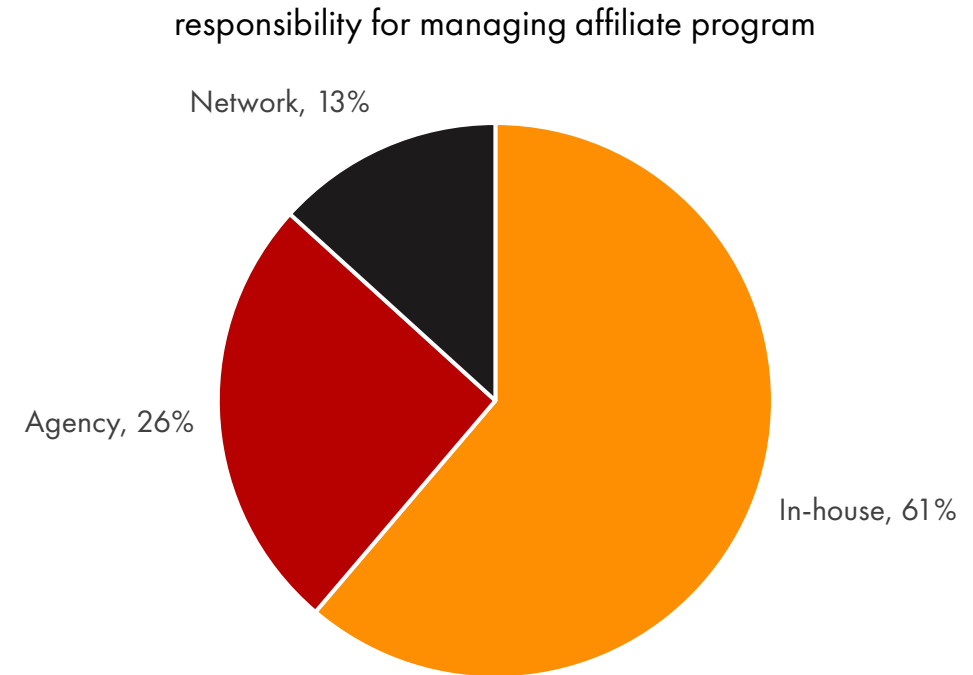
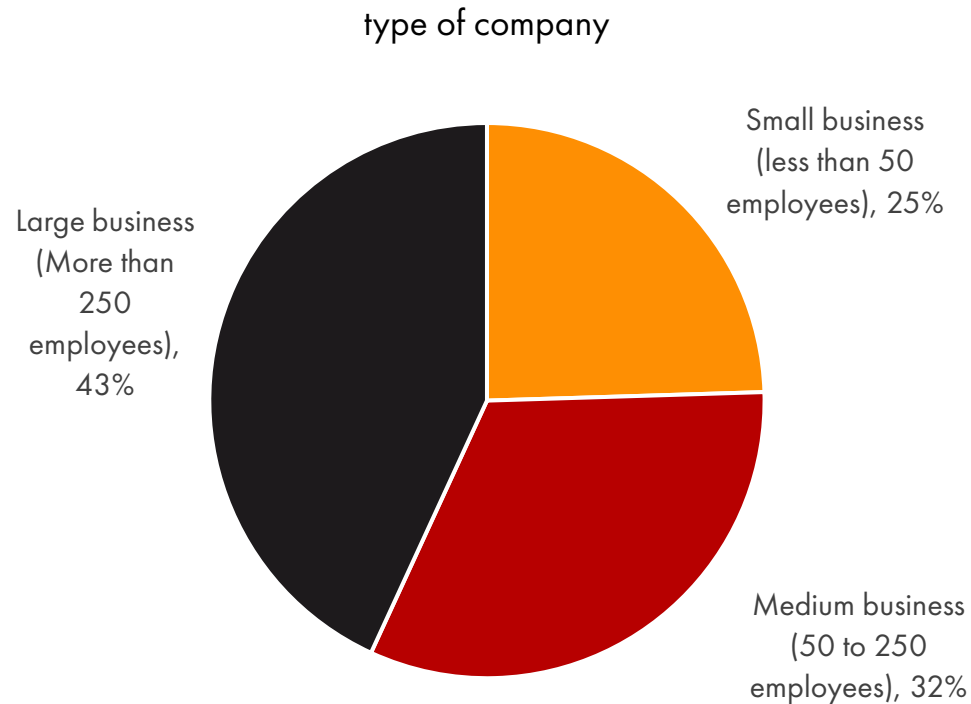


responsibility for managing affiliate programs



advertiser experience with affiliate marketing.

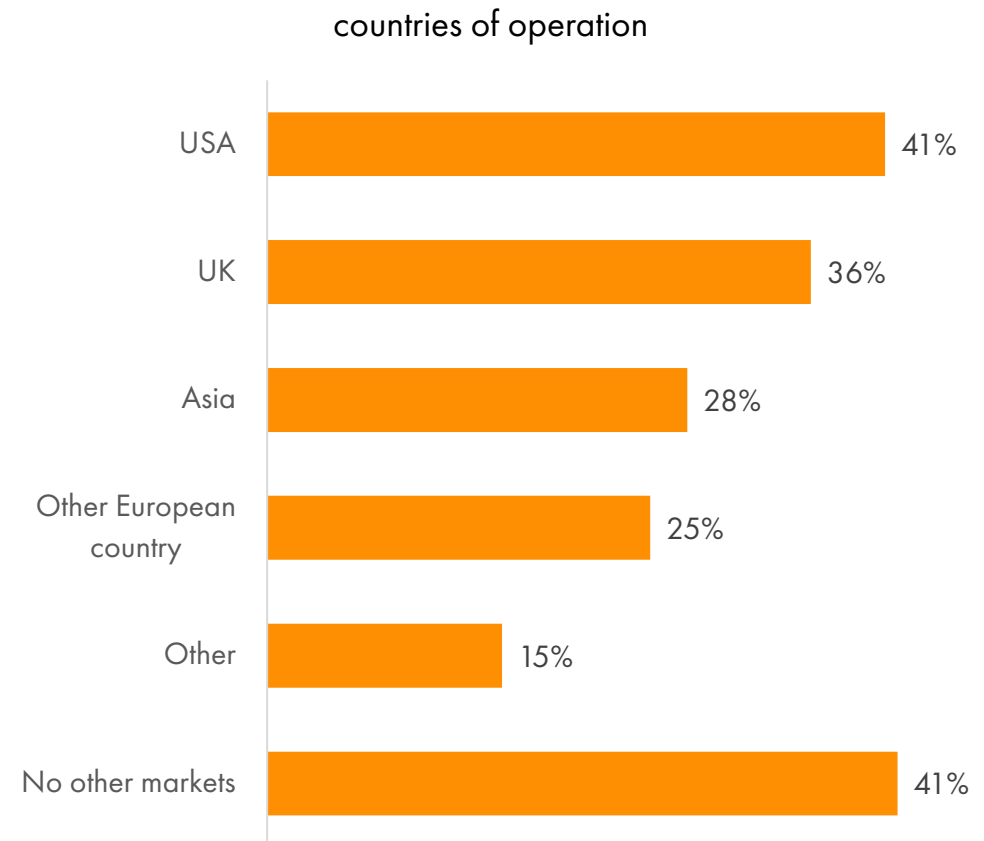
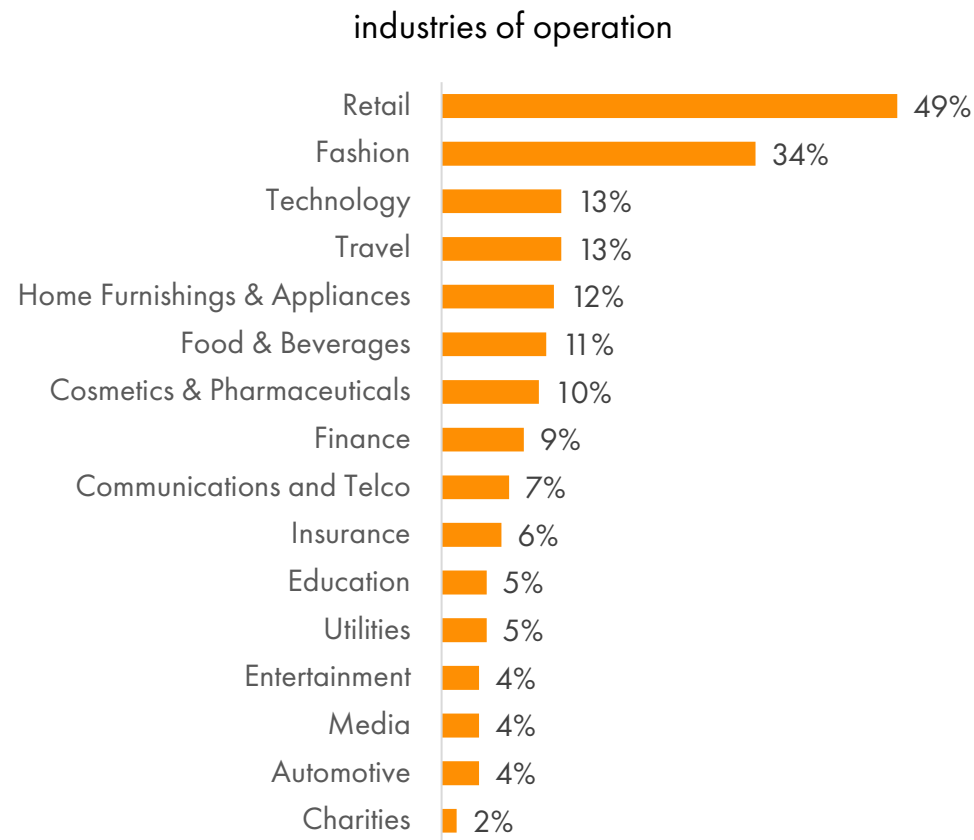
Advertisers/brands engaging in affiliate marketing come from a range of company sizes from small to large and most (61%) are managing the program themselves in-house.



scope of operations.

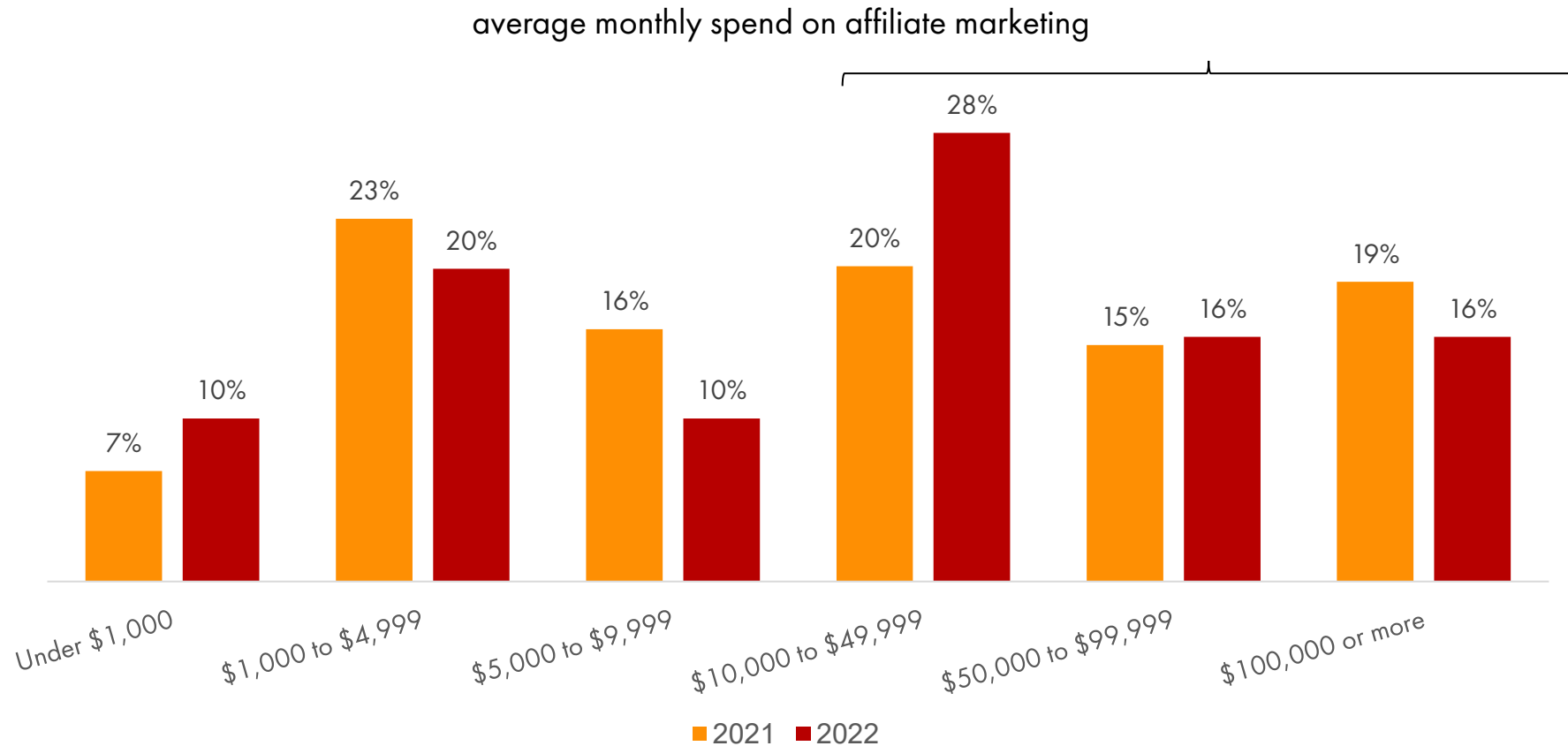
Affiliate marketers operate across a range of industries and in other markets. Nearly half of survey respondents are operating in the retail industry (similar to the proportion of survey respondents from previous years).

59% operate in an overseas market (down from 67% last year).



average monthly spend.

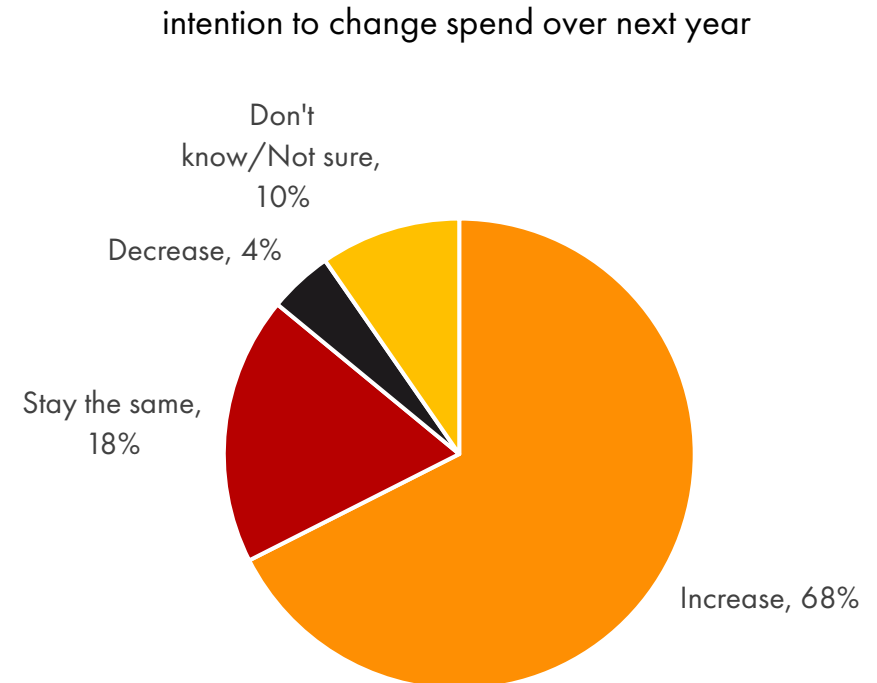
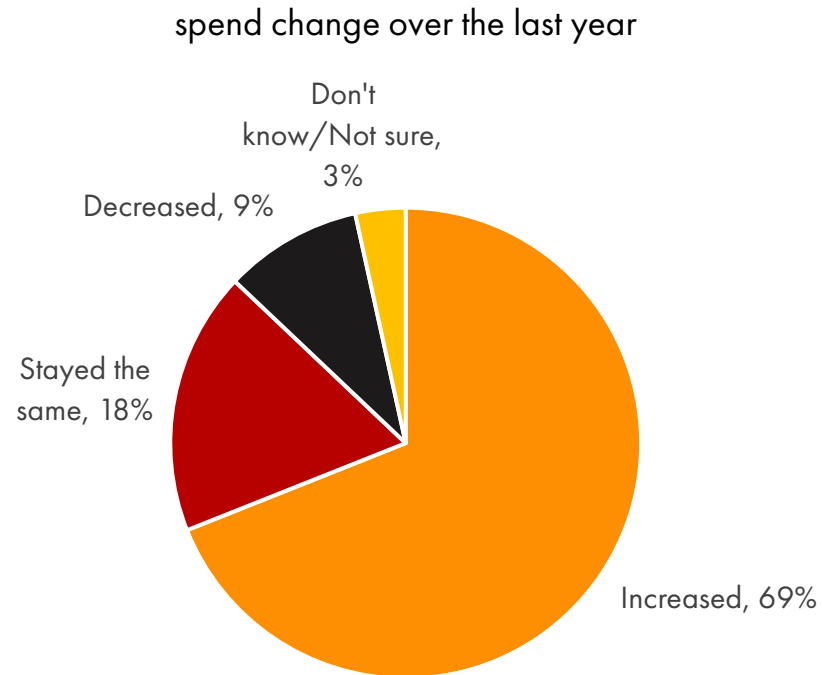
Affiliate marketers invest across a range of monthly budgets. In 2022 expenditure of affiliate marketing has slightly lifted on the previous year, with more investing in the \$10k - \$50k range. 60% invest more than \$10k per month (up from 54% last year).



investment changes.

Nearly 7 in 10 (69%) are reporting their budgets for affiliate marketing have increased over the last year. The previous survey also reported a similar increase in spend over the prior year.

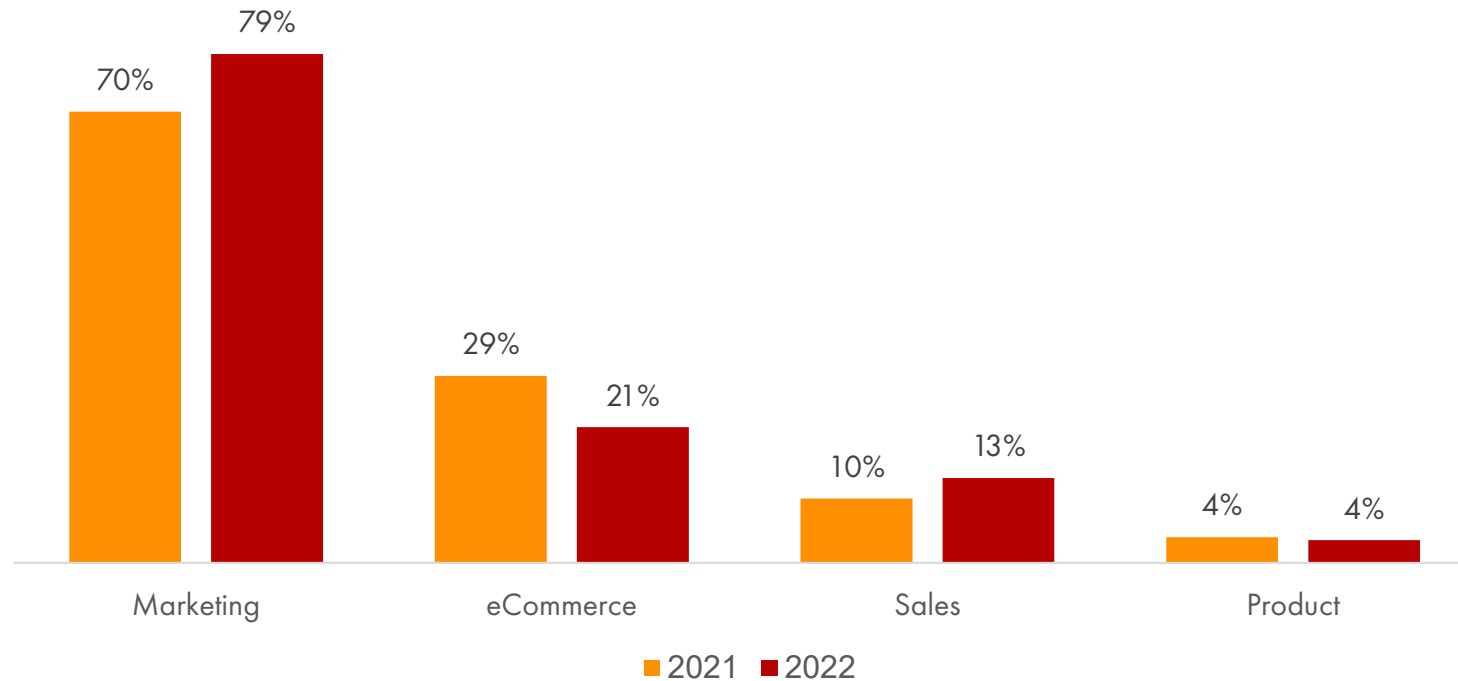
68% intend to increase their spend on affiliate marketing again over the next year.



budget areas for affiliate marketing.

Budget for affiliate marketing can come from multiple business areas but is most often funded by the marketing department (79%). There has been a slight increase in budgets coming from the marketing department compared to last year (from 70% in 2021 to 79% in 2022).

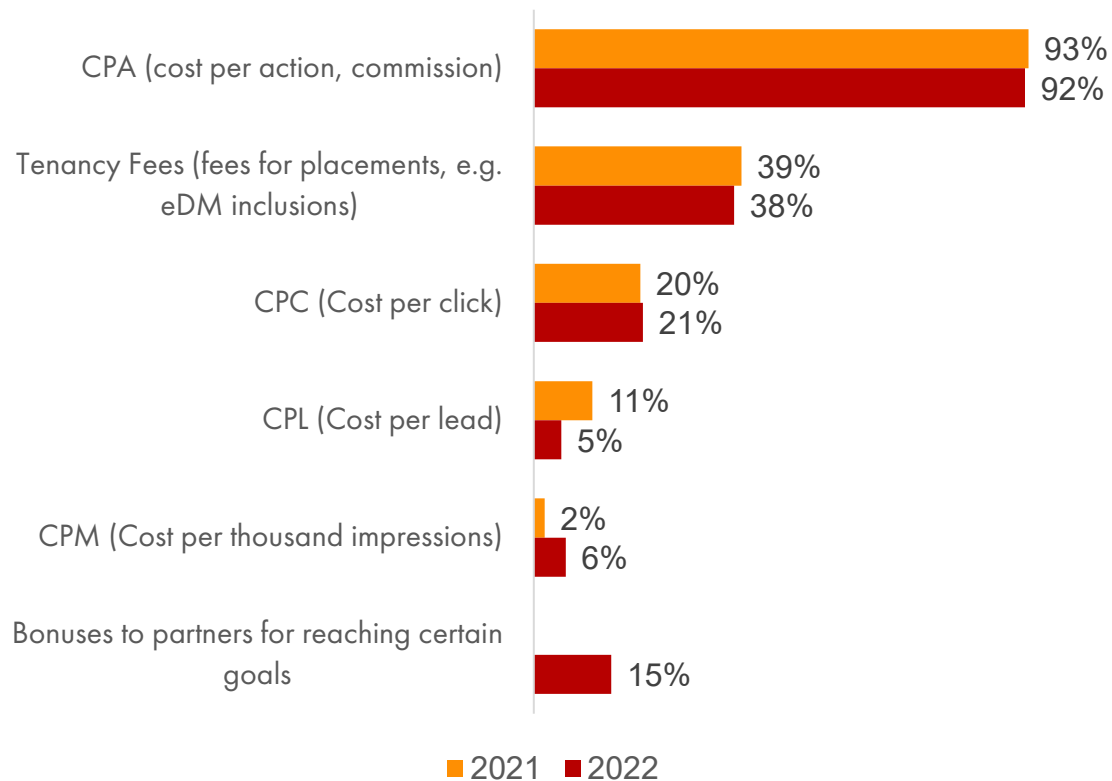
business area budgets for affiliate marketing come from



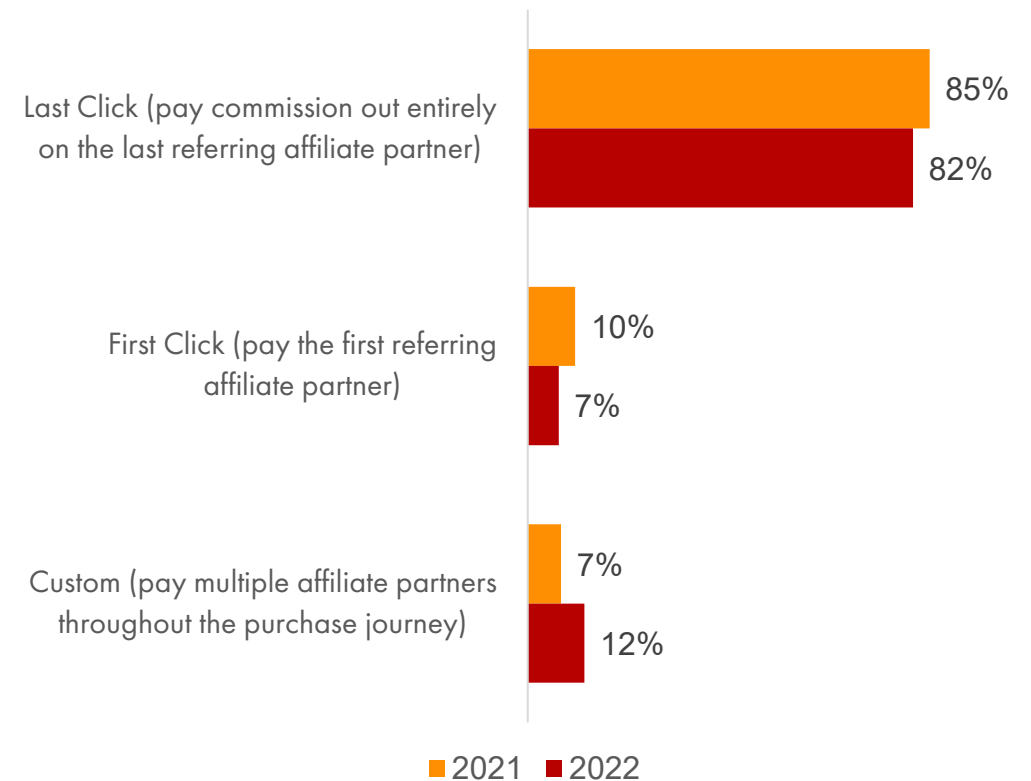
payment models.

Similar to last year, CPA remains the predominant way to reward publishers within affiliate programs, however it is also common to use other models in parallel. 15% are paying bonuses to partners for reaching certain goals (assessed for the first time in the 2022 survey). Again, this year the most common allocation of CPA commission is the total to the last referring affiliate partner (82%).

payment models actively used



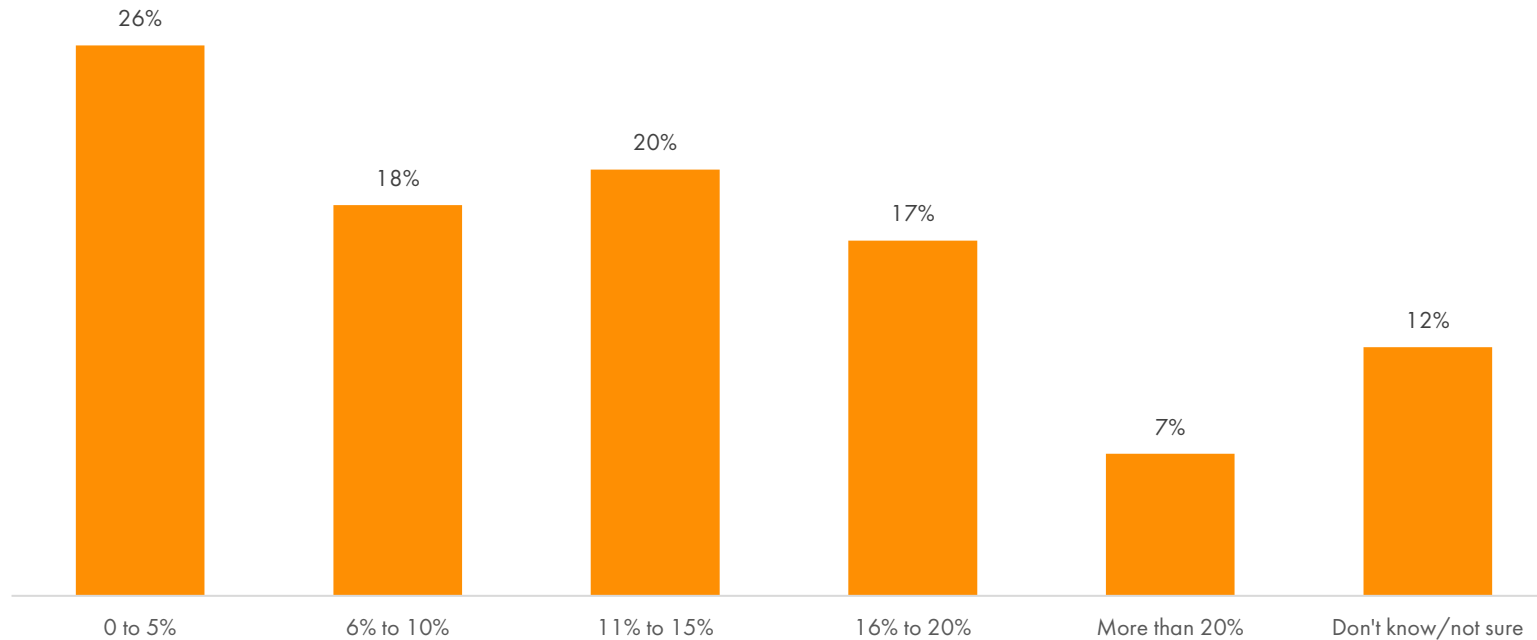
attribution rules used to pay partners



share contribution to online revenue.

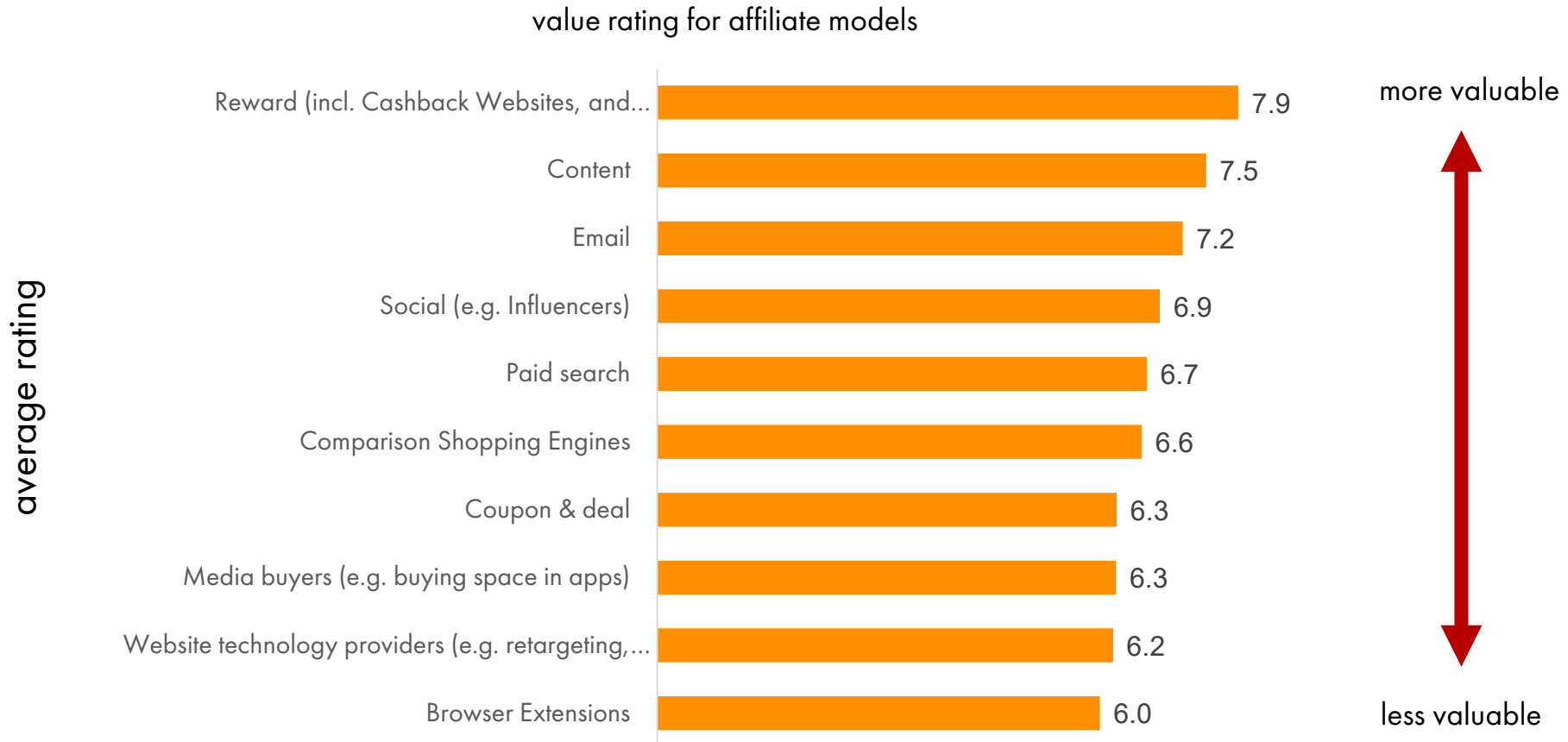
For most respondents affiliate marketing can contribute up to 20% of total online revenue (for 82%), but contribution levels vary across companies.

share contribution of affiliate marketing to total online revenue



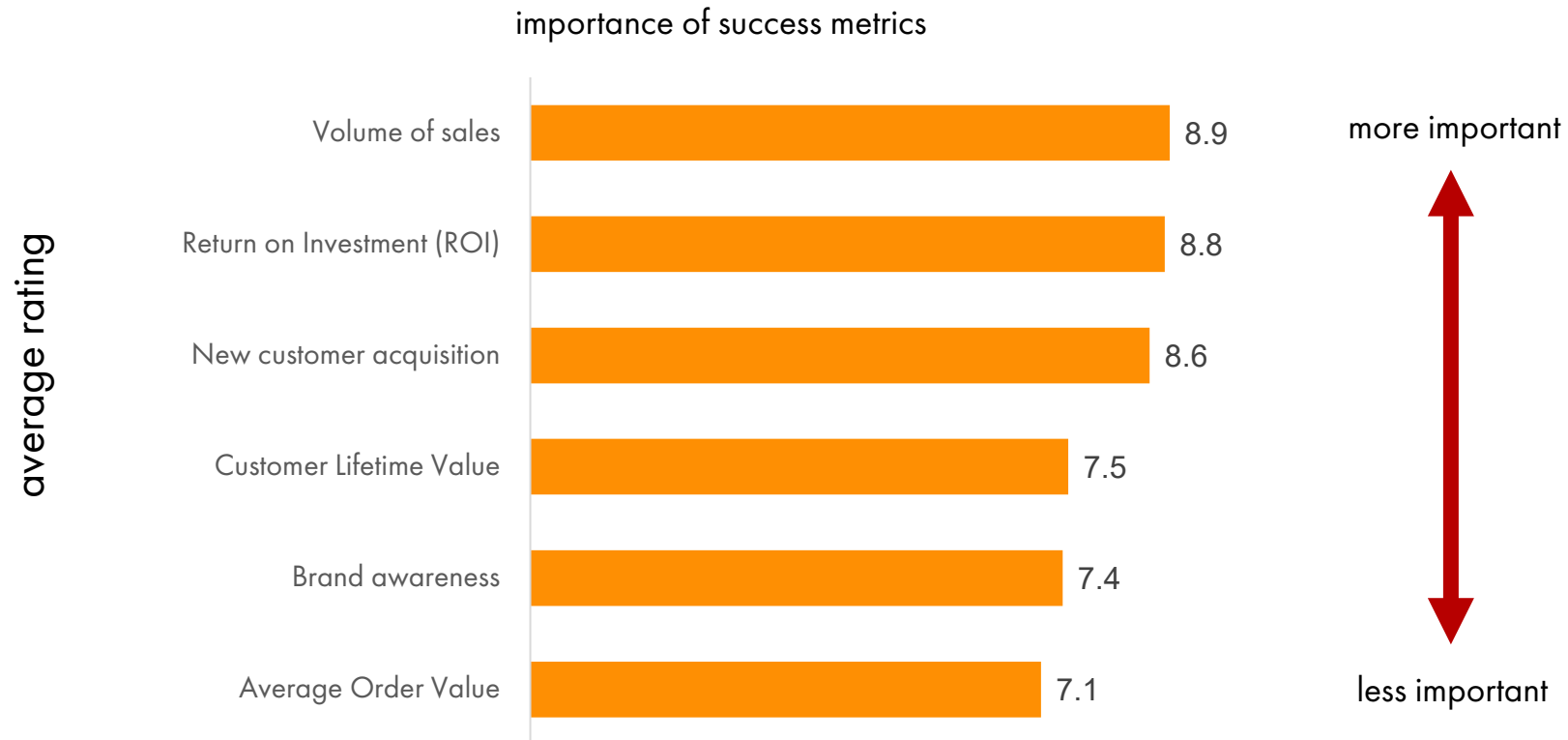
value of affiliate models.

On a scale of 1 to 10, with 10 being most valuable, Reward Models (incl. Cashback Websites, and Loyalty/Points Programs) were rated on average as the most valuable to brands and agencies. The value and ranking for each model has not changed over the last year.



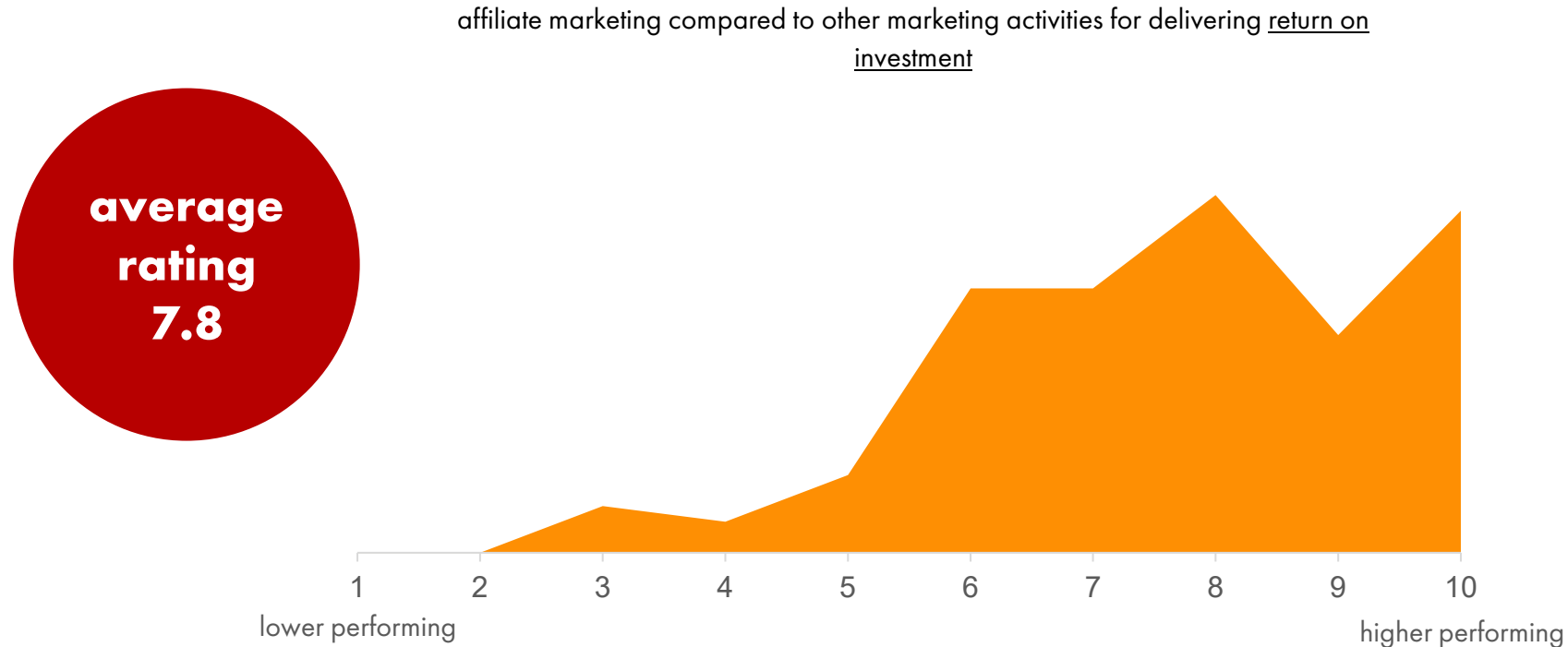
measuring success.

On a scale of 1 to 10, with 10 being most important, sales, ROI and new customer acquisition were on average rated the more important success metrics when assessing affiliate marketing. The importance of these metrics has not changed over the last year.



ROI success compared to other activities.

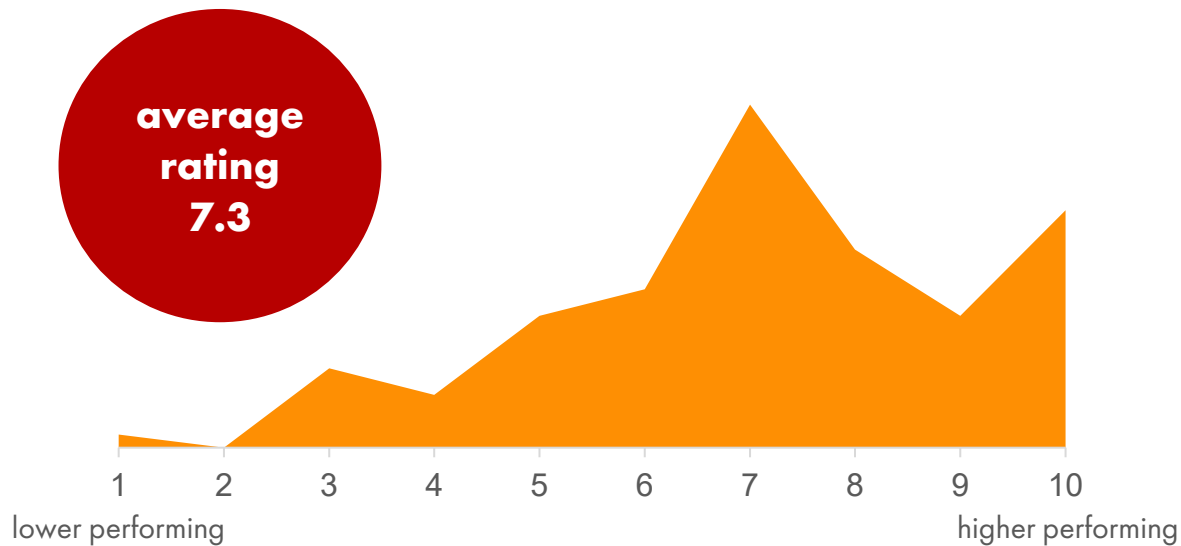
On a scale of 1 to 10, with 10 being higher performing, affiliate marketing was rated on average 7.8 for delivering return on investment compared to other marketing activities. 72% of respondents rated affiliate marketing as 7 or above out of 10 as higher performing for ROI compared to other marketing. The average rating for ROI remains unchanged compared to survey results from last year.



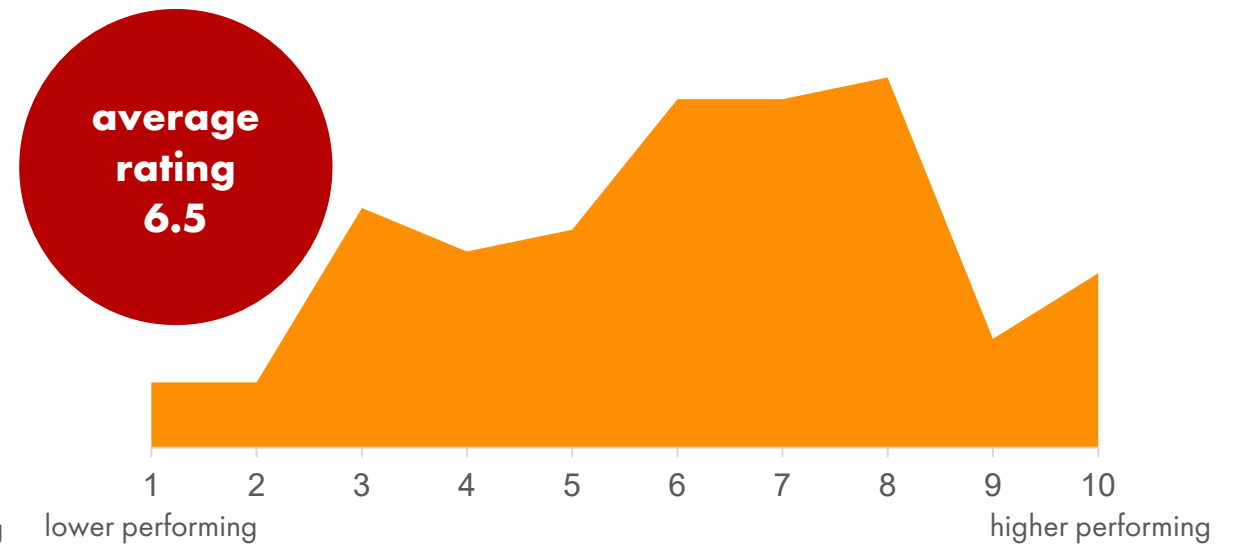
customer acquisition and retention success.

On a scale of 1 to 10, with 10 being higher performing, 65% of respondents rated affiliate marketing as 7 or above out of 10 in achieving customer acquisition compared to other marketing activities. 43% of respondents rated affiliate marketing as 7 or above out of 10 in achieving customer retention compared to other marketing activities. The average rating for customer acquisition remains unchanged on survey results from last year, assessment of customer retention was included in the survey for the first time this year.

affiliate marketing compared to other marketing activities for delivering customer acquisition



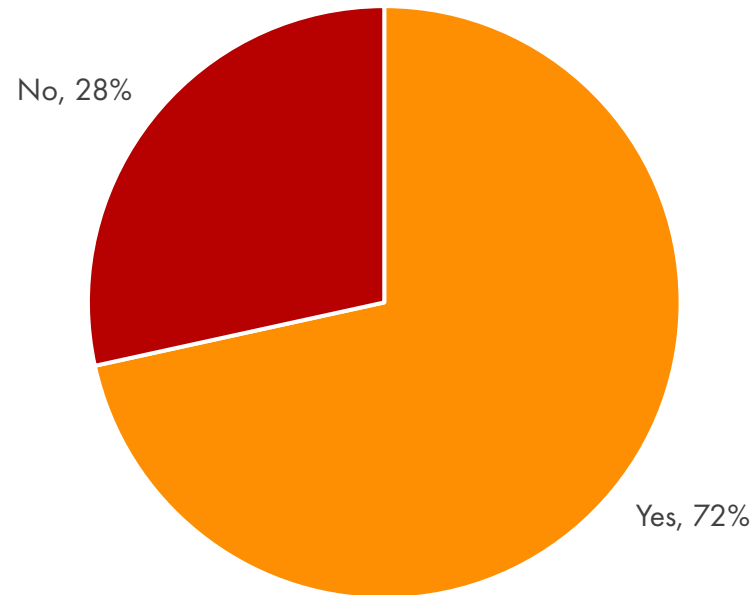
affiliate marketing compared to other marketing activities for delivering customer retention



usage of **exclusive** promotions.

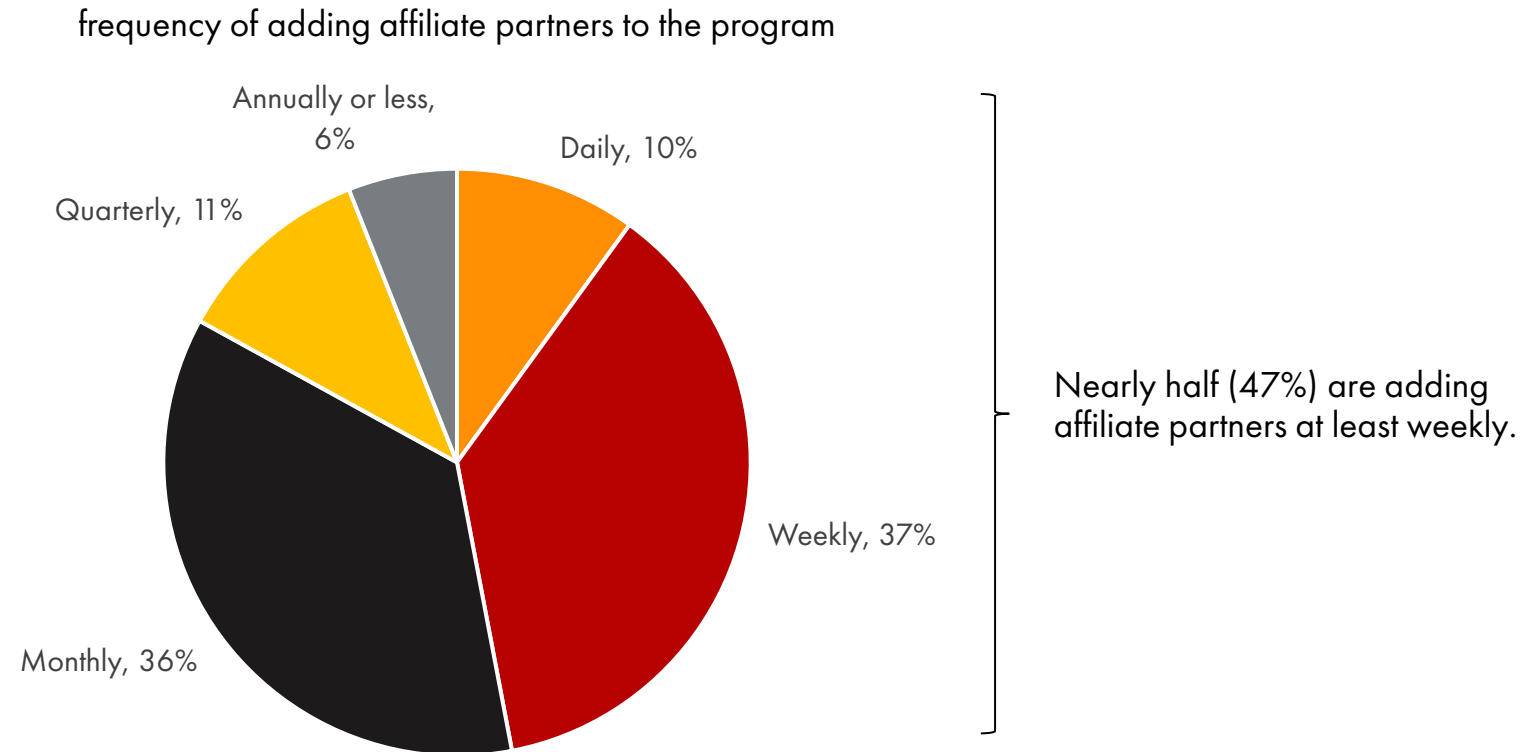
Just over 7 in 10 (72%) of brands and agencies offer exclusive promotions to their affiliate partners, this is up slightly on last year (68% in 2021).

offer exclusive promotions to affiliates



adding affiliate partners to the program.

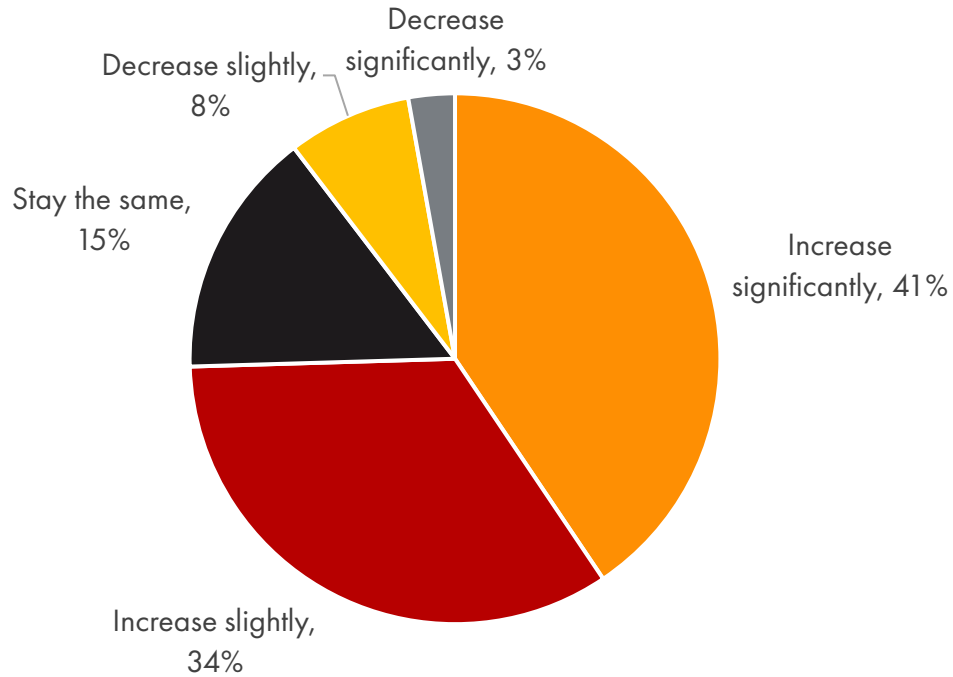
Most brands and agencies (83%) are adding affiliate partners to their programs at least monthly, either through recruitment or by approving affiliate applications to join the program. Nearly half (47%) are doing this at least weekly.



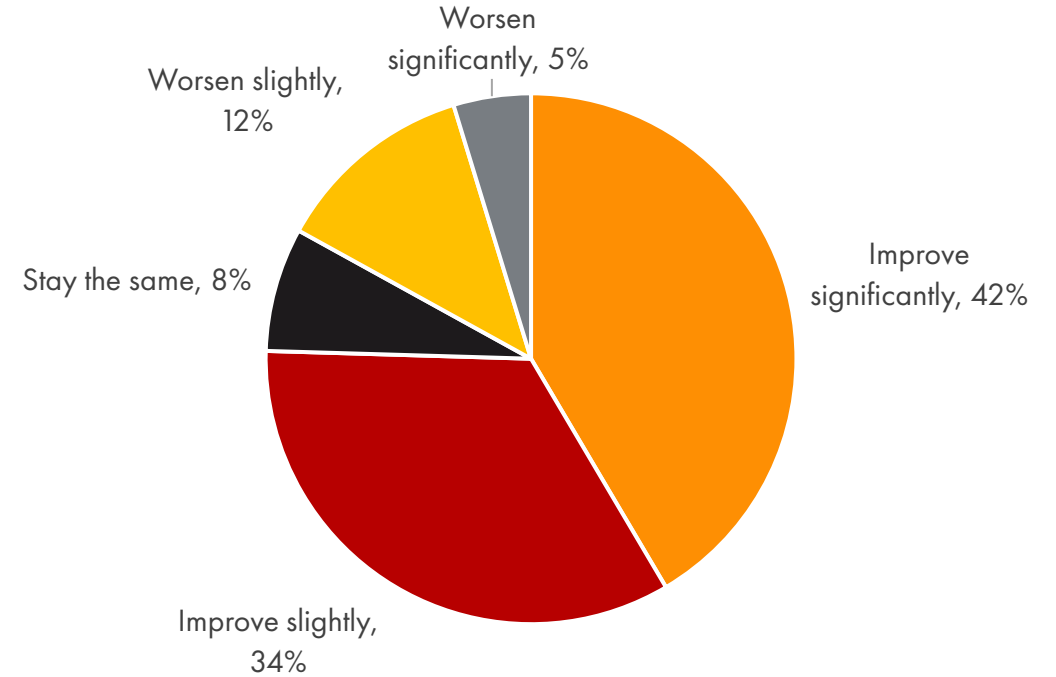
impact of covid pandemic on business.

Most brands and agencies (75%) have reported increases in revenue from the affiliate channel during the pandemic. Overall, most businesses in the survey reported a positive impact from the pandemic, 75% having improved overall business during the last two years of the pandemic. Note that nearly half of the survey sample are in the retail industry and online retail has boomed in Australia during the pandemic. No businesses surveyed had paused temporarily or shut down their business during the pandemic.

affiliate channel revenue during the pandemic



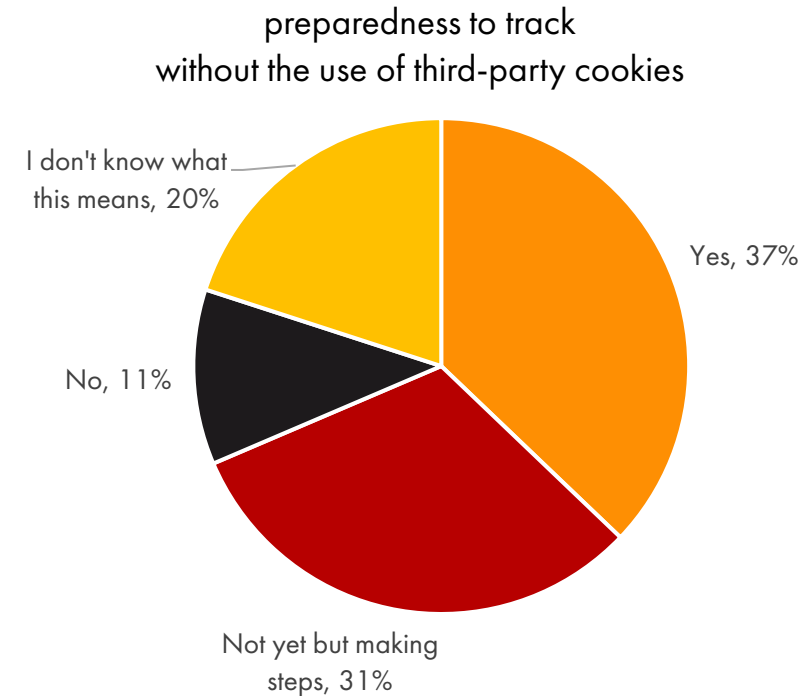
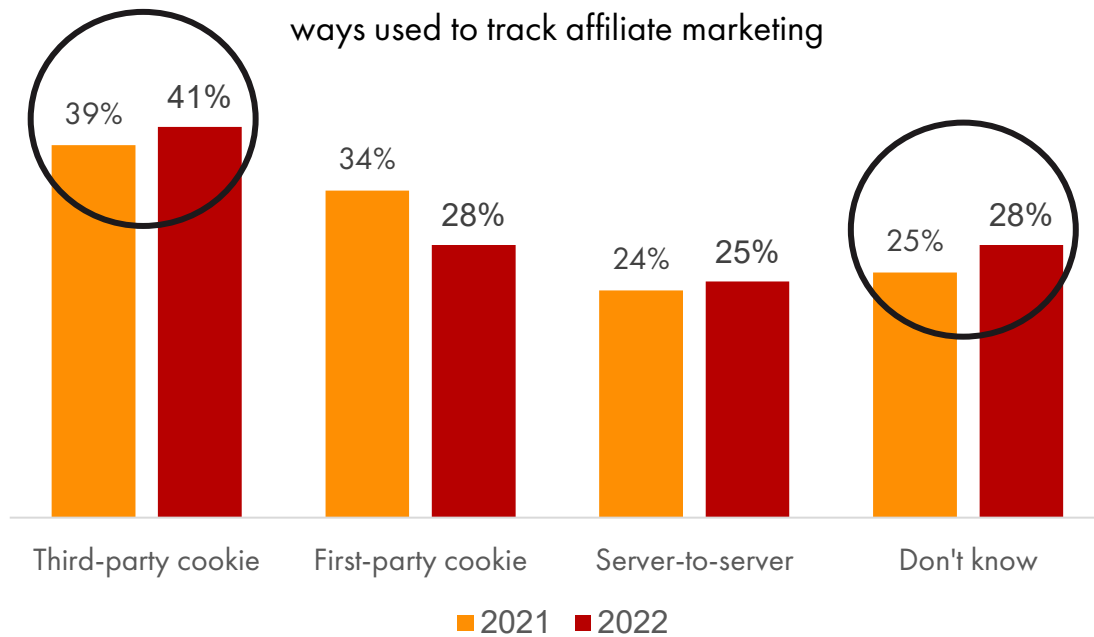
pandemic impact on overall business



usage of **third-party cookies**.

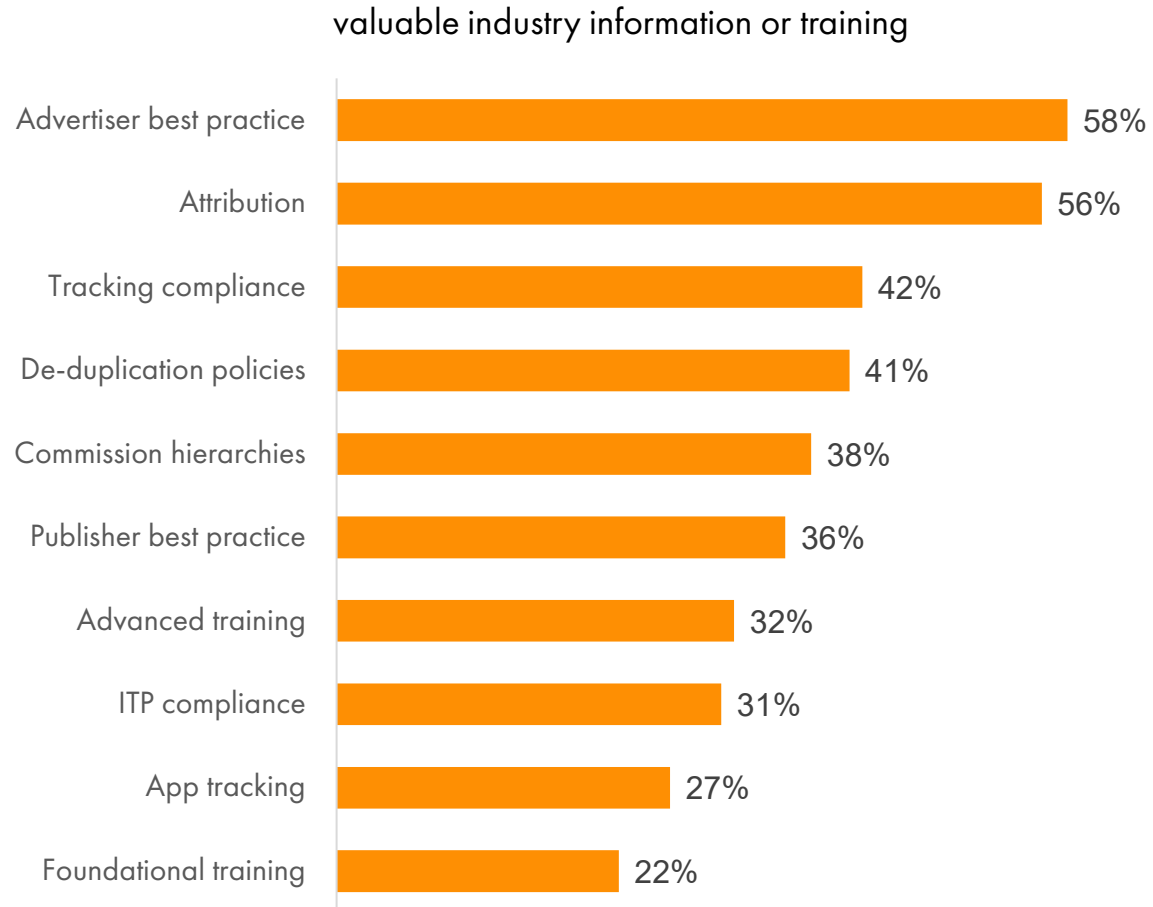
In recent years, browsers and operating systems have been moving away from, and will ultimately retire third-party cookies, to increase consumer privacy. 4 in 10 (41%) respondents continue to use third-party cookies to track Affiliate Marketing with a further 28% not understanding the way they are tracking and whether it is dependent on third-party cookies.

Nearly a third (31%) are not yet making any preparations to track without the use of third-party cookies or are not understanding the issue.

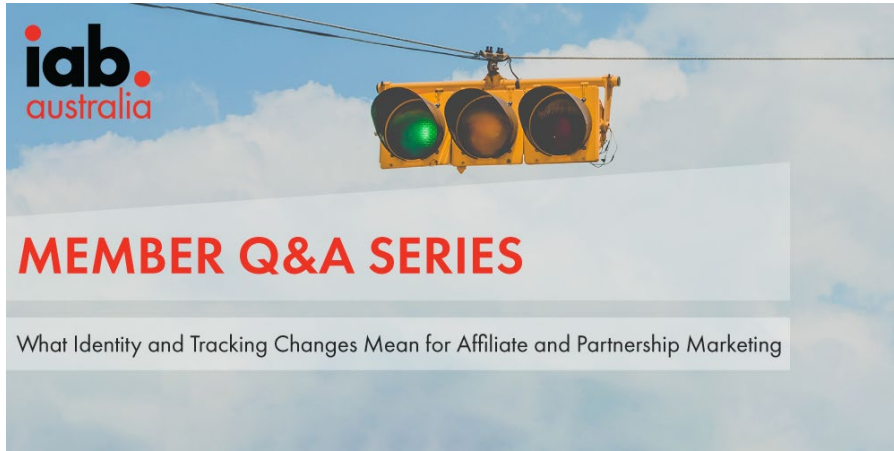


industry education and training.

Further information, education or training on advertiser best practices for affiliate marketing and on attribution measurement would be valuable industry resources for brands and agencies.



further resources.



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