



affiliate and partnership **marketing.**

australian advertiser and publisher industry review



iab affiliate marketing working group.

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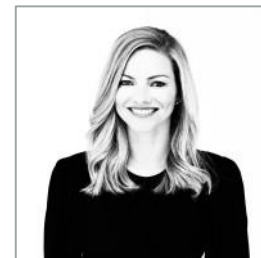
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introduction.

Affiliate Marketing is establishing itself as a valuable and sophisticated acquisition channel for brands. The IAB and its Affiliate Marketing Working Group have published this third 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 to explore experiences and plans with affiliate and partnership marketing from both sides of the industry – agencies and advertisers, along with publishers and partners.

agency & advertiser survey

The IAB Australia Affiliate Marketing Working Group conducted an industry survey over December 2021/January 2022 where responses were gathered from over 140 industry participants from agencies and advertisers who operate affiliate marketing programs in Australia.

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

publisher & partner survey

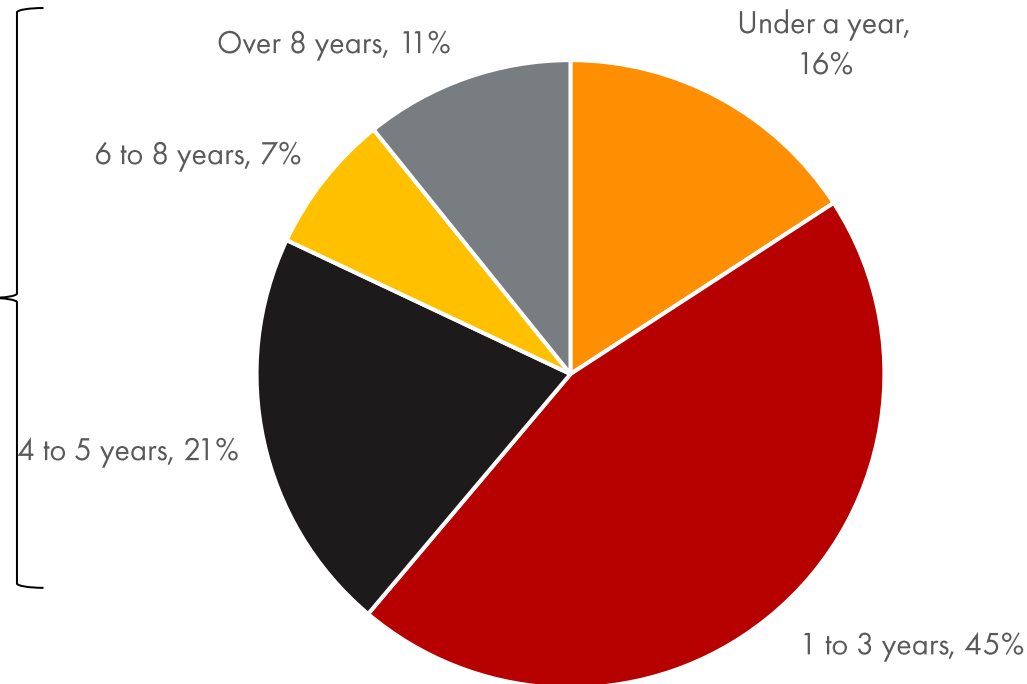
The IAB Australia Affiliate Marketing Working Group conducted an industry survey over April – May 2022 where responses were gathered from 60 industry participants from publishers and partners who operate affiliate marketing programs in Australia

advertiser experience with affiliate marketing.

4 in 10 advertiser respondents (39%) have 5 years or more experience with affiliate marketing. 61% of advertisers have 3 years or less experience, compared to 48% in 2021.

number of years involved with affiliate marketing
amongst advertisers and agencies

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

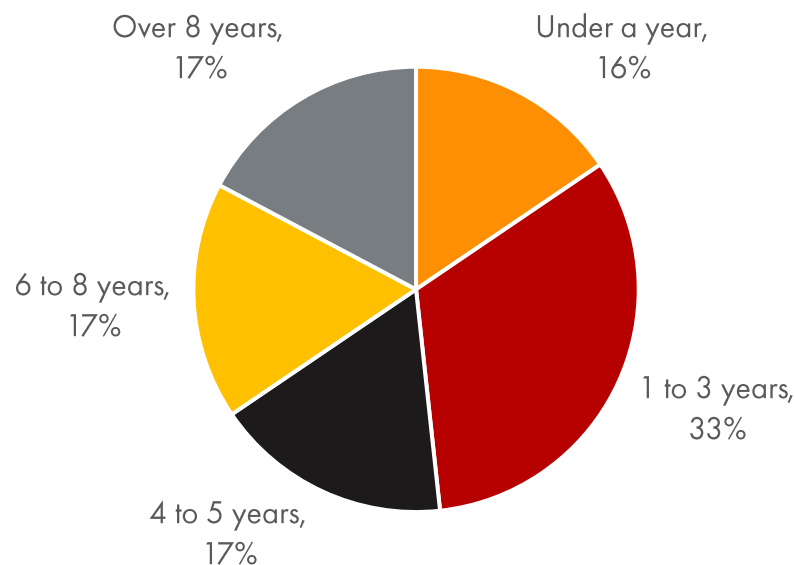


publisher experience with affiliate marketing.

Individuals working in publishers have slightly more experience with affiliate marketing than individuals working for advertisers/agencies (51% of individuals in publishers have 5 years or more experience, compared to 39% working for advertisers/agencies).

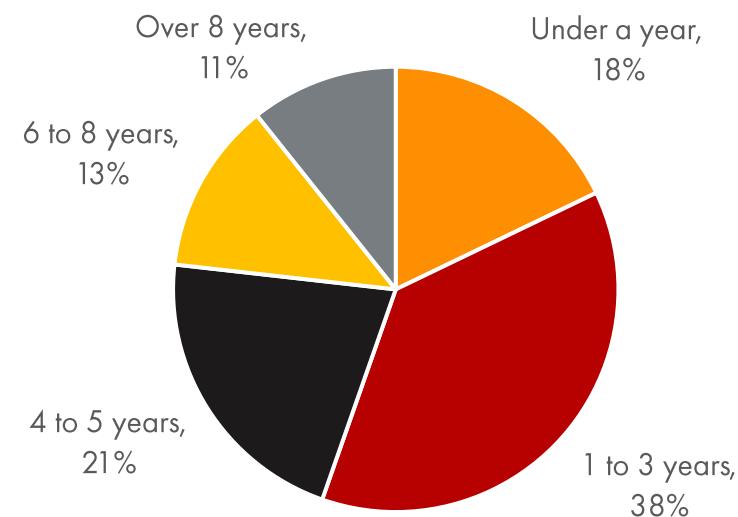
Affiliate and partnerships marketing is a fairly new operation for many publishing companies, with over half (56%) engaging within the last 3 years.

individual experience with affiliate marketing
amongst publishers



Half of respondents (51%) with 5 years or more experience with affiliate marketing.

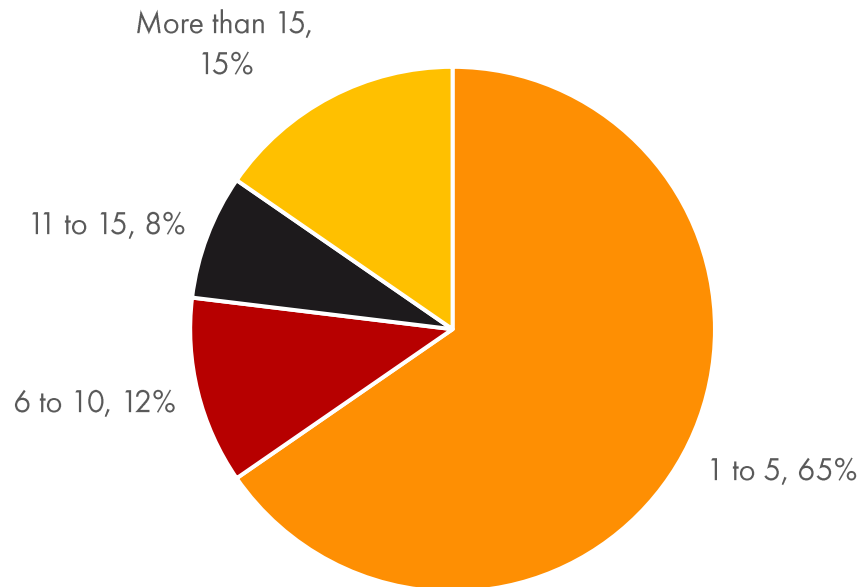
company experience with affiliate marketing
amongst publishers



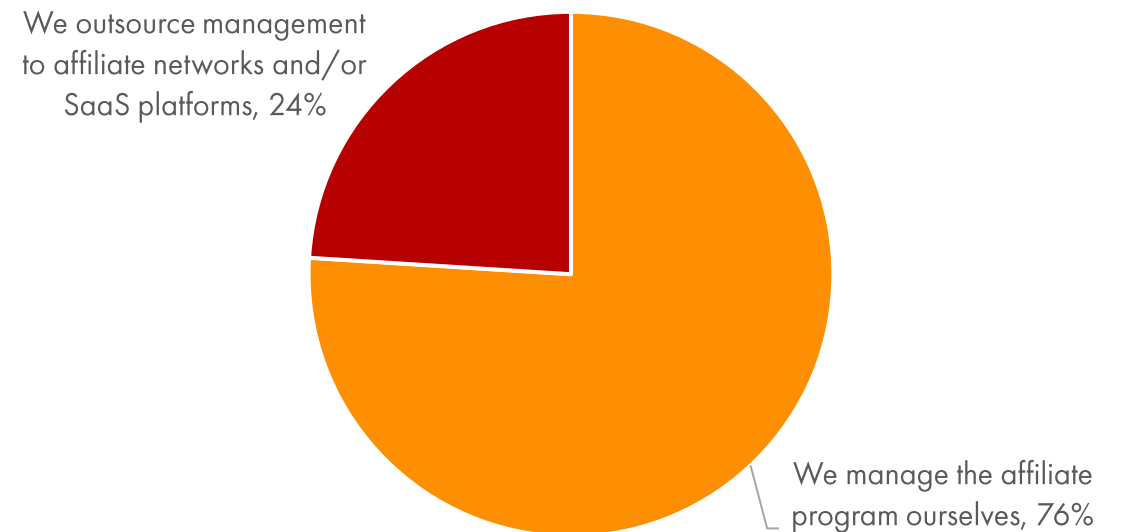
agencies engaged with affiliate marketing.

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
amongst agencies**



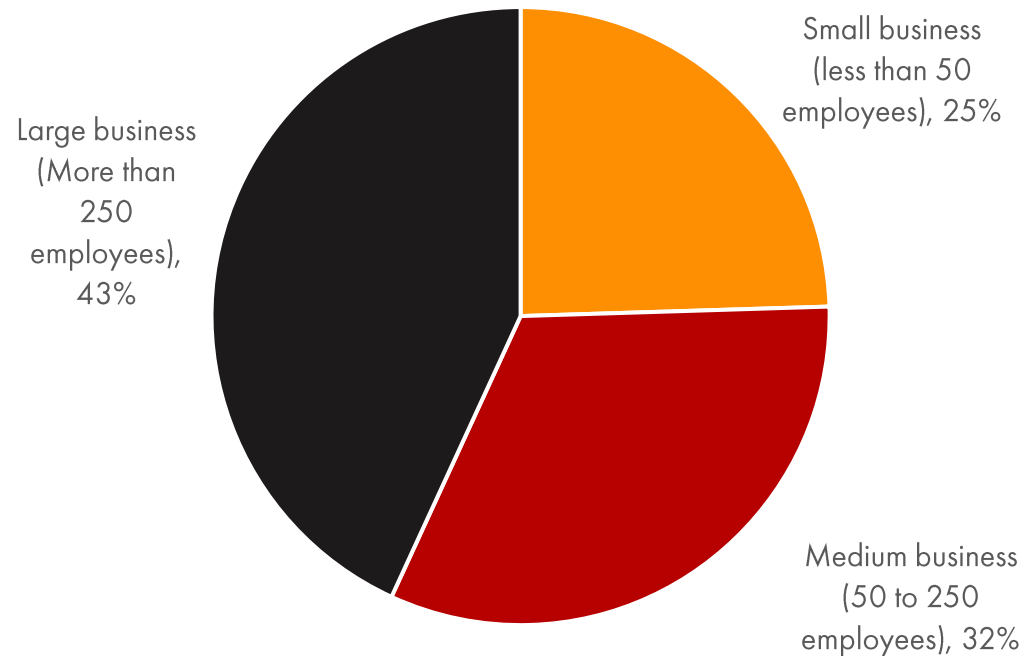
**responsibility for managing affiliate programs
amongst agencies**



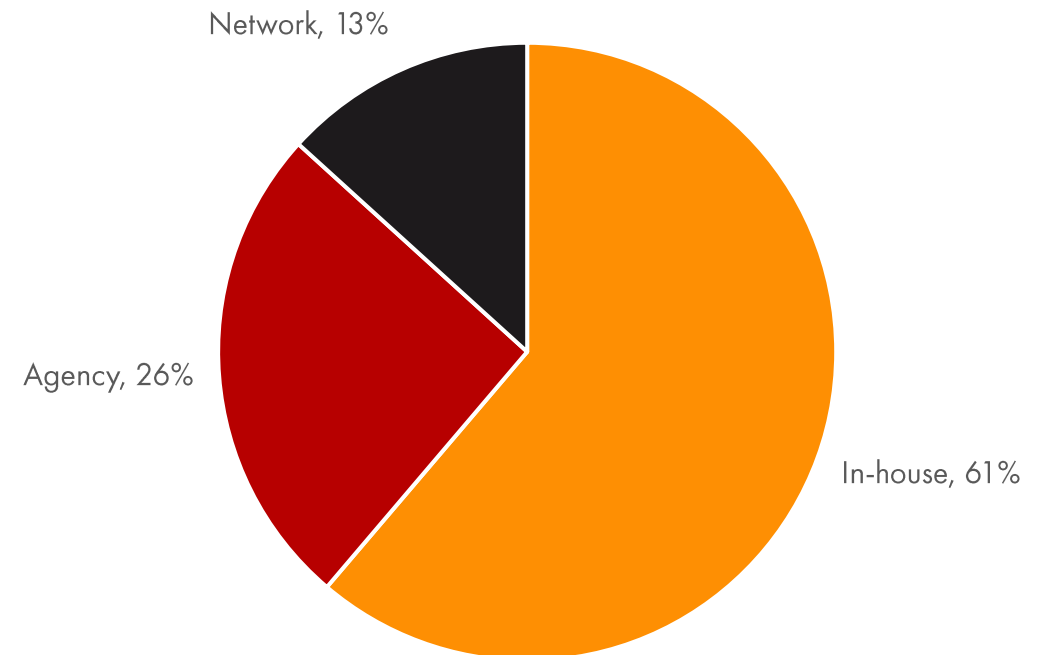
advertisers engaged with affiliate marketing.

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.

size of advertiser company
amongst advertisers



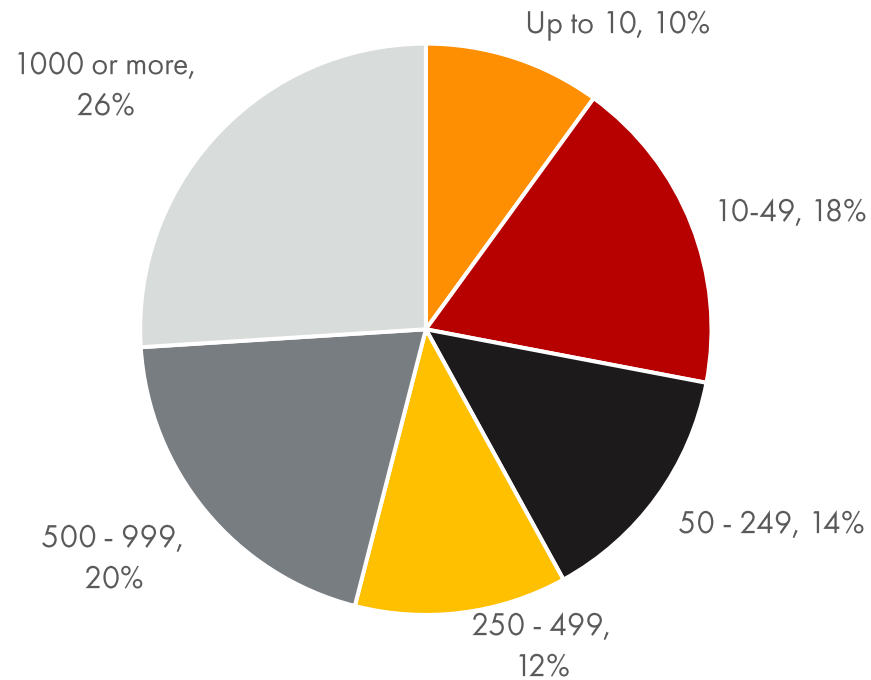
responsibility for managing affiliate programs
amongst advertisers



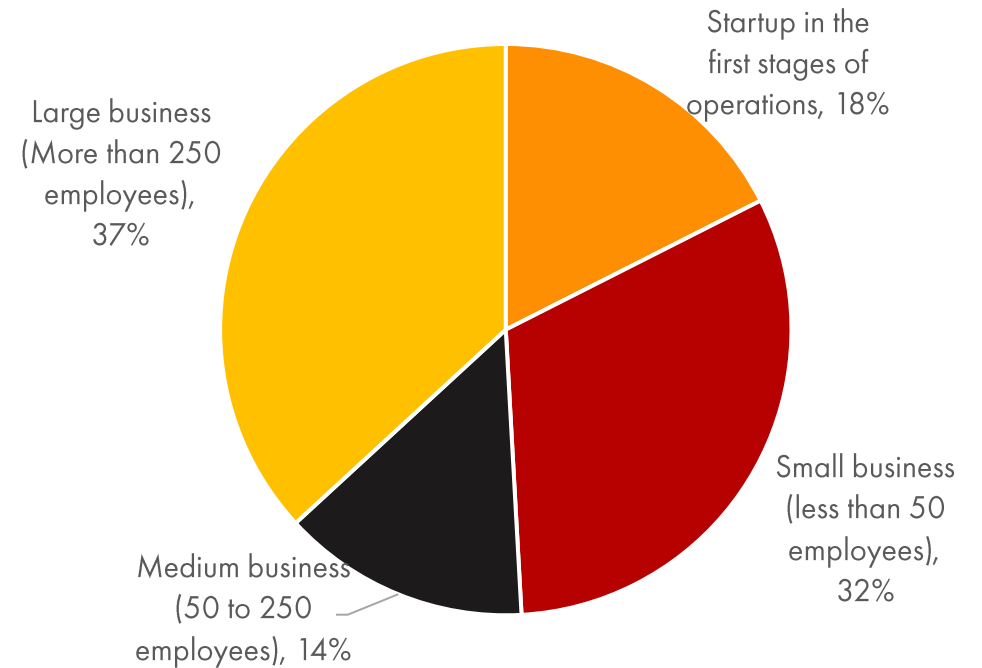
publishers engaged with affiliate marketing.

Half of publisher respondents are from medium/large sized publishers. These publishers are working with a significant number of advertisers on their affiliate partnerships, nearly half (46%) with over 500 advertisers.

number of affiliate partnerships with advertisers
amongst publishers



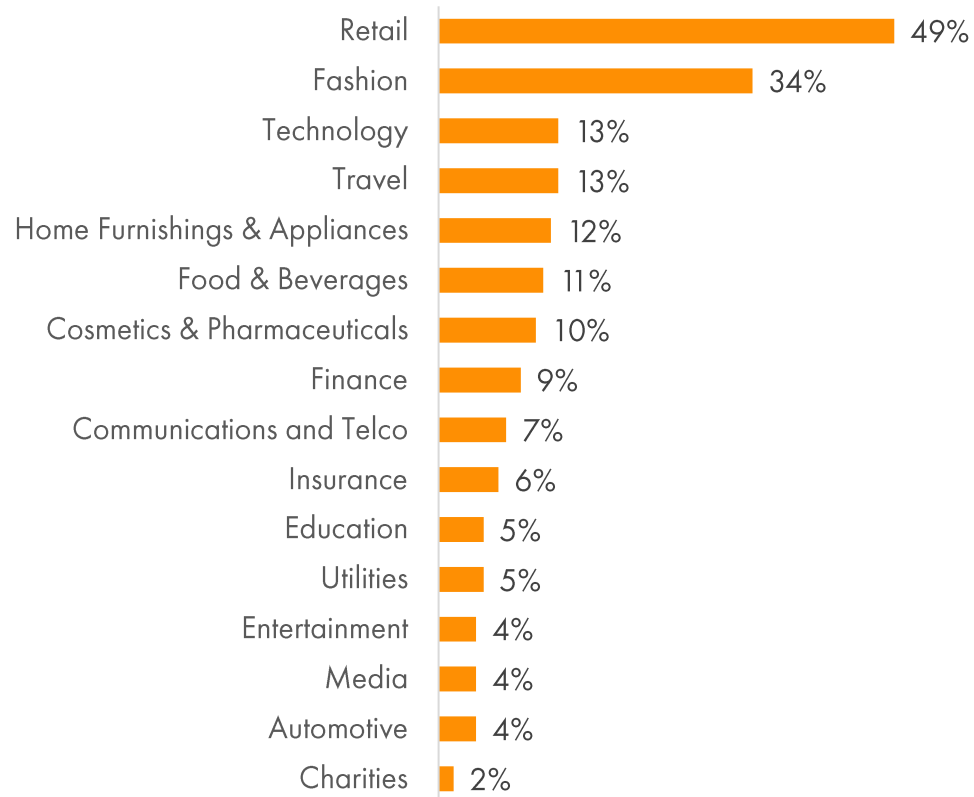
size of publisher company
amongst publishers



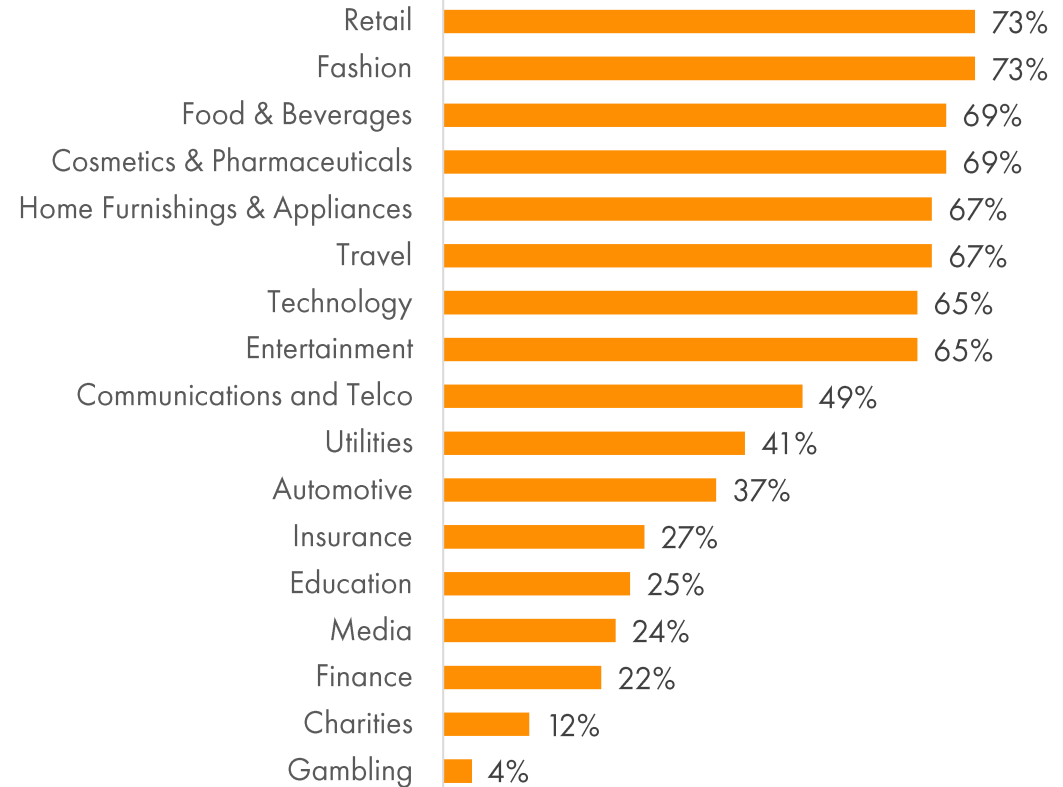
industries of operations.

Affiliate marketers and publishers operate across a range of industries. Retail and fashion are the most popular industries for operating affiliate marketing programs. Nearly half of advertiser/agency respondents are operating in the retail industry, while 73% of publishers are operating in the retail industry.

advertiser industries of operation



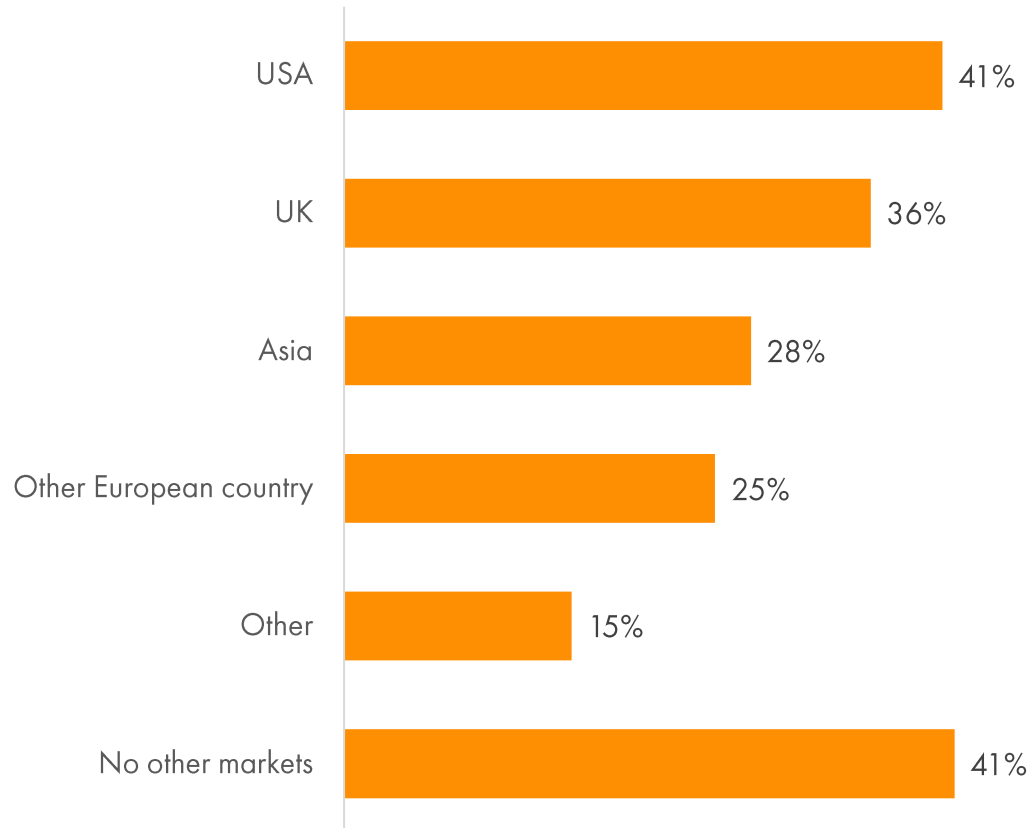
publisher industries of operation



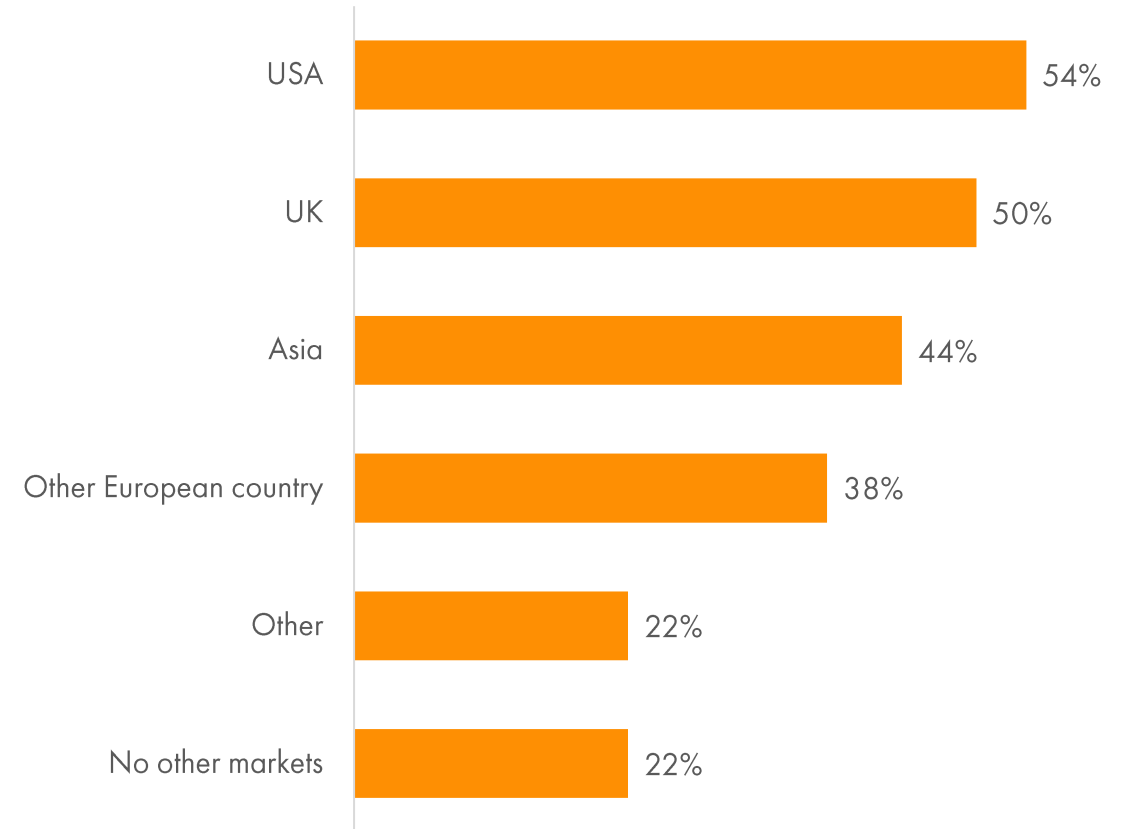
markets of operations.

59% of advertisers operate affiliate marketing in an overseas market and 78% of publishers also operate in other markets.

advertiser countries of operation

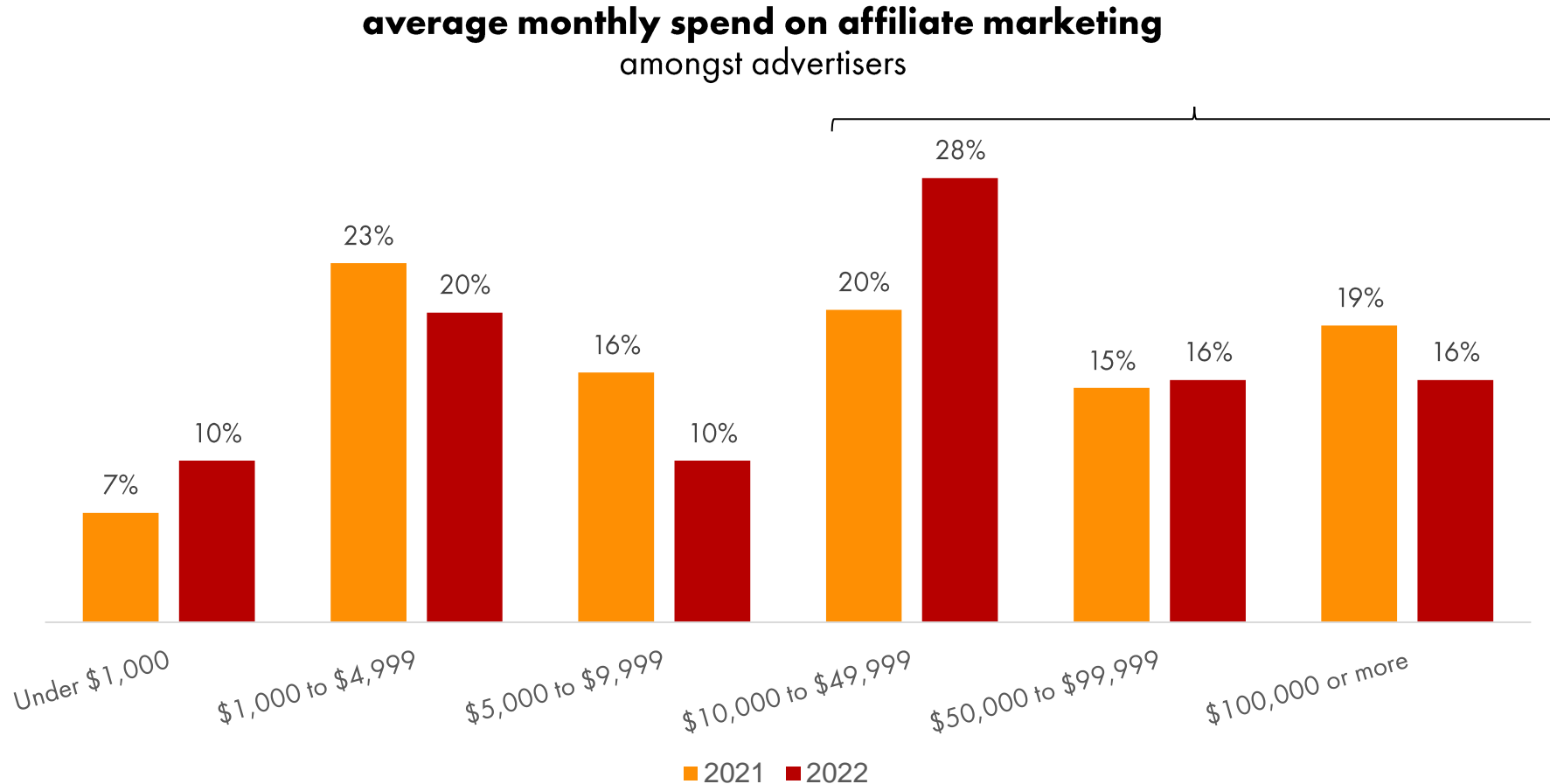


publisher countries of operation



advertiser average monthly spend.

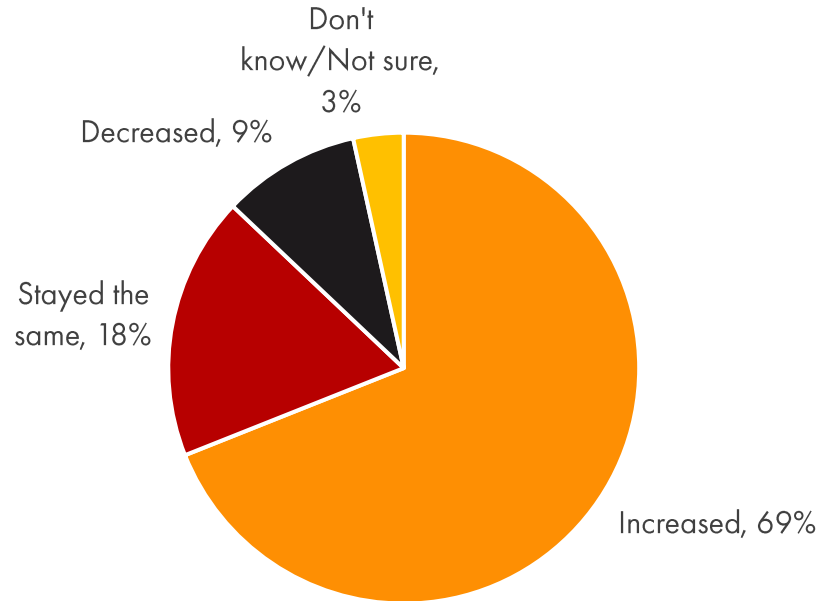
Affiliate marketers invest across a range of monthly budgets. In 2022 advertiser expenditure on affiliate marketing has slightly lifted on the previous year, with more investing in the \$10k - \$50k range. 60% invest more than \$10k per month (up from 54% last year).



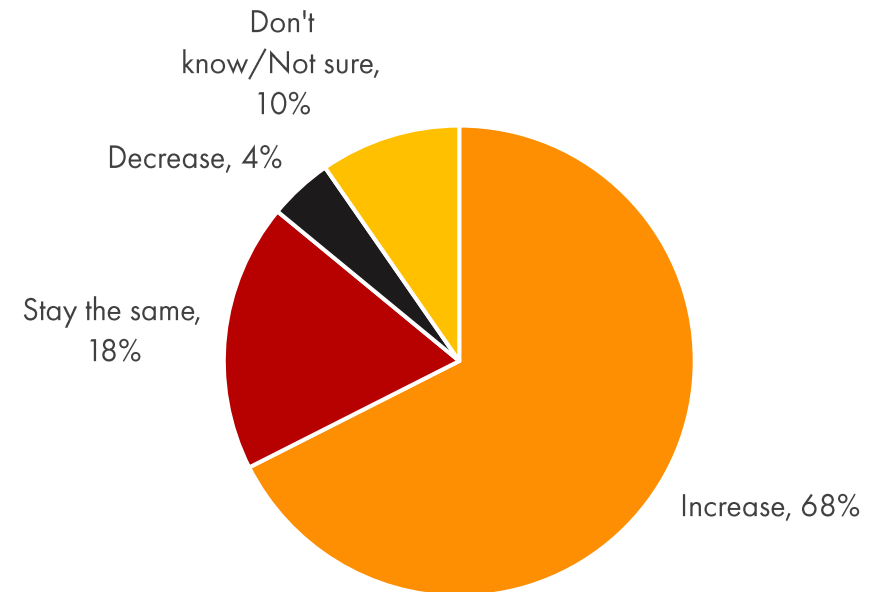
advertiser investment changes.

Nearly 7 in 10 advertisers/agencies (69%) are reporting their budgets for affiliate marketing have increased over the last year. 68% intend to increase their spend on affiliate marketing again over the next year.

spend change over the last year
amongst advertisers



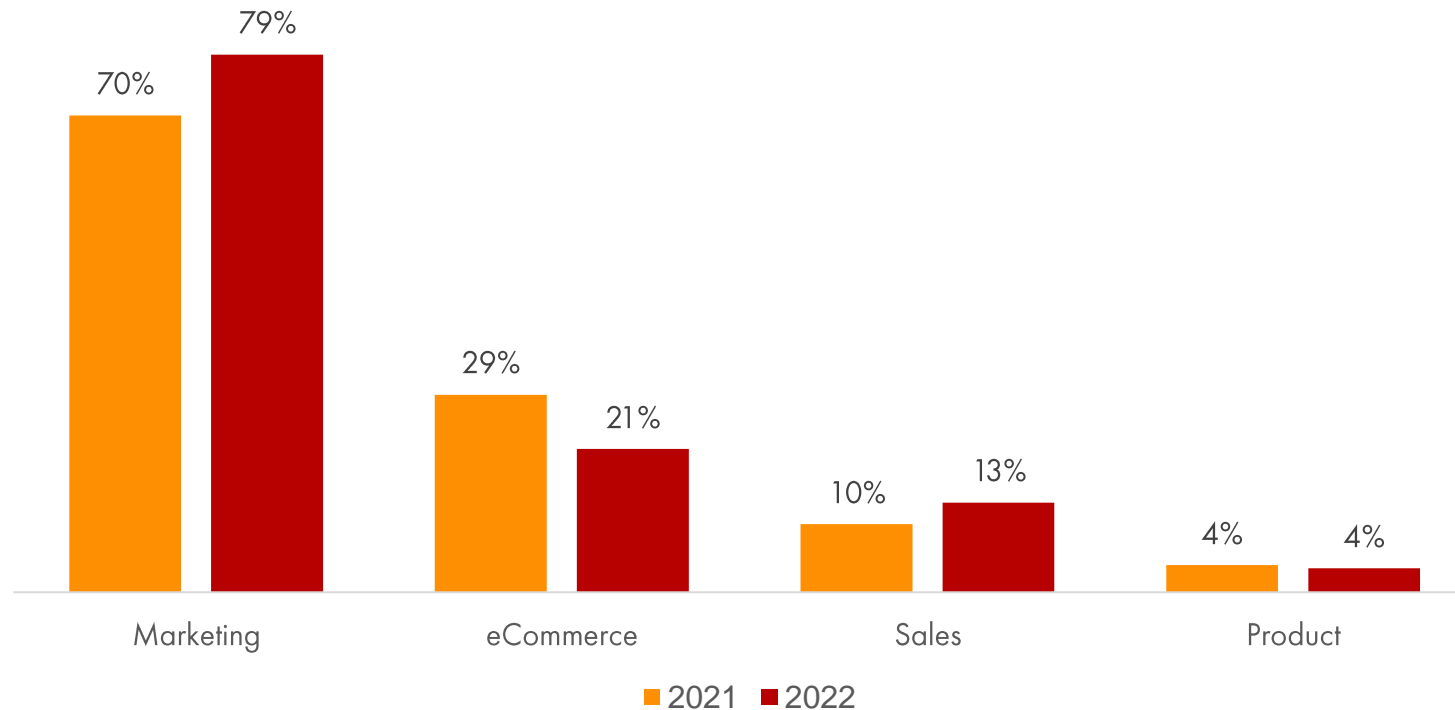
intention to change spend over the next year
amongst advertisers



advertiser budget areas for affiliate marketing.

Advertiser budgets 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).

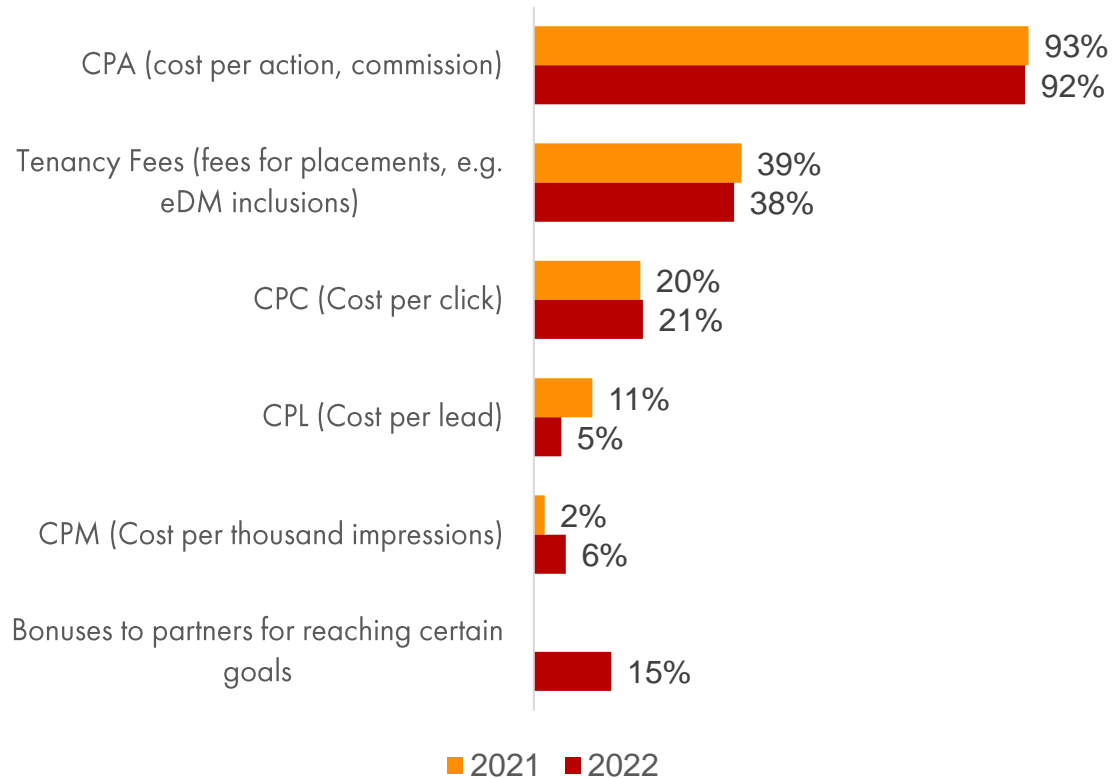
business area budgets for affiliate marketing
amongst advertisers



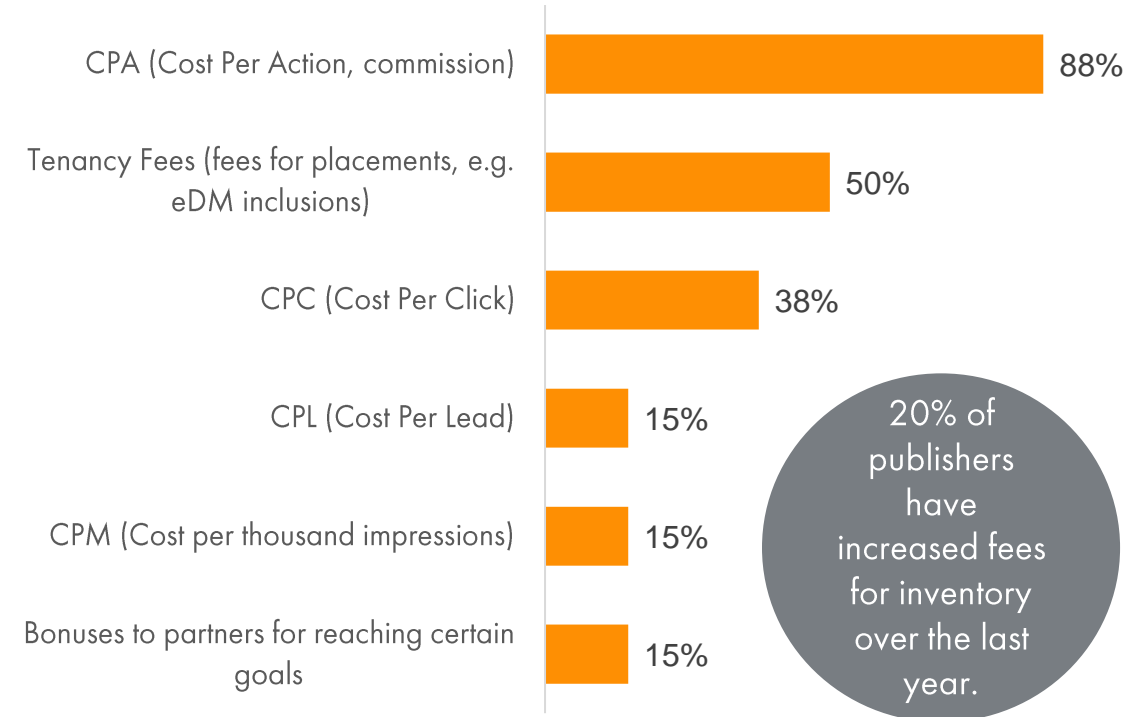
payment models.

CPA is 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).

payment models used by advertisers



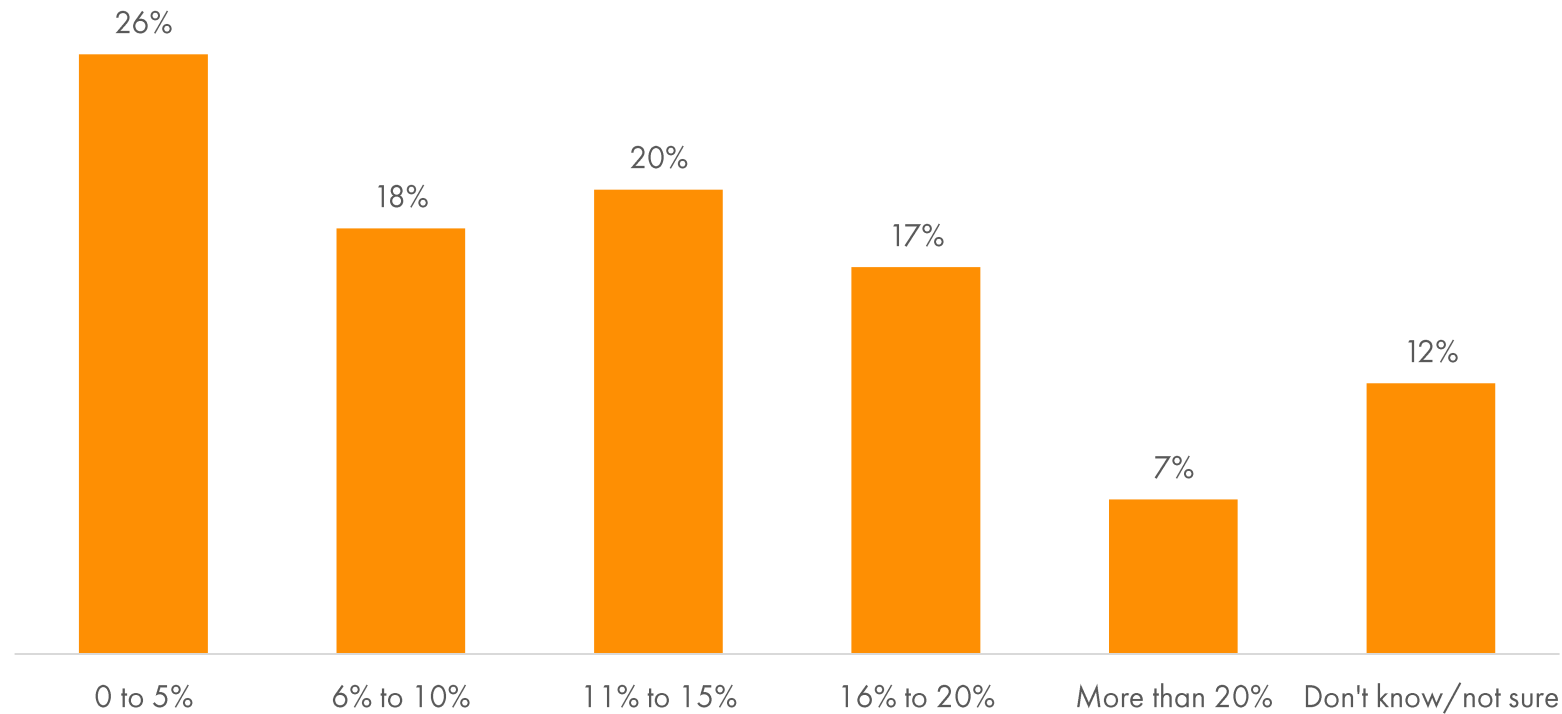
payment models used by publishers



share contribution to advertiser online revenue.

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

affiliate marketing contribution to advertisers total online revenue
amongst advertisers

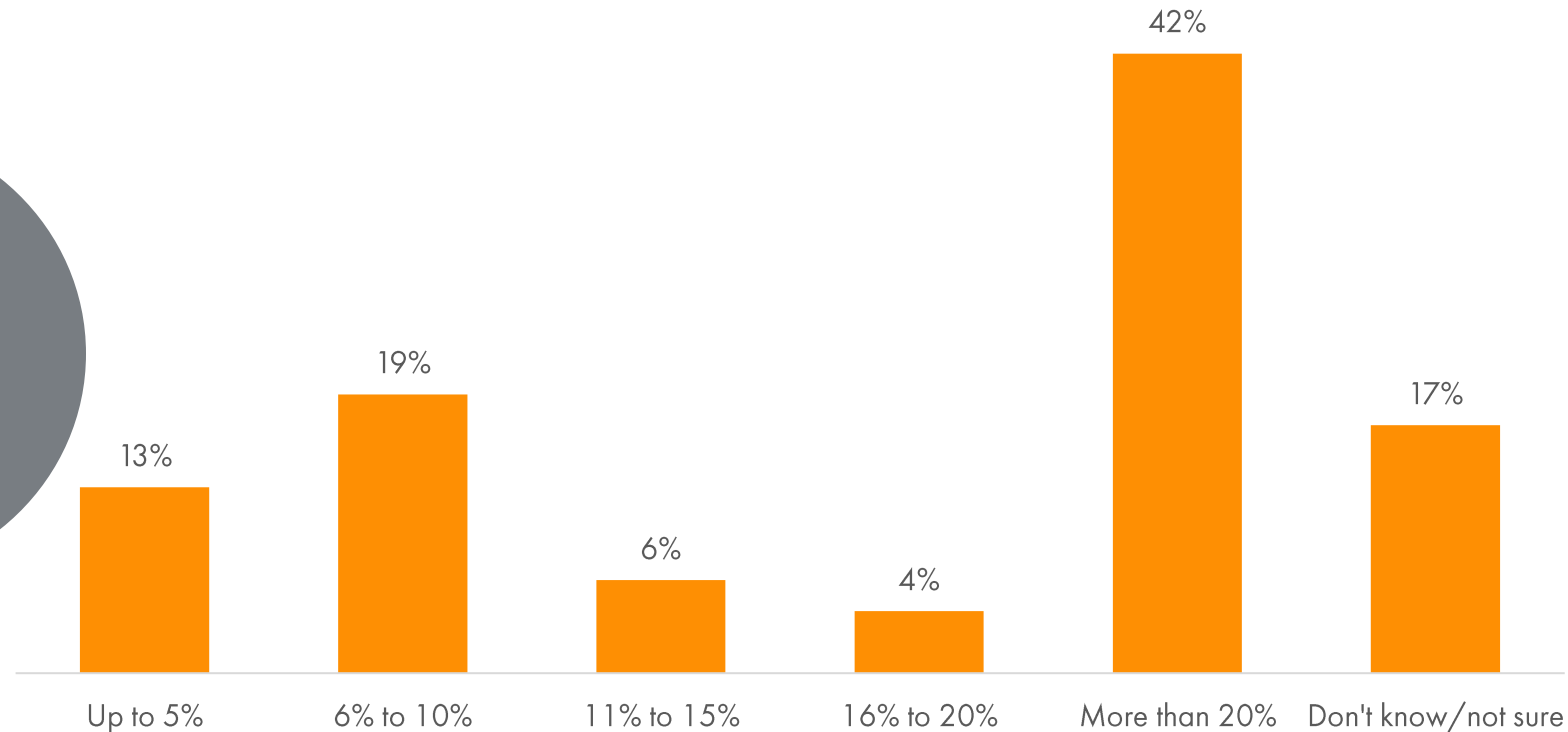


share contribution to publisher online revenue.

For 4 in 10 publishers, affiliate marketing contributes more than 20% of their online revenue.

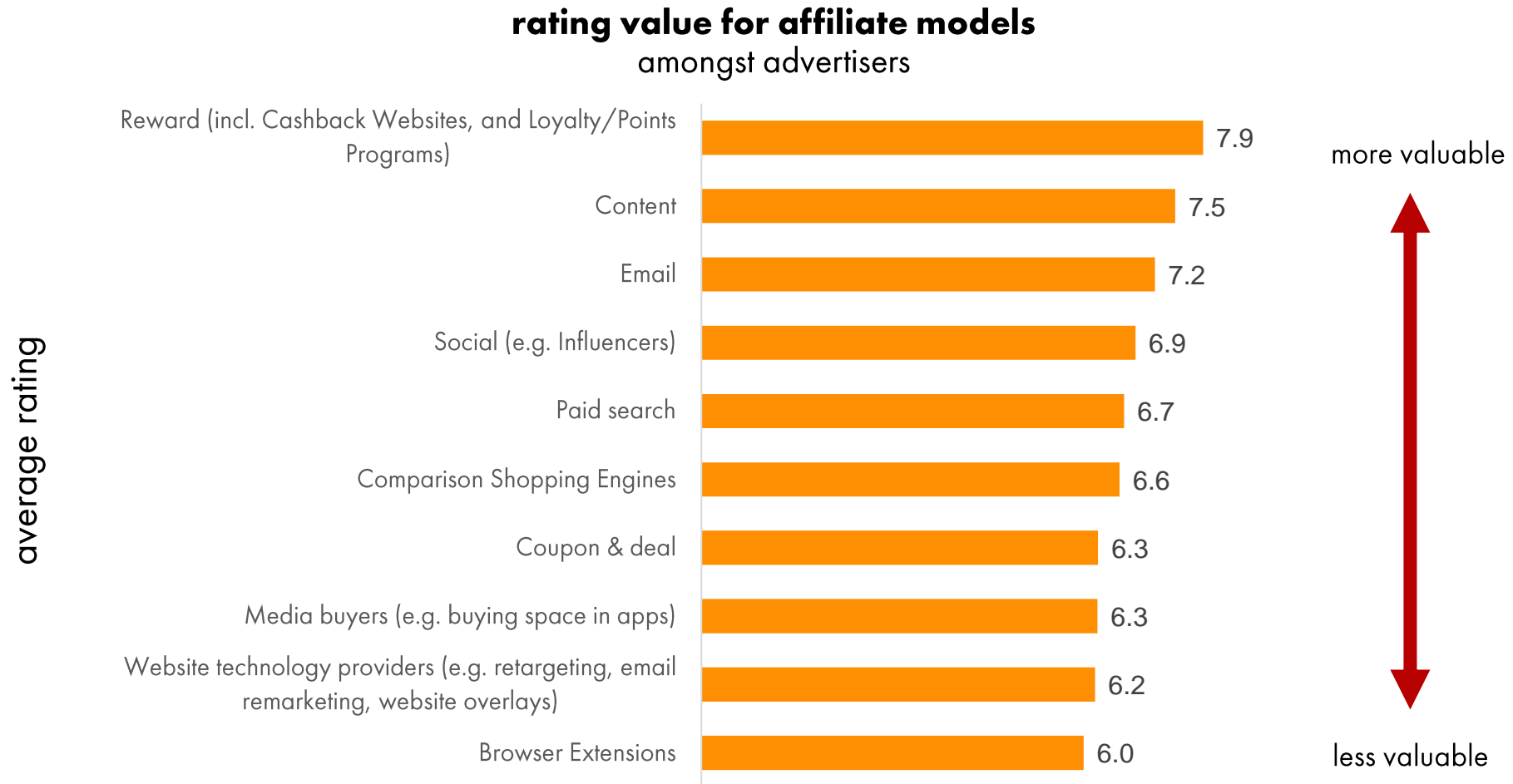
affiliate marketing contribution to publisher online revenue
amongst publishers

For 70% of publishers the contribution of affiliate to online revenue has grown over the last two years.



advertiser value of affiliate models.

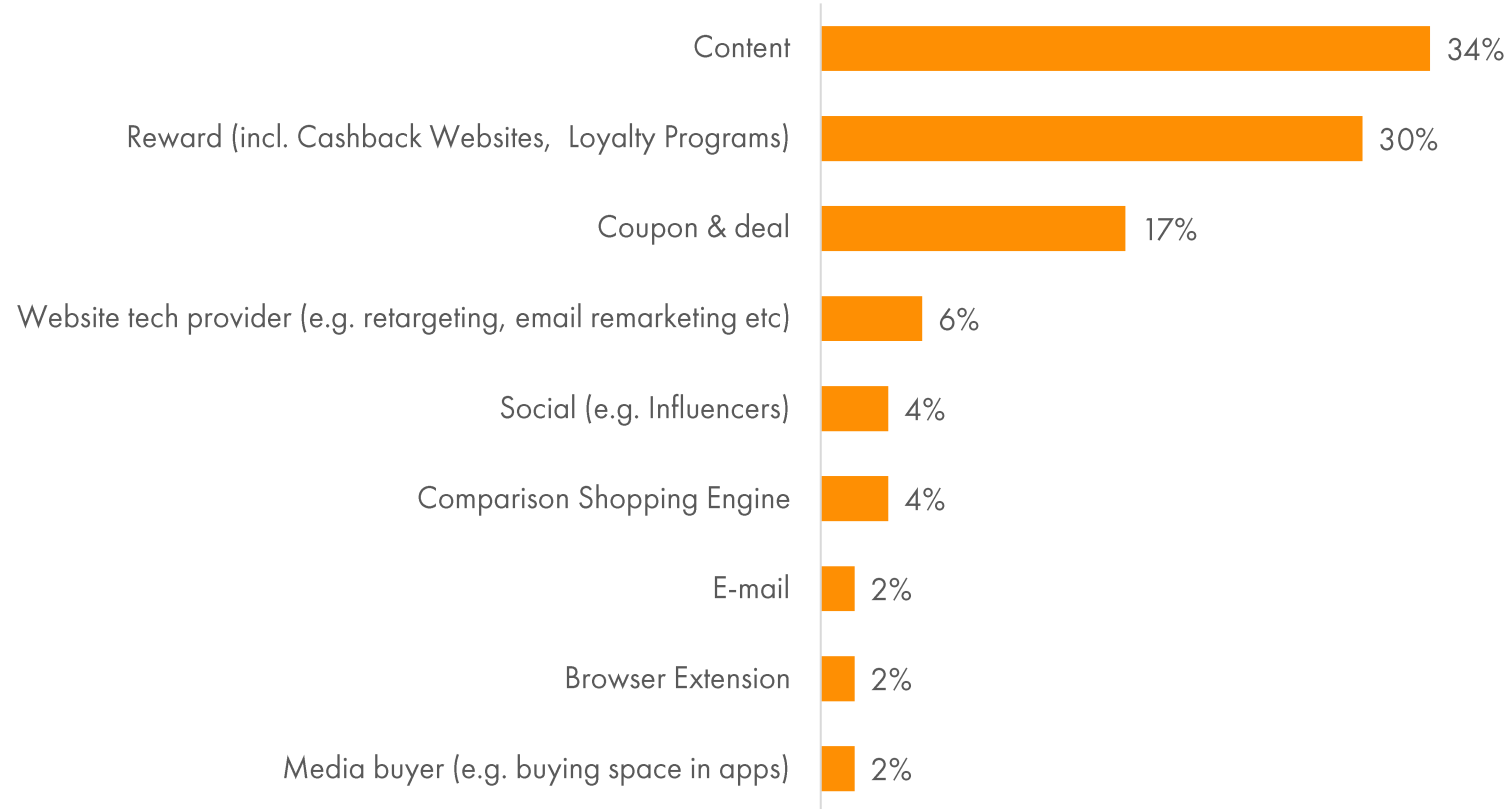
On a scale of 1 to 10, with 10 being most valuable, Reward Models (incl. Cashback Websites, and Loyalty/Points Programs) were rated on average as the most valuable advertisers. The value and ranking for each model has not changed over the last year.



publisher usage of affiliate models.

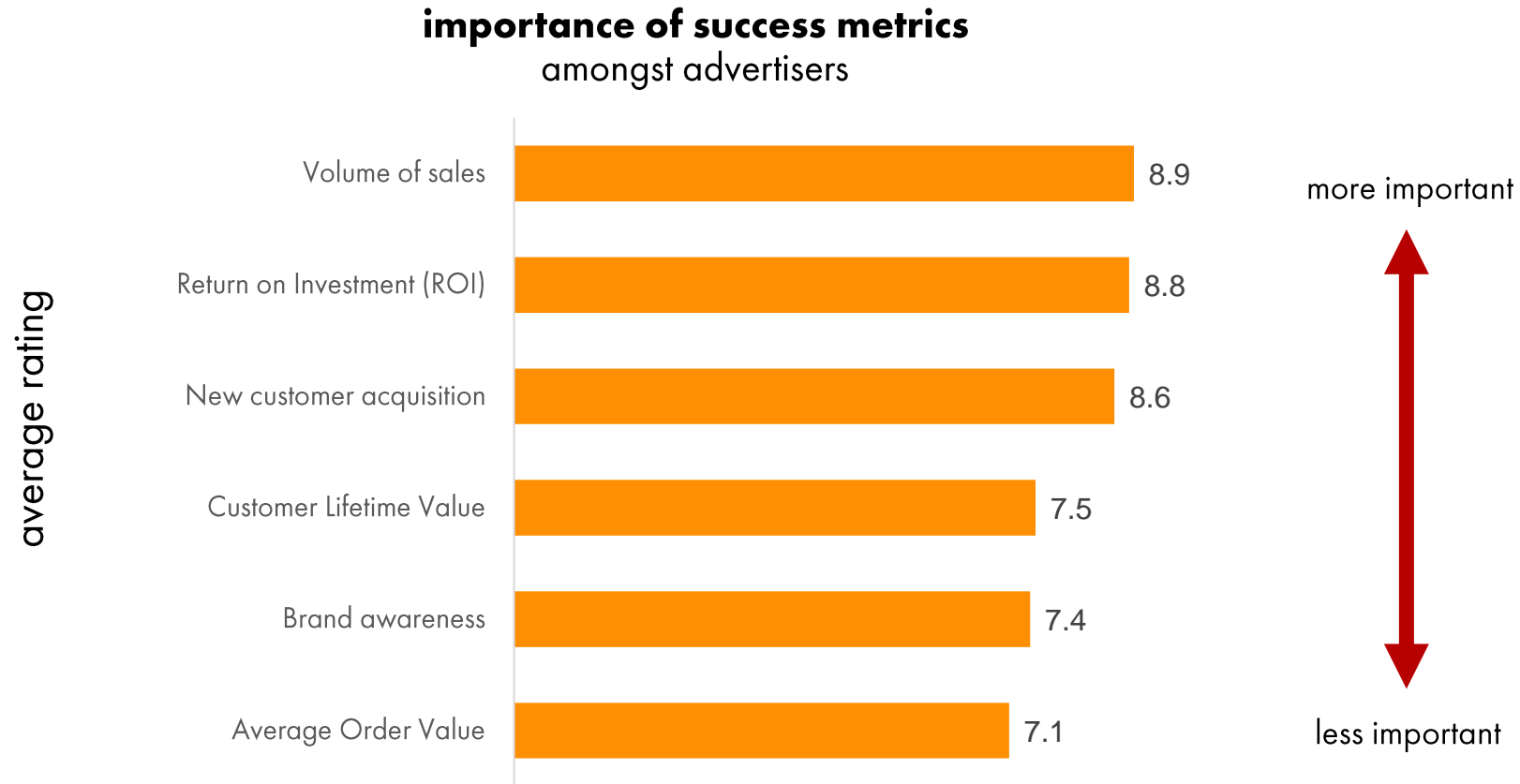
Content and reward models are the most used promotion methods for publisher affiliate programs. These models were also rated as the most valuable to advertisers.

primary promotional method used for the affiliate marketing program amongst publishers



advertiser measures of success.

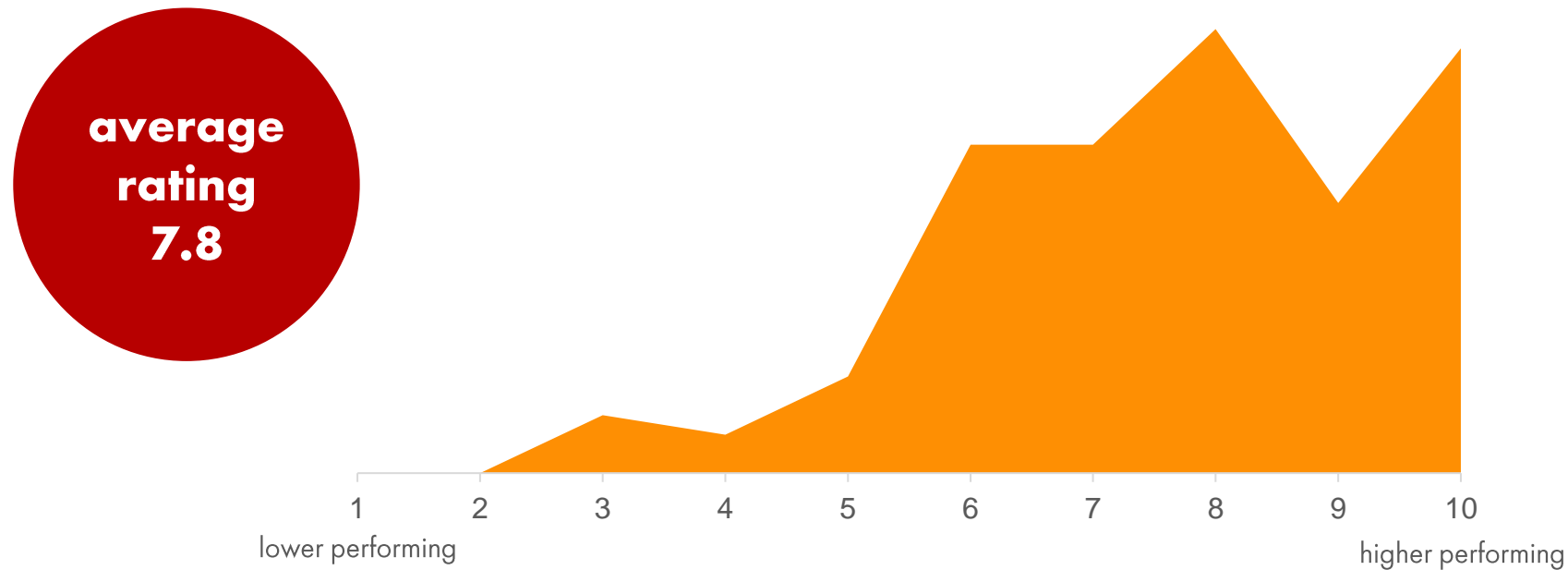
On a scale of 1 to 10, with 10 being most important, sales, ROI and new customer acquisition were on average rated the more important success metrics when advertisers are assessing affiliate marketing. The importance of these metrics has not changed over the last year.



advertiser ROI success.

On a scale of 1 to 10, with 10 being higher performing, affiliate marketing was rated by advertisers on average 7.8 for delivering return on investment compared to other marketing activities. 72% of advertisers 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.

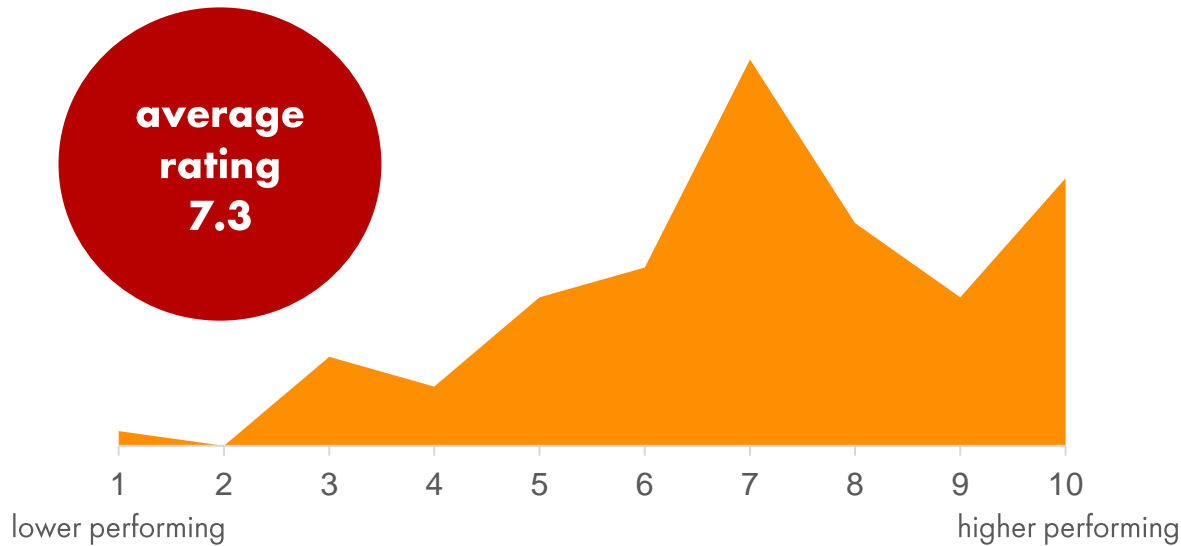
affiliate marketing compared to other marketing activities for delivering return on investment amongst advertisers



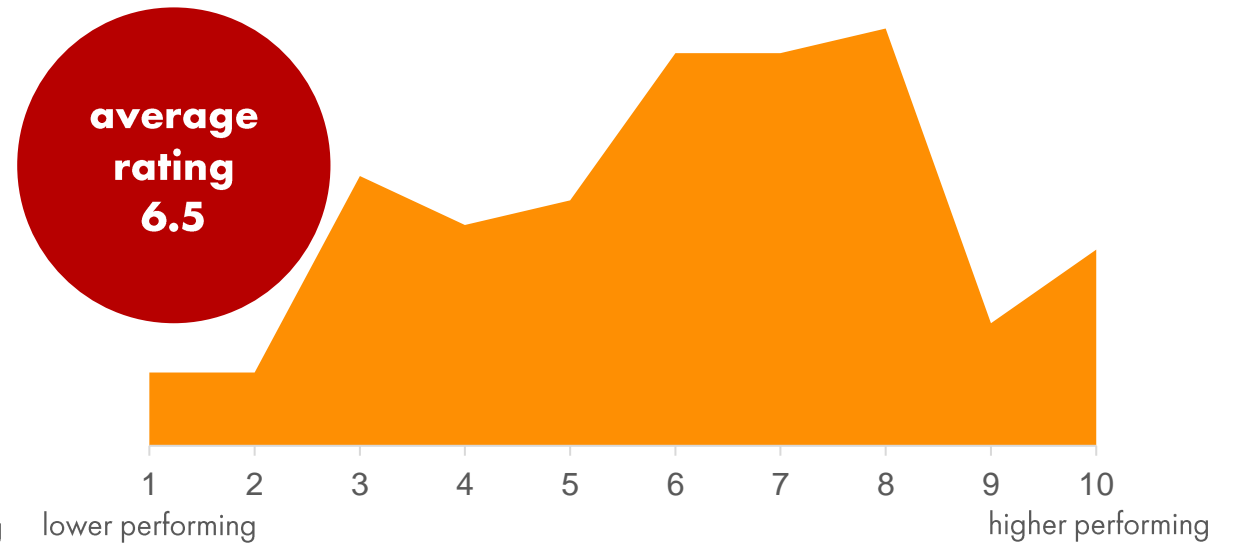
customer acquisition and retention success.

On a scale of 1 to 10, with 10 being higher performing, 65% of advertisers rated affiliate marketing as 7 or above out of 10 in achieving customer acquisition compared to other marketing activities. 43% of advertisers 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**
amongst advertisers



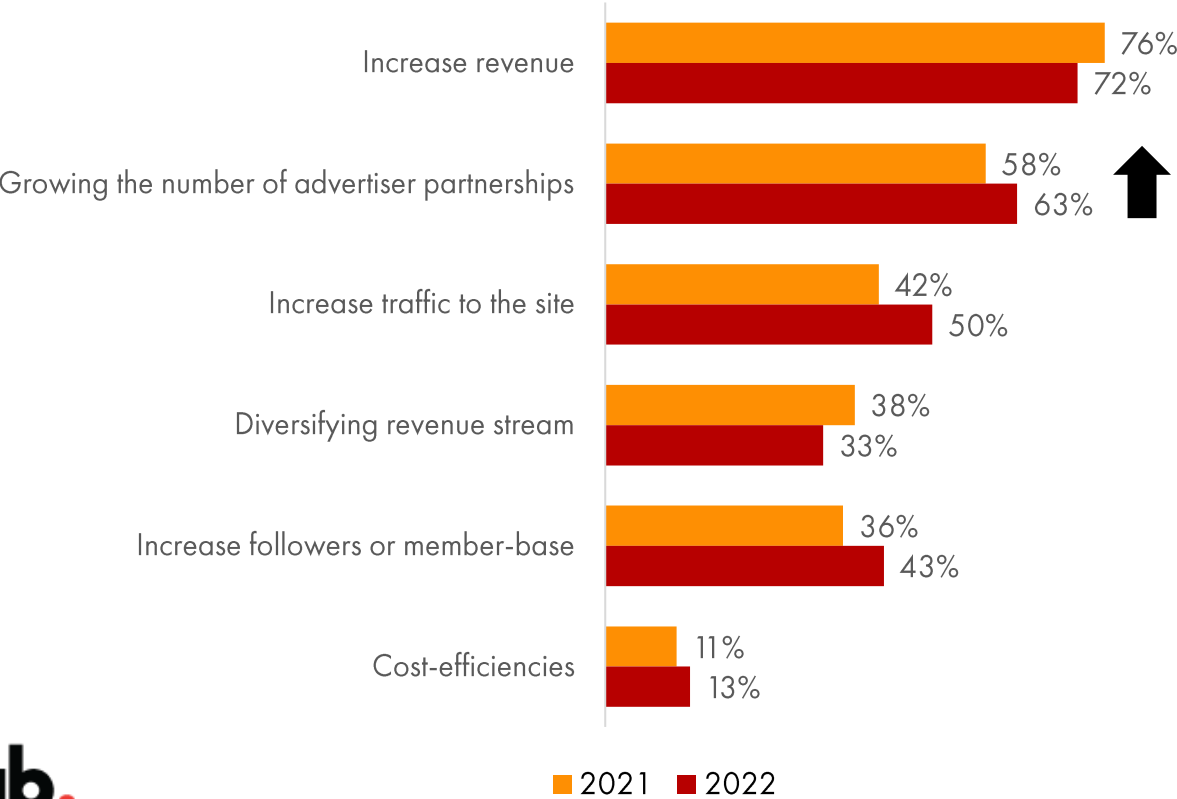
**affiliate marketing compared to other marketing activities
for delivering customer retention**
amongst advertisers



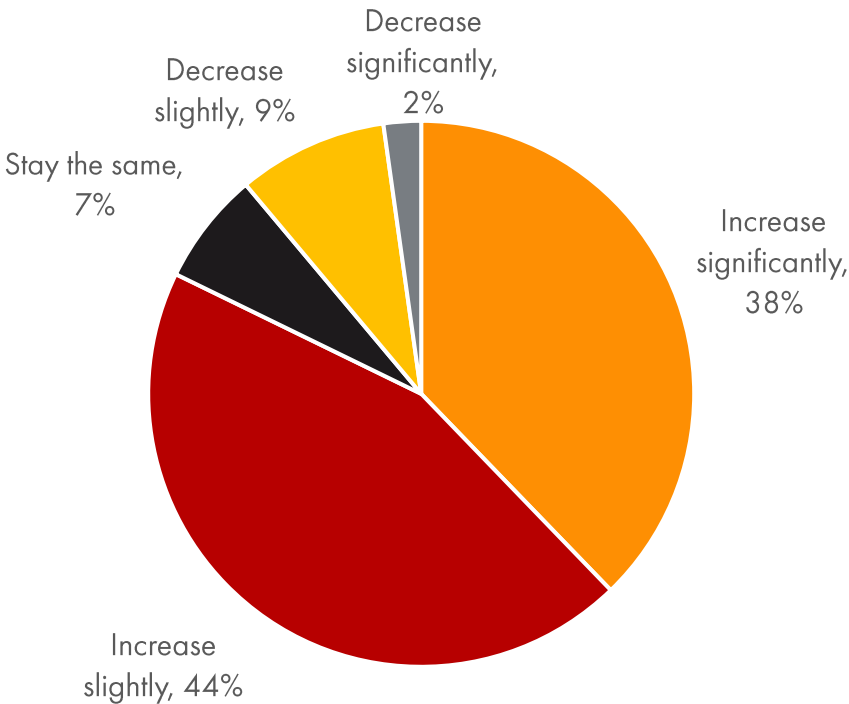
business objectives for publishers.

As expected, publishers are focused on increasing revenue as their main business objective, but they have a range of other objectives including growing advertiser partnerships. Publishers are achieving their growth objectives, with 82% increasing the number of affiliate advertisers they work with over the last two years.

main business objectives
amongst publishers



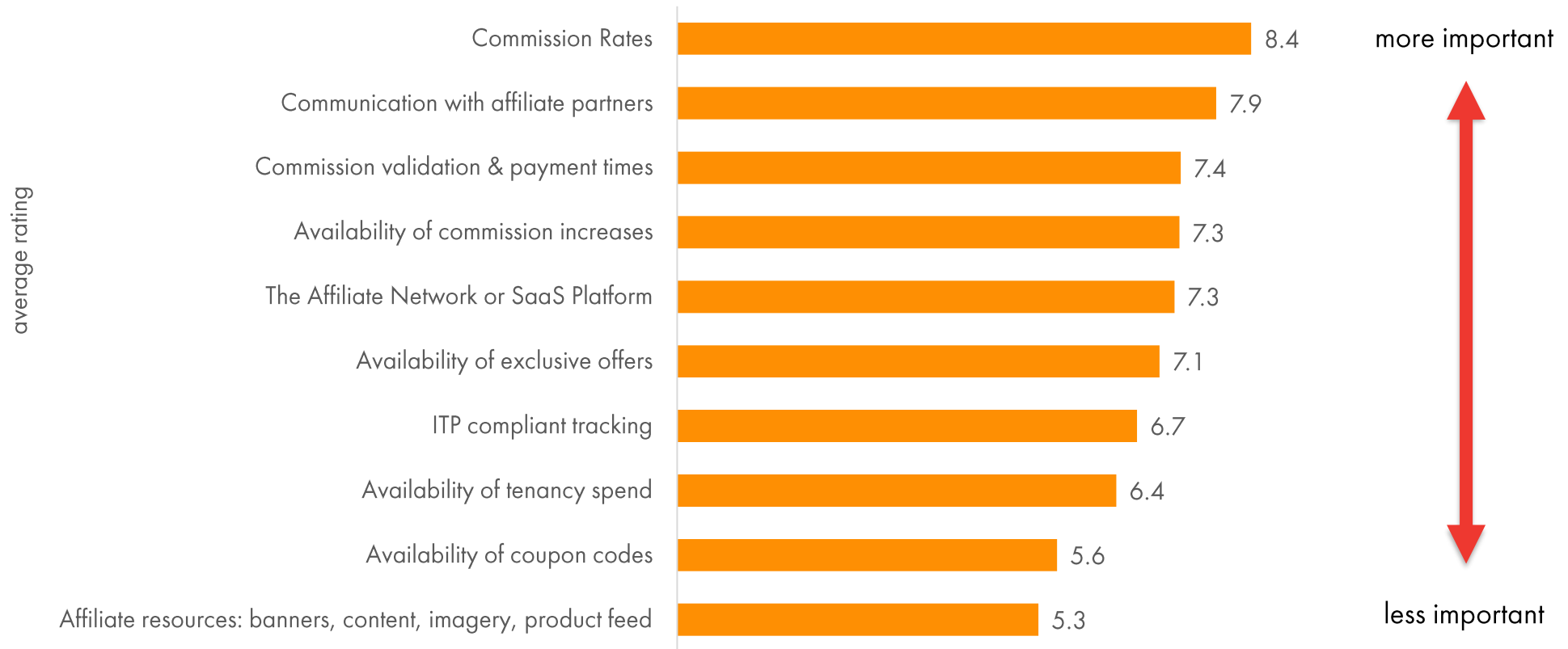
change in number of affiliate advertisers
over last two years
amongst publishers



important features for publishers.

On a scale of 1 to 10, with 10 being most important, commission rates, communication with affiliate partners and commission validation and payment times were on average rated as more important features by publishers when working with advertisers on affiliate programs.

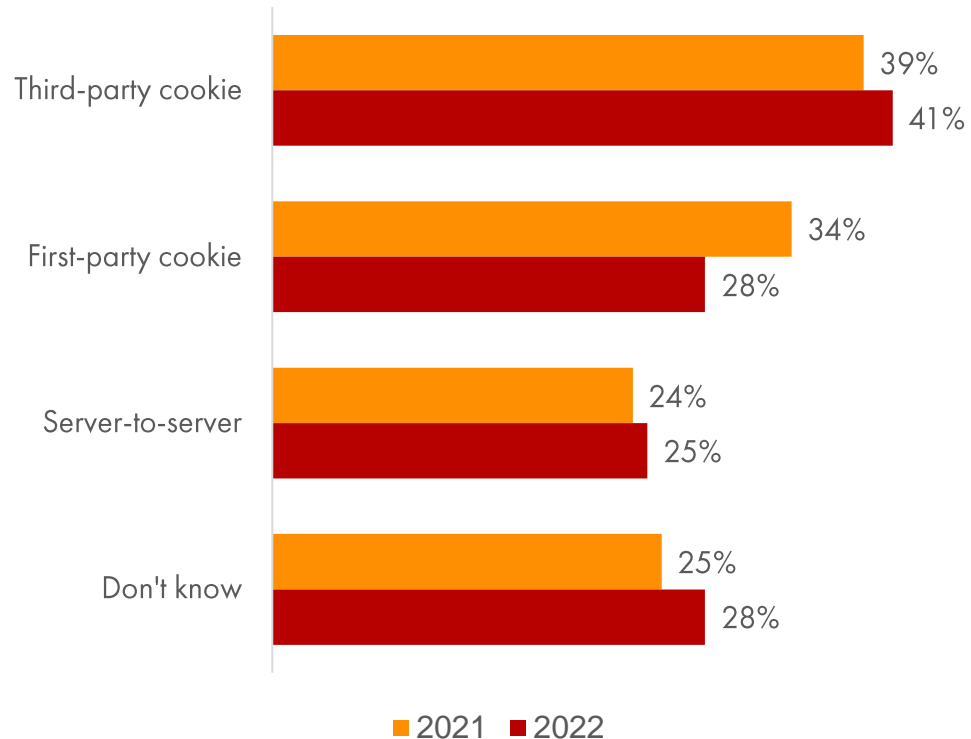
importance of features when working with advertisers on affiliate programs amongst publishers



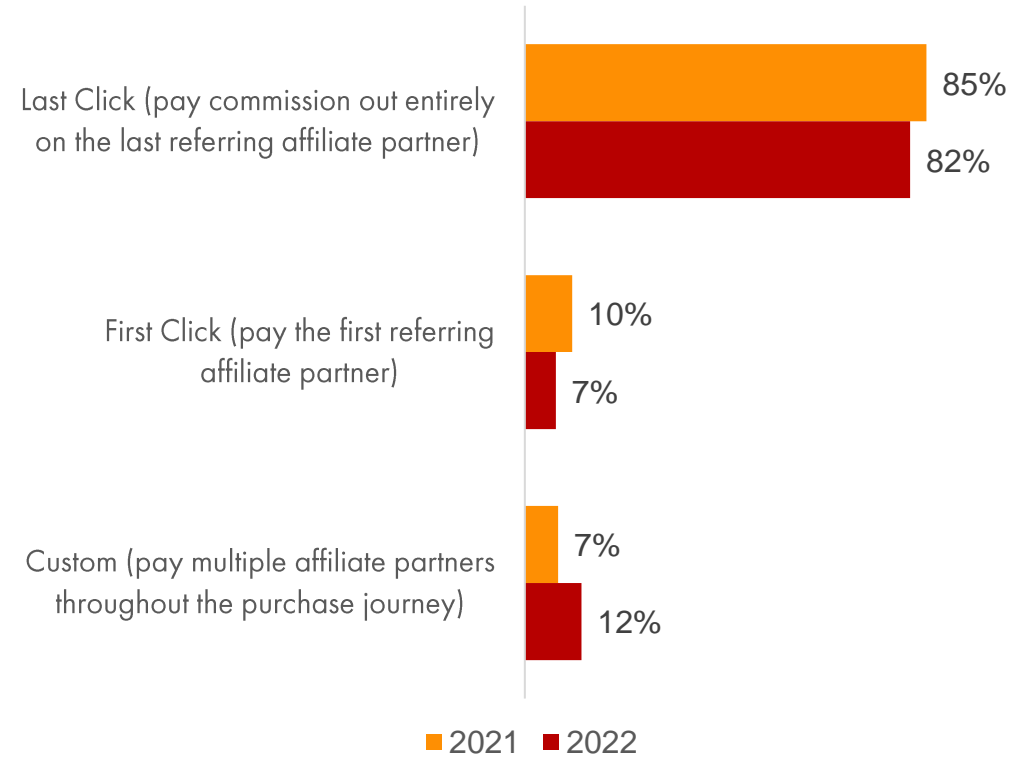
attribution and methods to track.

4 in 10 (41%) advertisers 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. The most common allocation of CPA commission is the total to the last referring affiliate partner (82%).

ways to used to track affiliate marketing
amongst advertisers



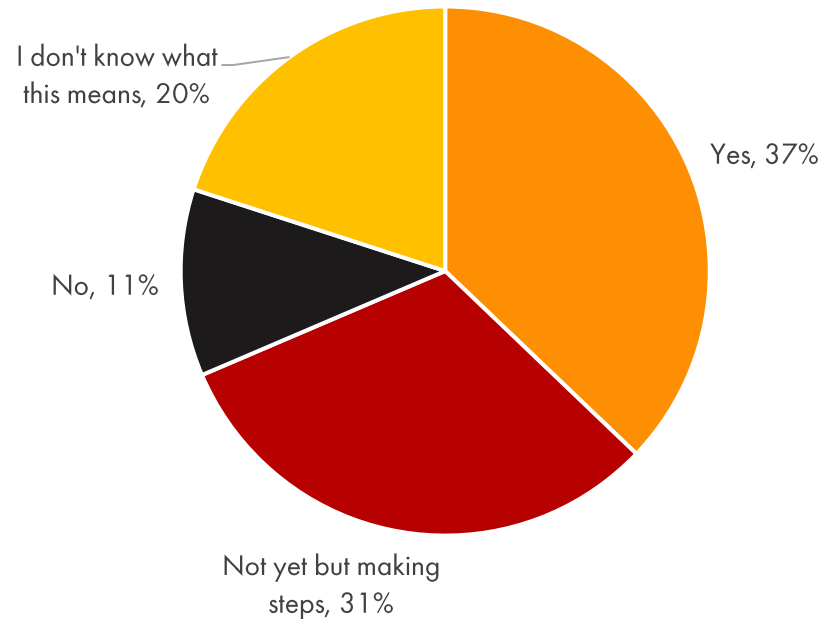
attribution rules used to pay partners
amongst advertisers



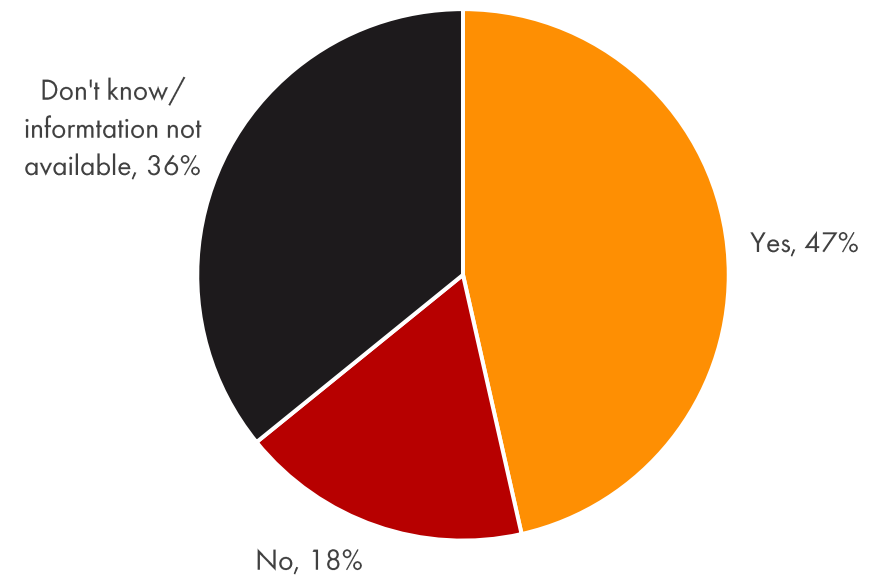
preparedness for cookie retirement.

In recent years, browsers and operating systems have been moving away from, and will ultimately retire third-party cookies, to increase consumer privacy. Nearly a third (31%) of advertisers are not yet making any preparations to track without the use of third-party cookies or are not understanding the issue. Nearly half of publishers (47%) are reviewing ITP tracking compliance for their advertisers.

advertiser preparedness to track without the use of third-party cookies



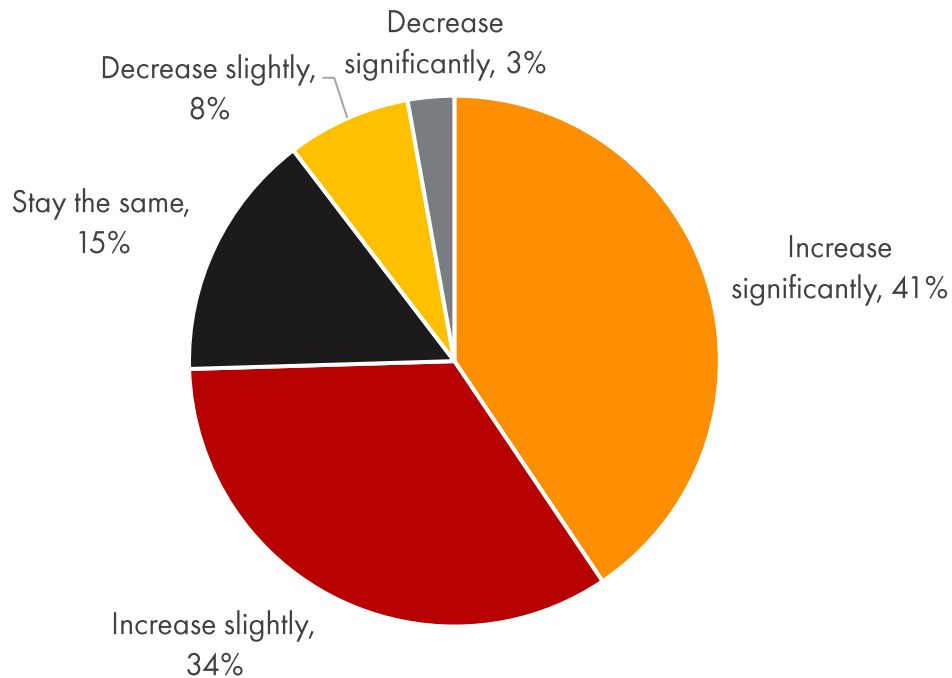
publishers reviewing tracking compliance for their advertisers



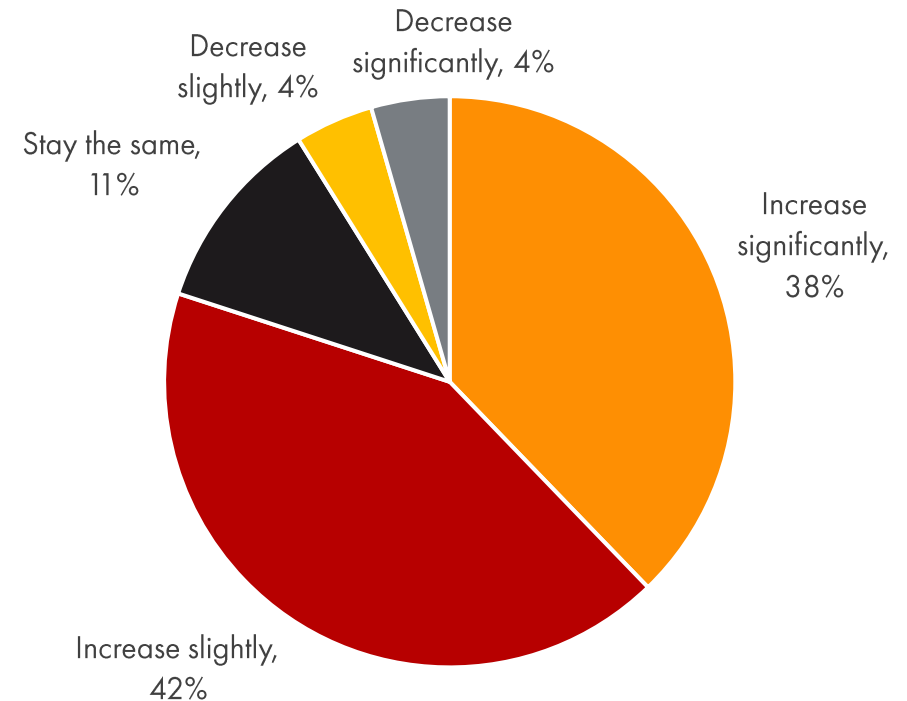
impact of covid on affiliate revenue.

Most advertisers (75%) have reported increases in revenue from the affiliate channel during the pandemic. Note that nearly half of the advertiser 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. 80% of publishers report an increase in revenue from the affiliate marketing channel during the pandemic.

advertiser affiliate revenue during the pandemic



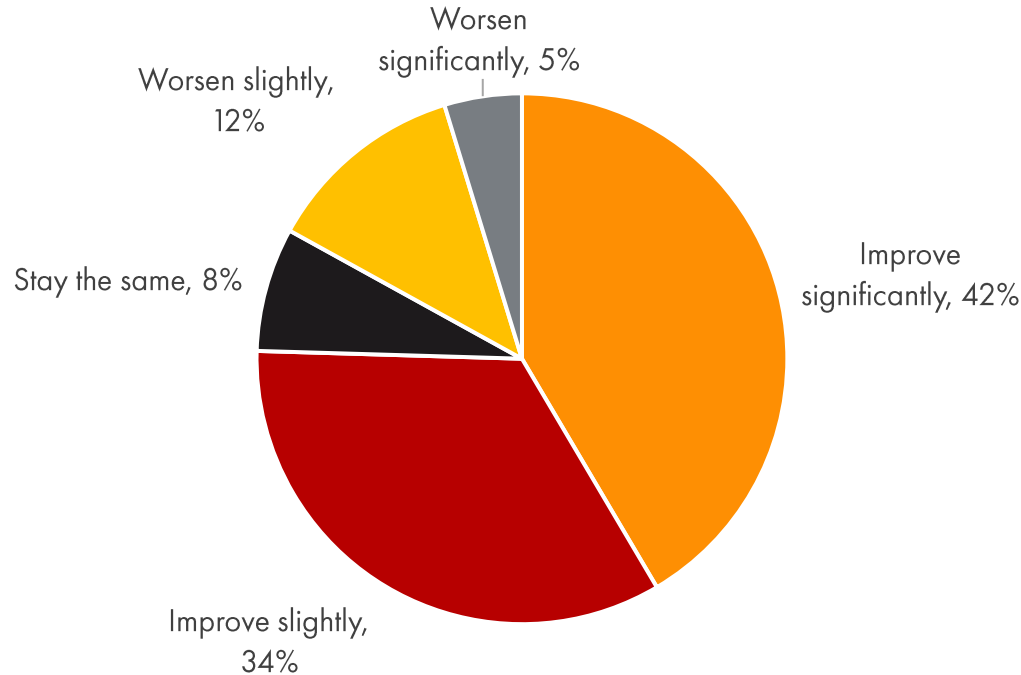
publisher affiliate revenue during the pandemic



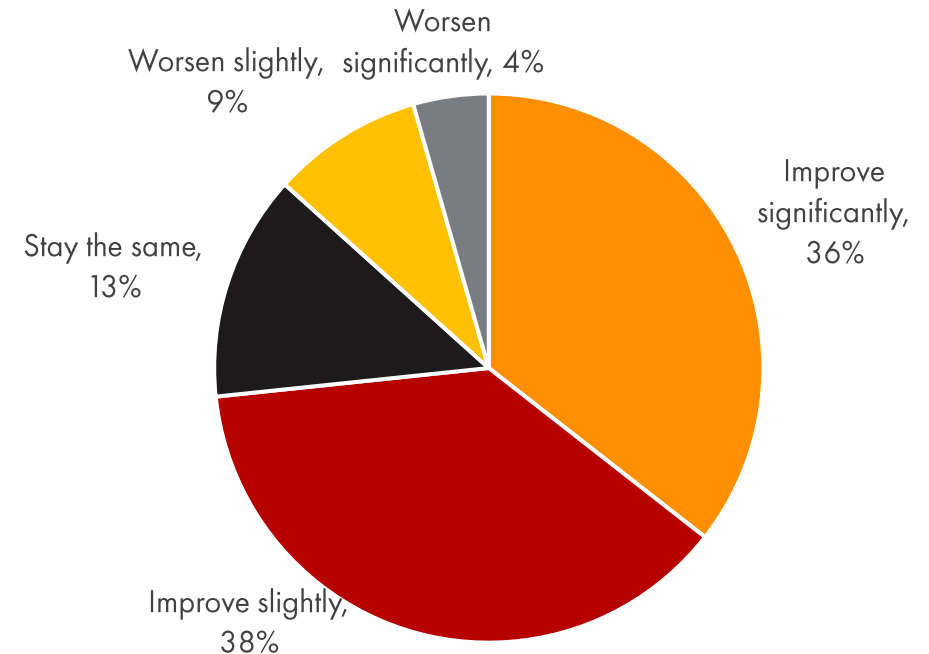
impact of covid on overall business.

Overall, most businesses in the survey reported a positive impact from the pandemic. 76% of advertisers report having improved overall business during the last two years of the pandemic, similarly 74% of publishers report having improved overall business during the pandemic.

pandemic impact on overall advertiser business



pandemic impact on overall publisher business



summary.

- Affiliate marketing is establishing itself as a **valuable and sophisticated acquisition channel** for advertisers and a **growing revenue stream** for publishers.
- Nearly 7 in 10 advertisers (69%) are reporting their **budgets for affiliate marketing have increased** over the last year. 68% intend to increase their spend on affiliate marketing again over the next year.
- For 70% of publishers the **contribution of affiliate to online revenue has grown** over the last two years.
- Affiliate advertisers and publishers have set up operations across a range of industries, in particular retail and fashion.
- **Content and reward models** are the most used promotion methods for publisher affiliate programs. These models were also rated as the most valuable to advertisers.
- **Sales and ROI** are the more important success metrics for advertisers assessing affiliate marketing and most advertisers rate affiliate marketing as higher performing for ROI compared to other marketing activities.
- **Growing the number of advertiser partnerships** is an important objective for publishers and they are achieving their growth objectives, with 82% increasing the number of affiliate advertisers they work with over the last two years.
- There is **continued reliance on third-party cookies** to track affiliate marketing with nearly a third (31%) of advertisers not yet making any preparations to track without the use of third-party cookies or are not understanding the issue.
- Most advertisers and publisher reported **increased revenue from the affiliate channel throughout the pandemic**.

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