

affiliate & partnership marketing

australian advertiser and publisher
industry review

iab australia affiliate marketing working group



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introduction

Affiliate and Partnership Marketing is continuing to gain recognition in Australia as a valuable and sophisticated acquisition channel for brands and a growing revenue stream for affiliate publishers. The IAB and its Affiliate Marketing Working Group publish this annual industry review to explore current experiences and plans within affiliate and partnership marketing amongst advertisers, agencies and publishers in Australia.

Advertiser investment in the channel is growing, with 57% of advertisers and agencies increasing their overall spend on affiliate and partnership marketing over the last year and a similar proportion intend to increase spend again this year. 8 in 10 publishers had an increase in revenue from affiliate marketing channels over the last 12 months.

This increase in affiliate and partnership marketing investment is driving positive business outcomes for advertisers. The channel has a reputation for strong return on investment, and for being low risk. Advertisers and affiliate publishers are also attracted by the diversity of partnership opportunities. 68% of respondents stated that affiliate and partnership marketing channel will be more important in helping them achieve their business goals this year.

With the coming retirement of the third-party cookie, some current methods for digital marketing and its measurement and tracking will continue to be challenged. 55% of advertisers and publishers involved with affiliate marketing are not yet reviewing their compliance. It's important for brands to make plans to adjust their marketing and measurement to ensure smooth continuity into the future. Look out for a tracking guide coming soon from the Affiliate & Partnership Marketing Working Group to help advertisers navigate the latest privacy & data regulations.

The 2023 affiliate industry review demonstrates how important affiliate marketing is for Australian brands and publishers. Continued growth, and positive success metrics, are making this an invaluable channel during a time of economic uncertainty.



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 affiliate publishers and partners.

The IAB Australia Affiliate Marketing Working Group conducted an industry survey in March 2023 where responses were gathered from both sides of the industry – buy side (agencies and advertisers) and sell side (publishers and partners).

agencies and advertisers

Responses were gathered from 94 advertiser and agency industry participants who operate affiliate marketing programs in Australia.

This report makes comparisons to previous IAB affiliate marketing industry surveys conducted amongst agencies and advertisers in December 2021 (n=140) and November 2020 (n=130).

publishers and partners

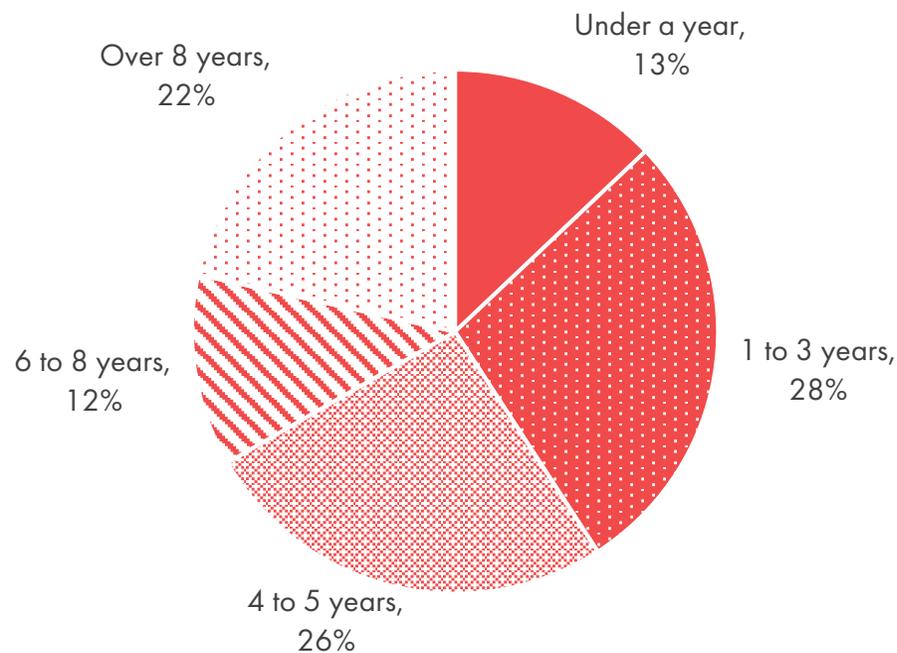
Responses were gathered from 59 publisher or partner industry participants who operate affiliate marketing programs in Australia.

This report makes comparisons to the previous IAB affiliate marketing industry survey conducted amongst publishers and partners in May 2022 (n=60).

advertiser experience

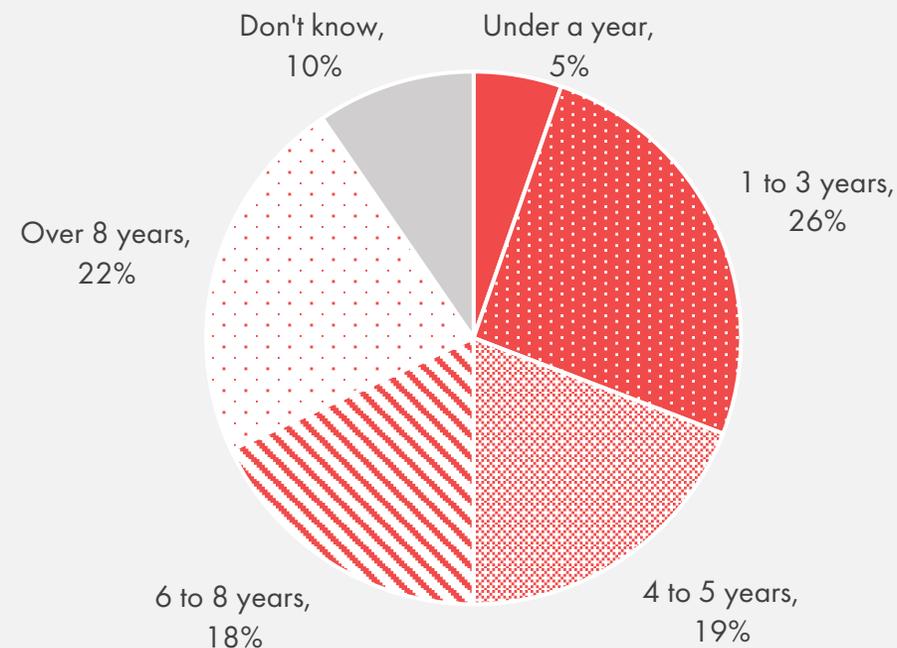
60% of advertiser/agency respondents have 5 years or more personal experience in affiliate marketing. This year's survey sample is more experienced than the sample last year, where 39% had 5 years of more experience.

individual experience with affiliate marketing amongst advertisers/agencies



Company experience is varied. 59% of respondents say their company or agency has 5 years or more experience.

company experience with affiliate marketing amongst advertisers/agencies

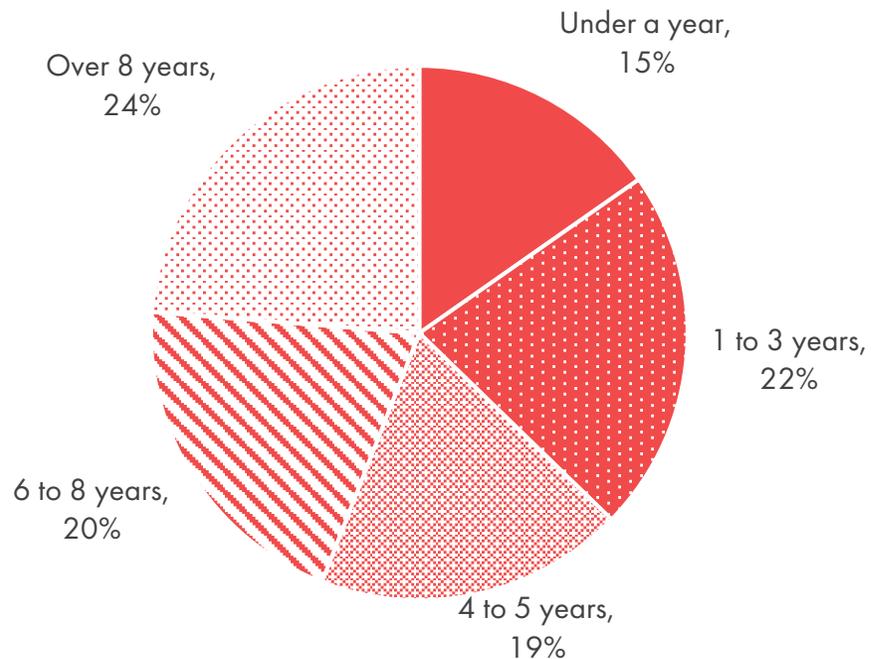


publisher experience

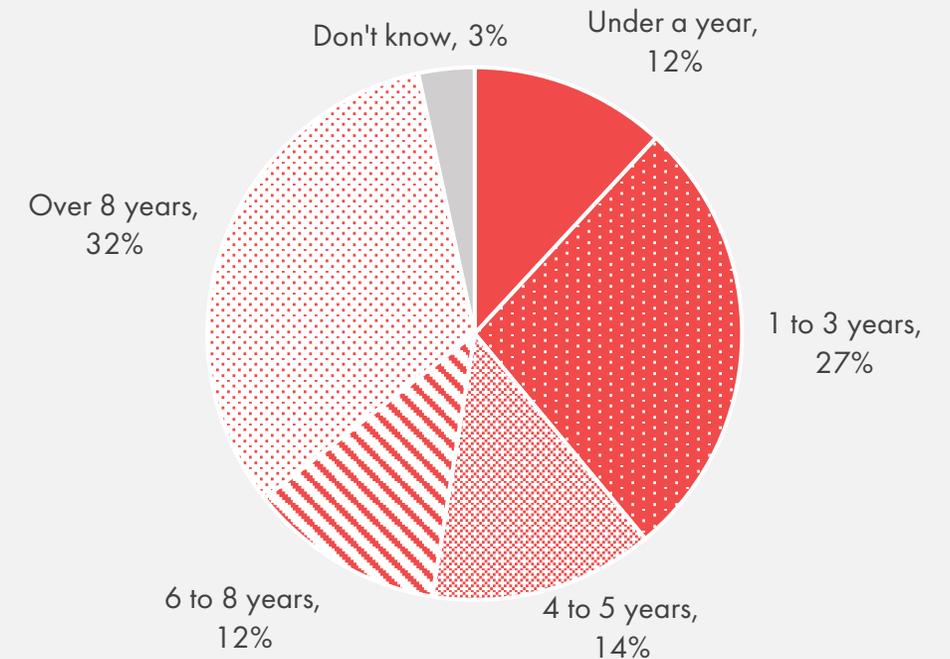
Individual experience within publishers is varied. 44% of publisher have 6 or more years personal experience (34% last year).

The publisher survey sample this year is more experienced than previous survey last year with 44% of publishers having 6 or more years experience (24% last year).

individual experience with affiliate marketing amongst publishers



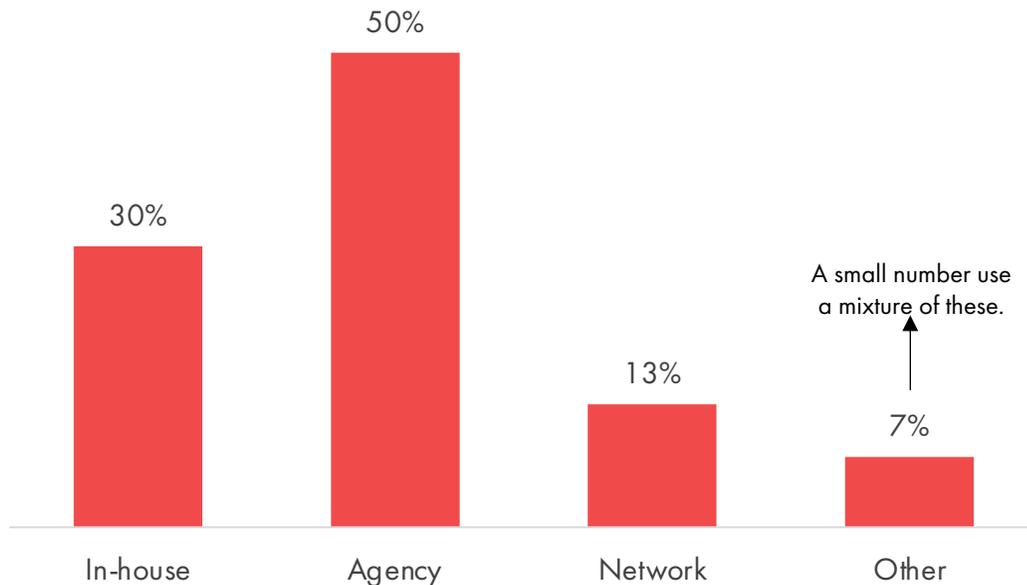
company experience with affiliate marketing amongst publishers



advertiser engagement

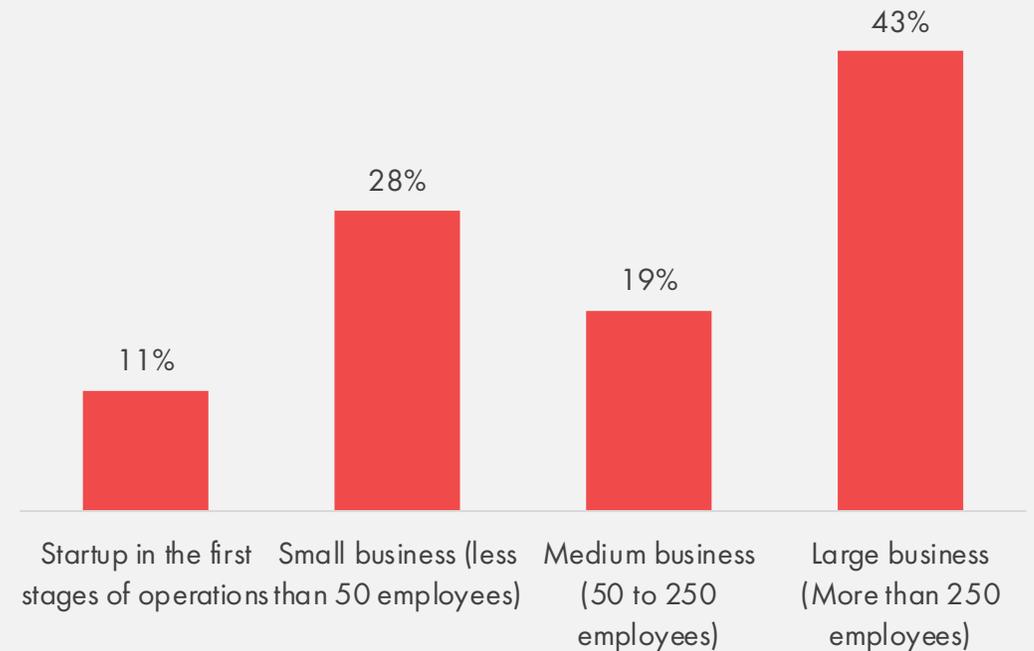
Half of advertisers/brands surveyed this year are using an agency to manage their affiliate program (last year there were a greater proportion managing their affiliate program in-house).

responsibility for managing affiliate programs amongst advertisers



Advertisers/brands engaging in affiliate marketing come from a range of company sizes, however 4 in 10 (43%) come from large businesses with more than 250 employees (similar to last year).

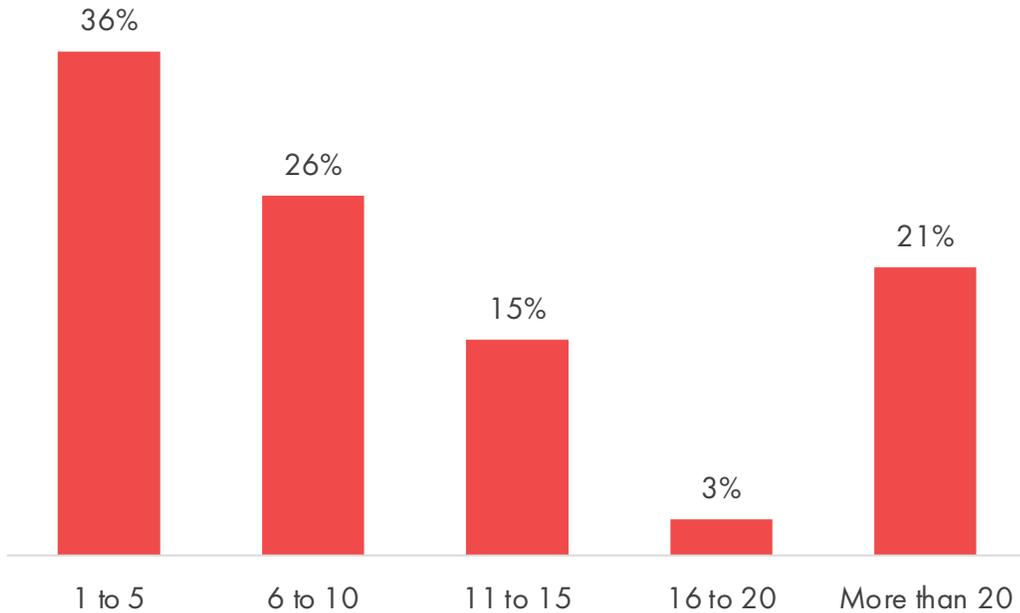
size of advertiser company amongst advertisers



agency engagement

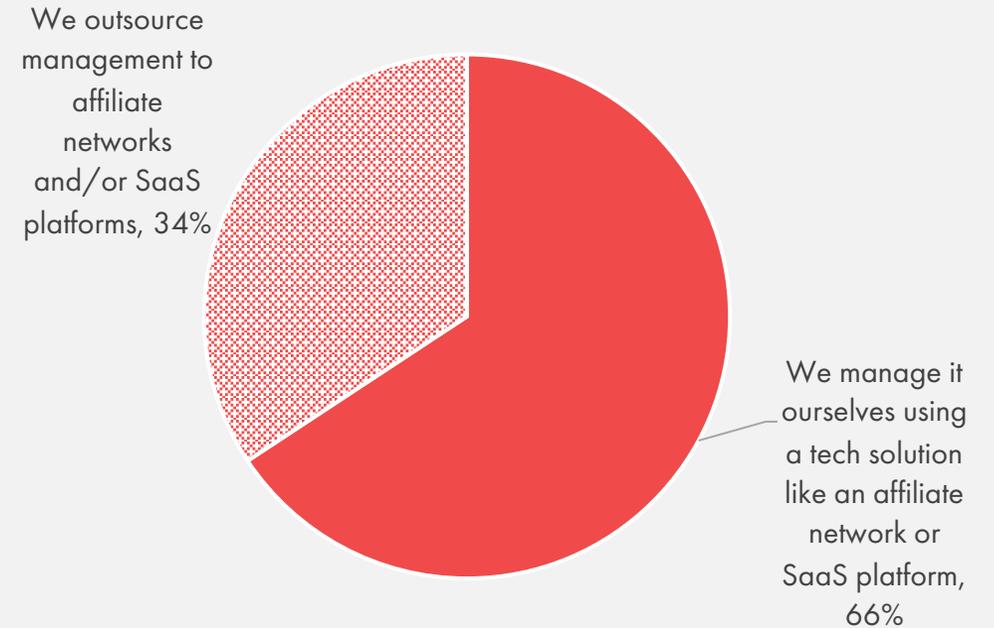
62% of agency respondents are managing 1 to 10 clients engaged in affiliate marketing (77% last year).

number of clients engaged in affiliate marketing amongst agencies



Two-thirds (66%) of agency respondents managing their clients affiliate programs themselves (76% last year).

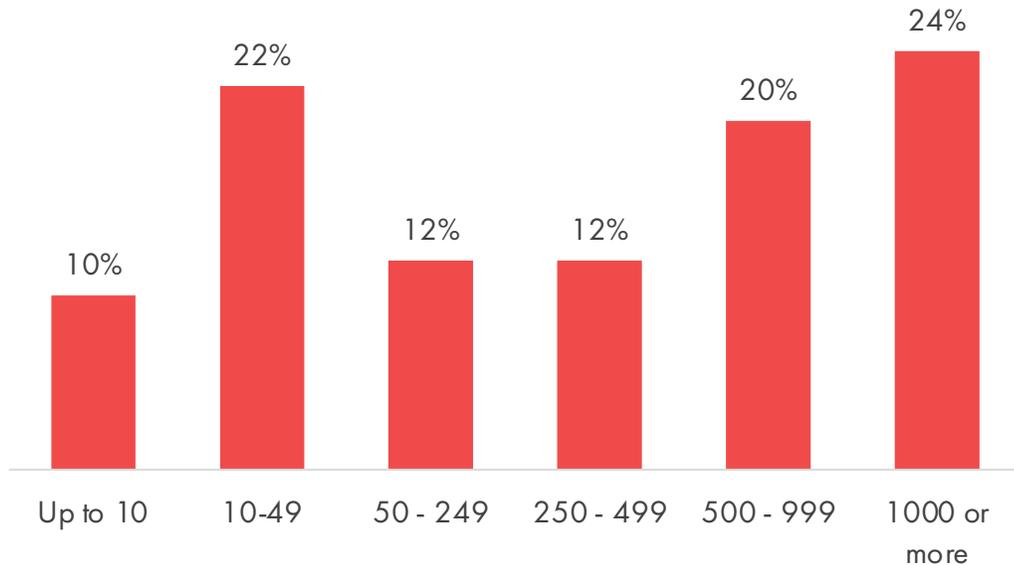
responsibility for managing affiliate programs amongst agencies



publisher engagement

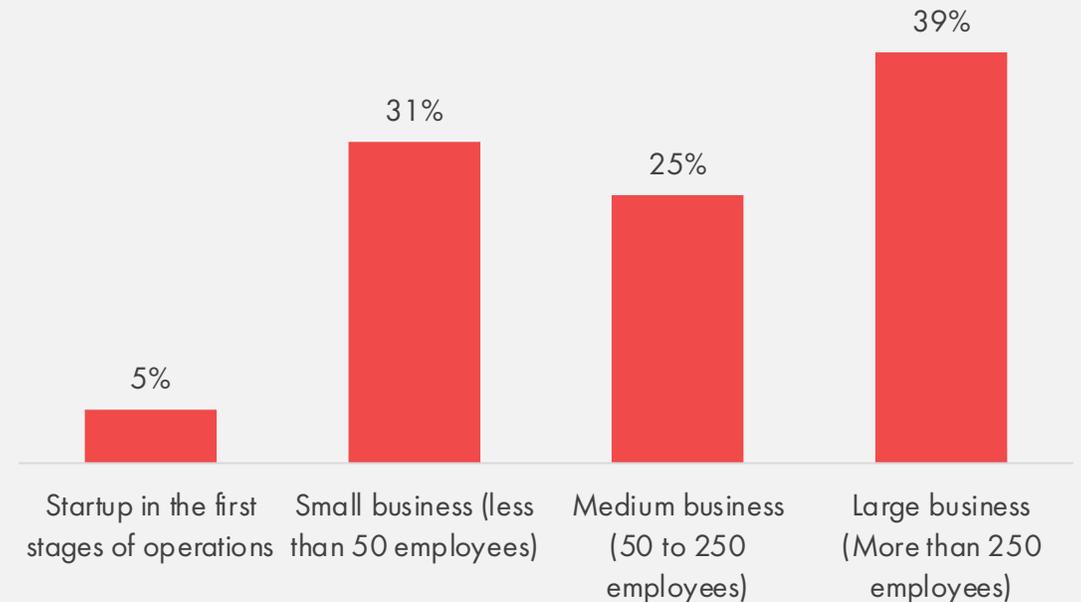
There is a spread in the number of advertisers publishers are working with on affiliate programs, 44% are working with 500 or more advertisers this year, similar to last year (46% last year).

number of affiliate partnerships with advertisers amongst publishers



Niche to large publishers are involved in affiliate partnerships. 64% of respondents are from medium/large publisher companies (51% last year).

size of publisher company amongst publishers

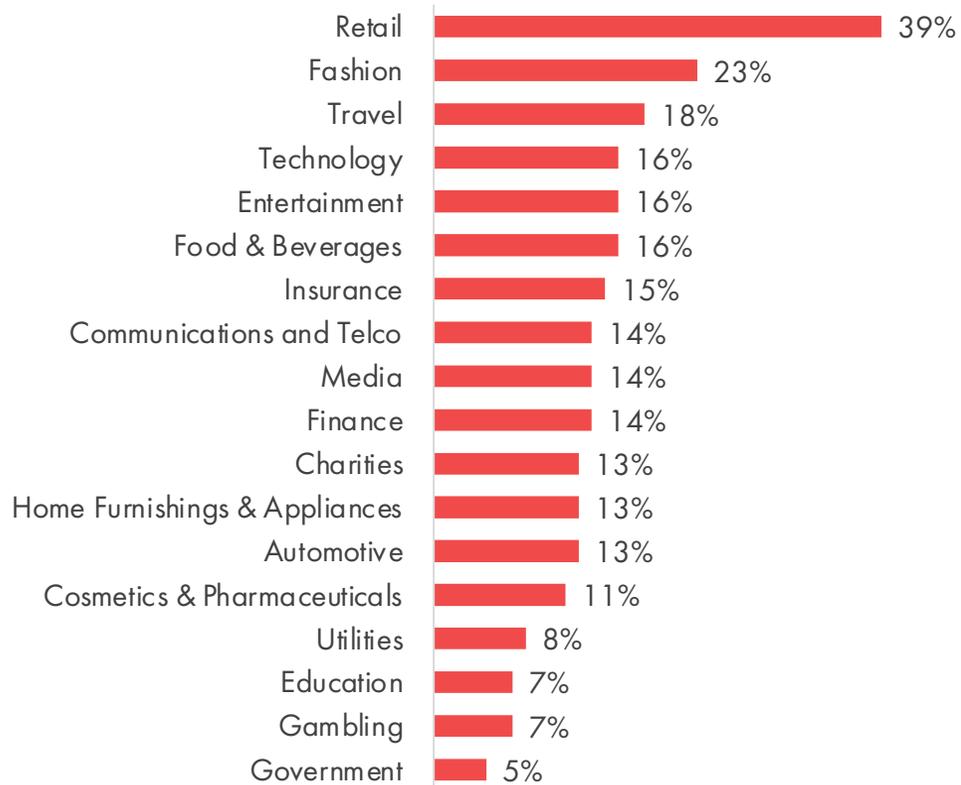


industries of operations

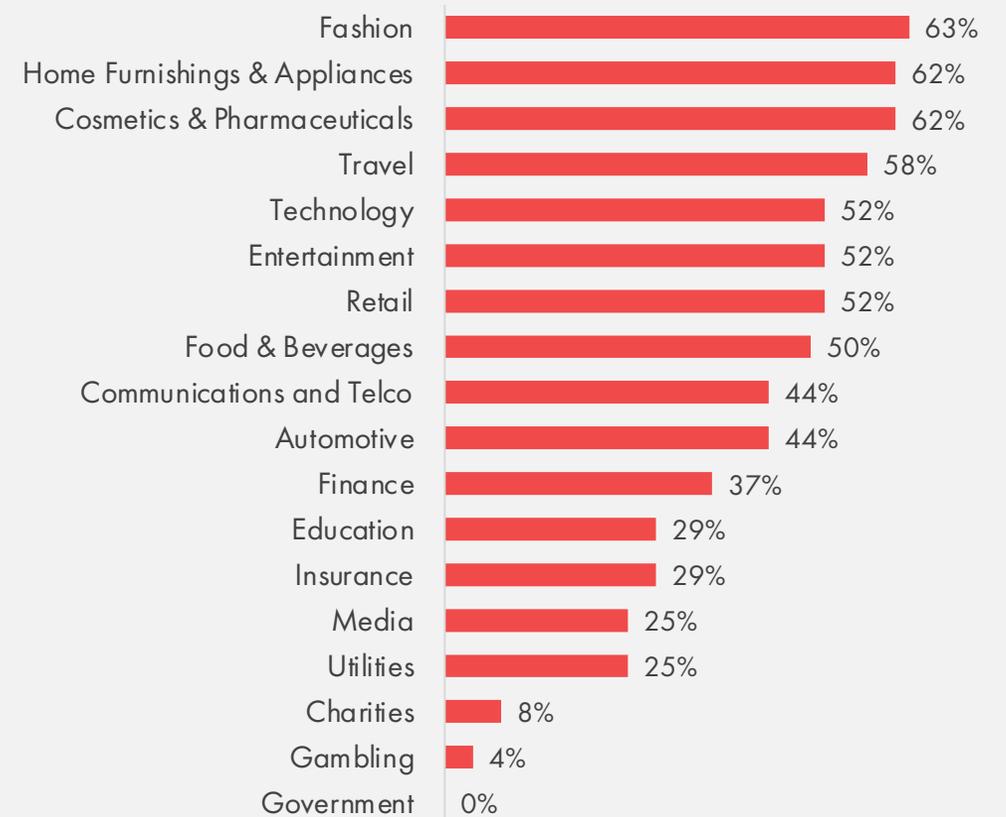
Affiliate marketers and publishers operate across a range of industries. Retail is the dominant industry of operation for advertisers and agencies (similar to last years survey).

Similar to last years survey, fashion is one of the most popular industries for operating affiliate marketing programs for publishers. This year there are less publishers with retail clients in the survey sample.

advertiser/agency industries of operation



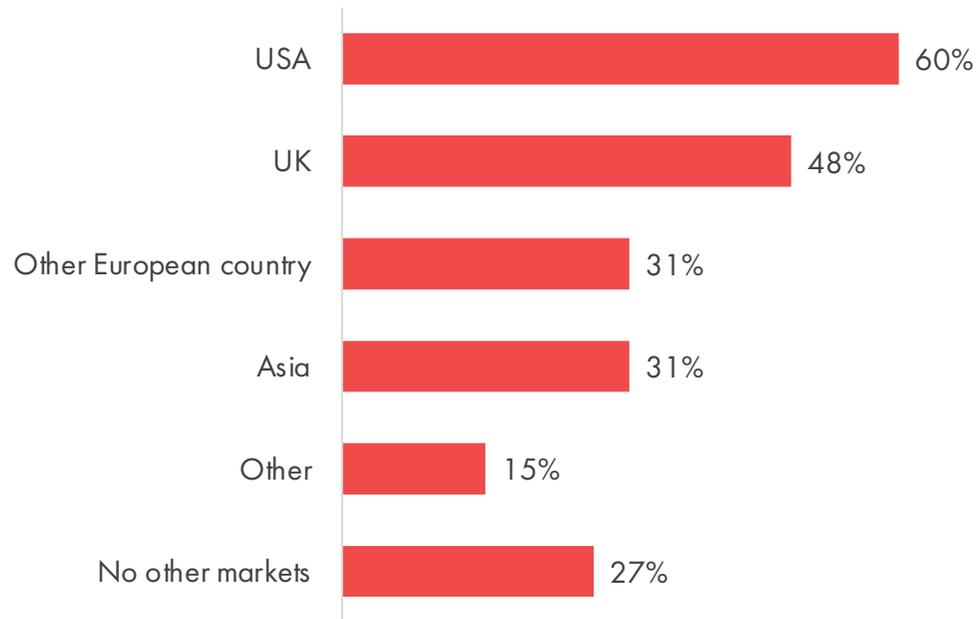
publisher industries of operation



markets of operation

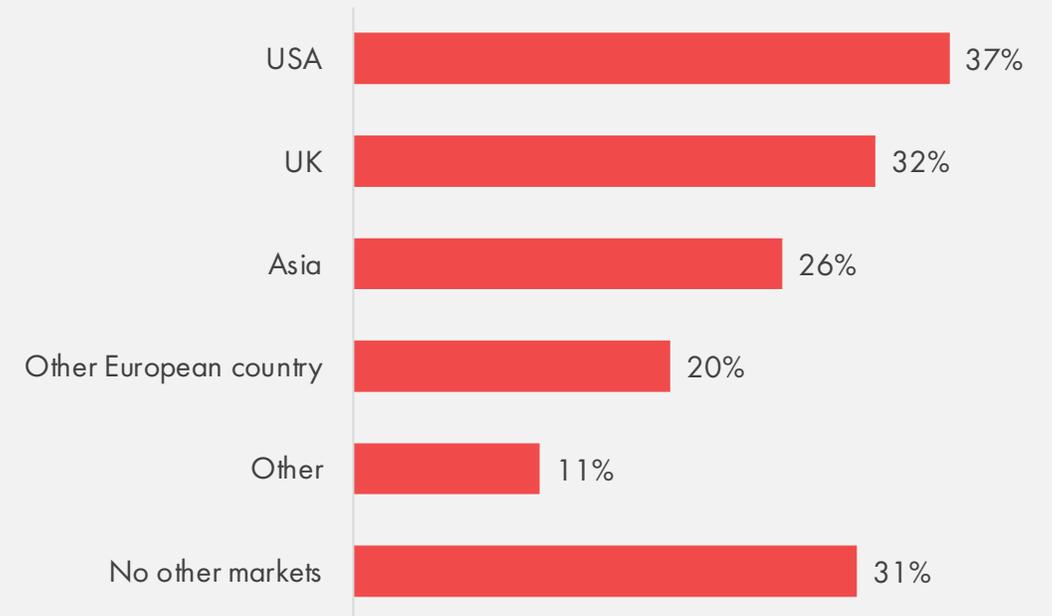
73% of advertisers and agencies operate affiliate marketing in an overseas market.

advertiser/agency industries of operation



69% of publishers operate affiliate marketing in an overseas market. The USA is a key market for both buy and sell side, similar to last year.

publisher industries of operation



advertiser average monthly spend

68% of advertisers are spending \$10k or more per month on affiliate, up from 60% year prior.

Over a third (37%) spend between \$10k and \$50k per month (up from 28% last year).

average monthly spend on affiliate & partnership marketing
amongst advertisers and agencies

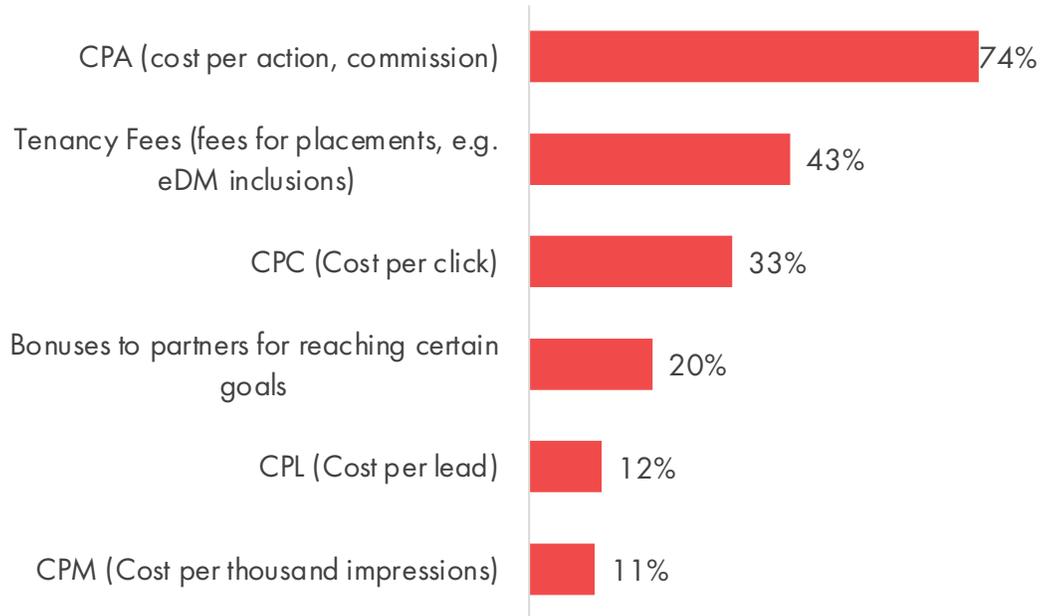


payment models

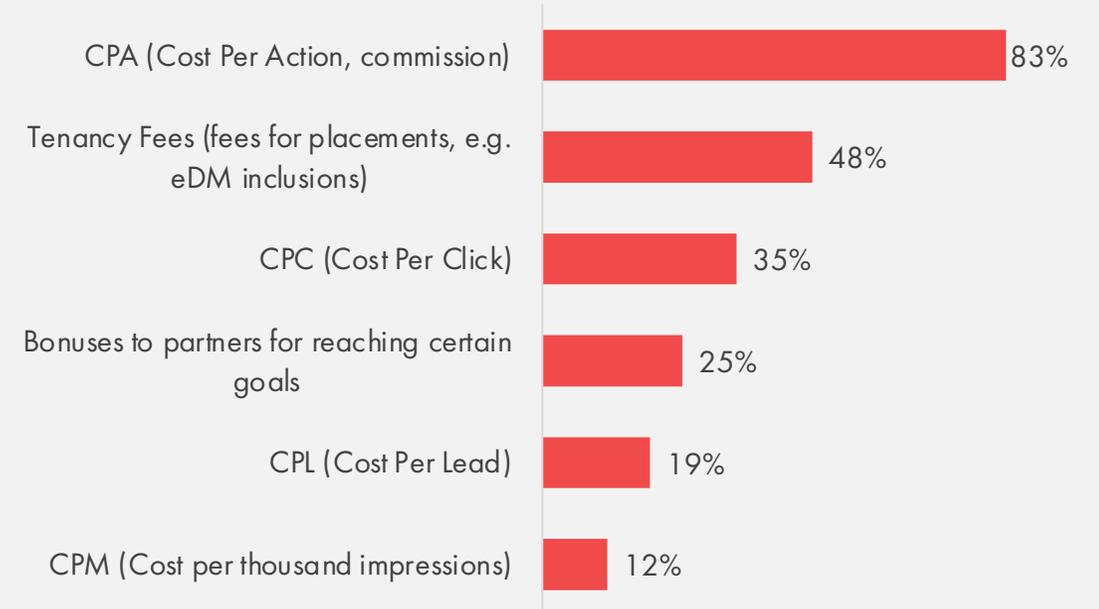
CPA remains the predominant way to reward publishers within affiliate programs. It is also common to use a combination of models (64% of advertisers used a payment other than CPA).

83% of publishers using CPA payment model and 73% also using a payment other than CPA.

payment models used by advertisers/agencies



payment models used by publishers

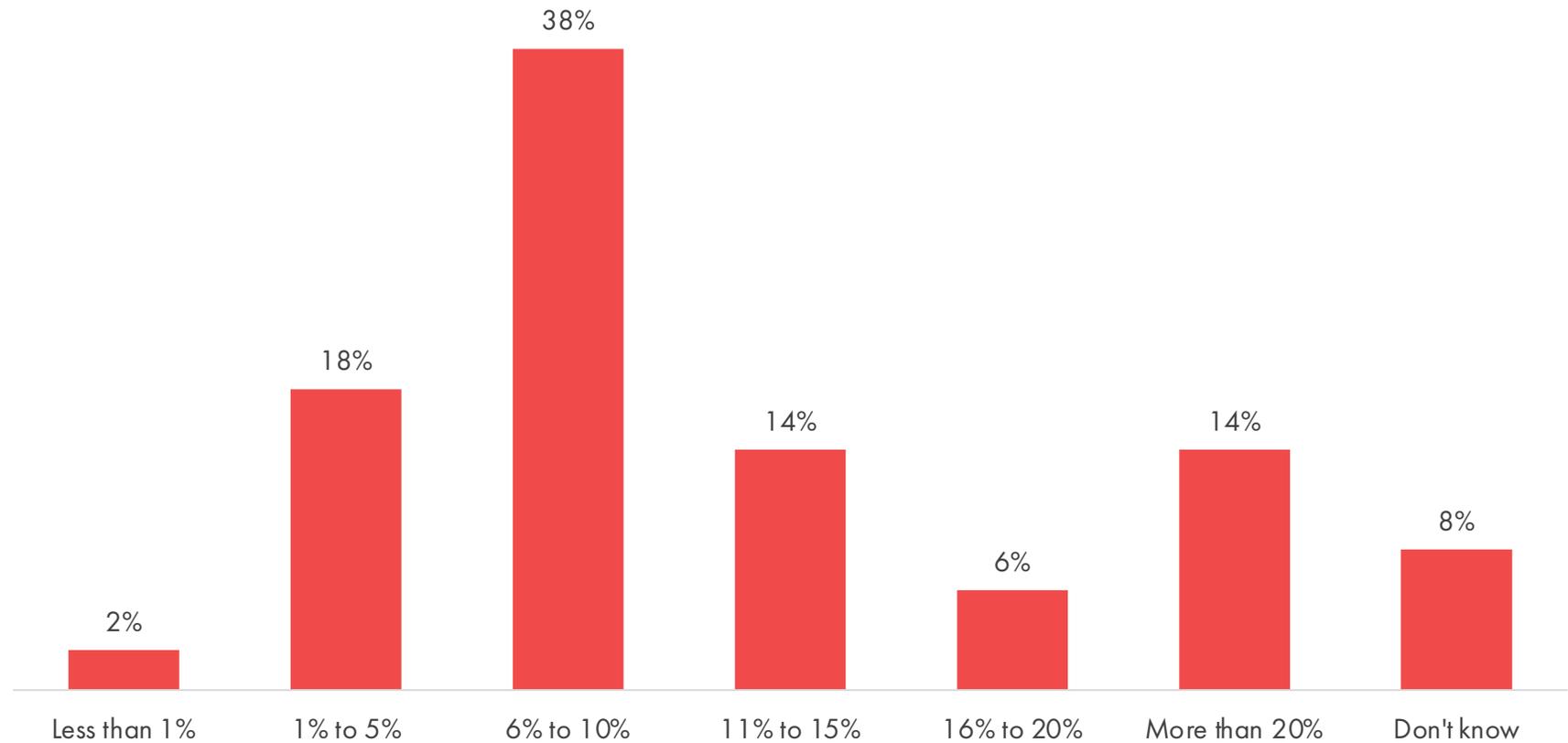


contribution to advertiser online revenue

For 7 in 10 advertisers (72%) affiliate and partnership marketing contributes over 6% to online revenue.

For nearly 4 in 10 advertisers affiliate contributes 6% to 10% of online revenue.

affiliate and partnership marketing share contribution to online revenue
amongst advertisers and agencies

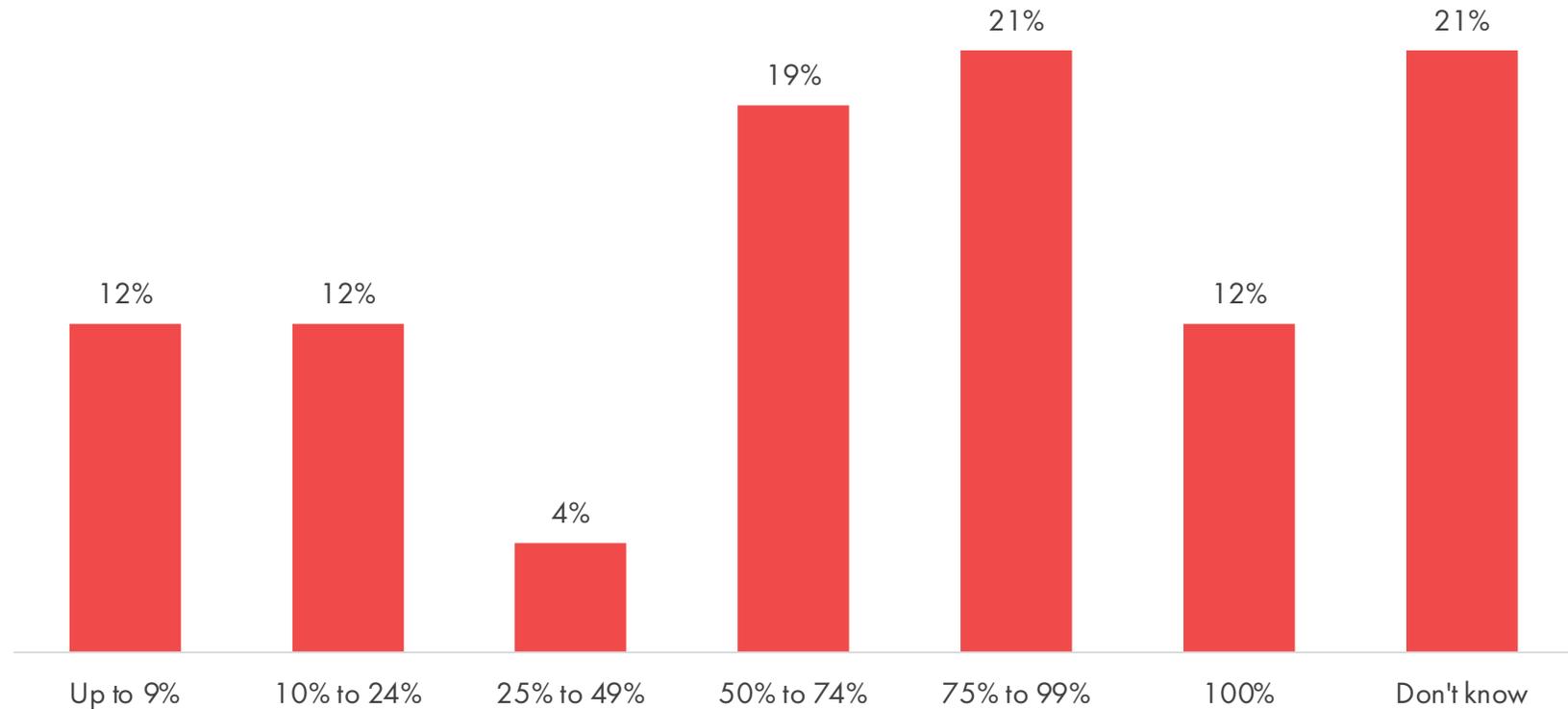


contribution to publisher online revenue

Affiliate and partnership marketing contribution to publisher online revenue varies.

For over half (52%) affiliate contributes more than half of their online revenue.

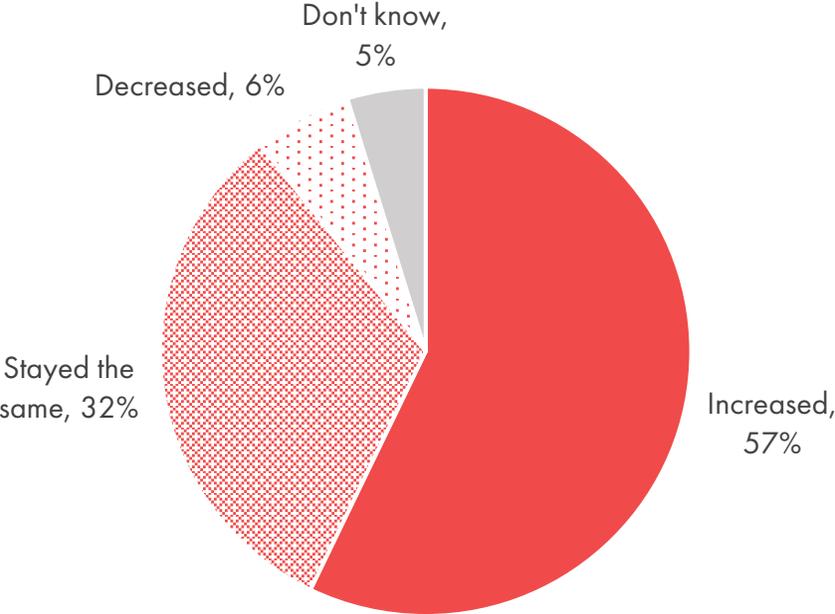
affiliate and partnership marketing share contribution to online revenue
amongst publishers



advertiser investment changes

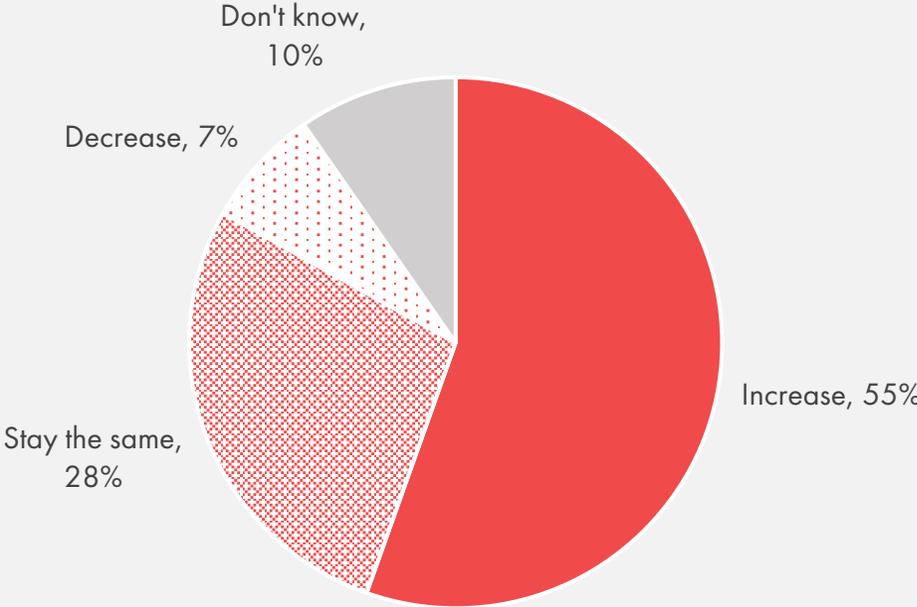
57% of advertisers and agencies have increased their overall spend on affiliate and partnership marketing over the last year. In the survey last year 68% of advertisers and agencies had intended to increase spend.

past year changes in investment amongst advertisers and agencies



55% of advertisers and agencies intend to increase their overall spend on affiliate and partnership marketing over the coming year.

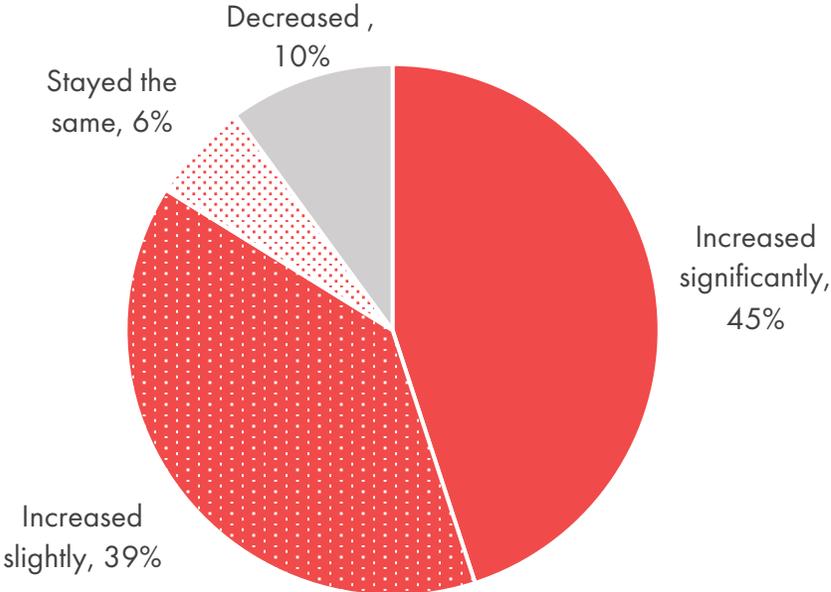
anticipated changes in investment next year amongst advertisers and agencies



affiliate revenue for publishers

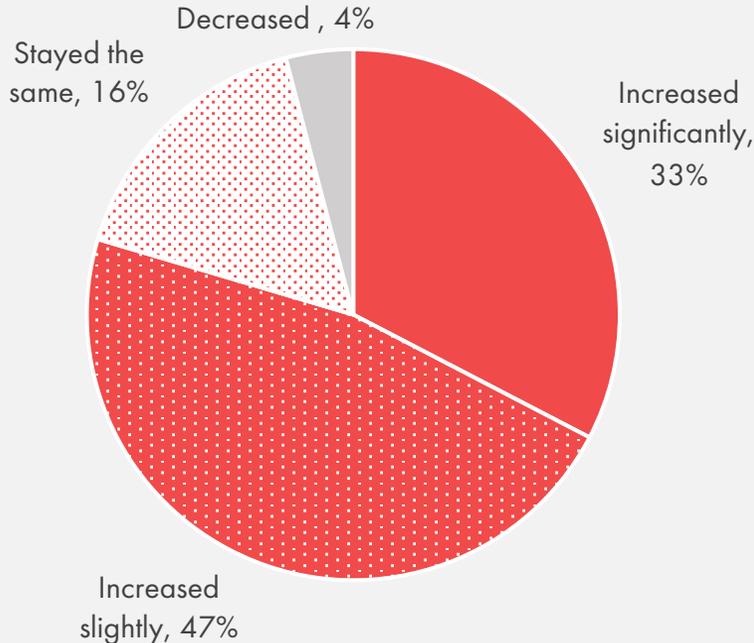
8 in 10 (84%) of publishers had an increase in revenue from affiliate marketing channels over the last 12 months.

change in affiliate marketing channel revenue in last 12 months amongst publishers



8 in 10 publishers (80%) increased the number of advertisers they are working with on affiliate programs over the last 12 months.

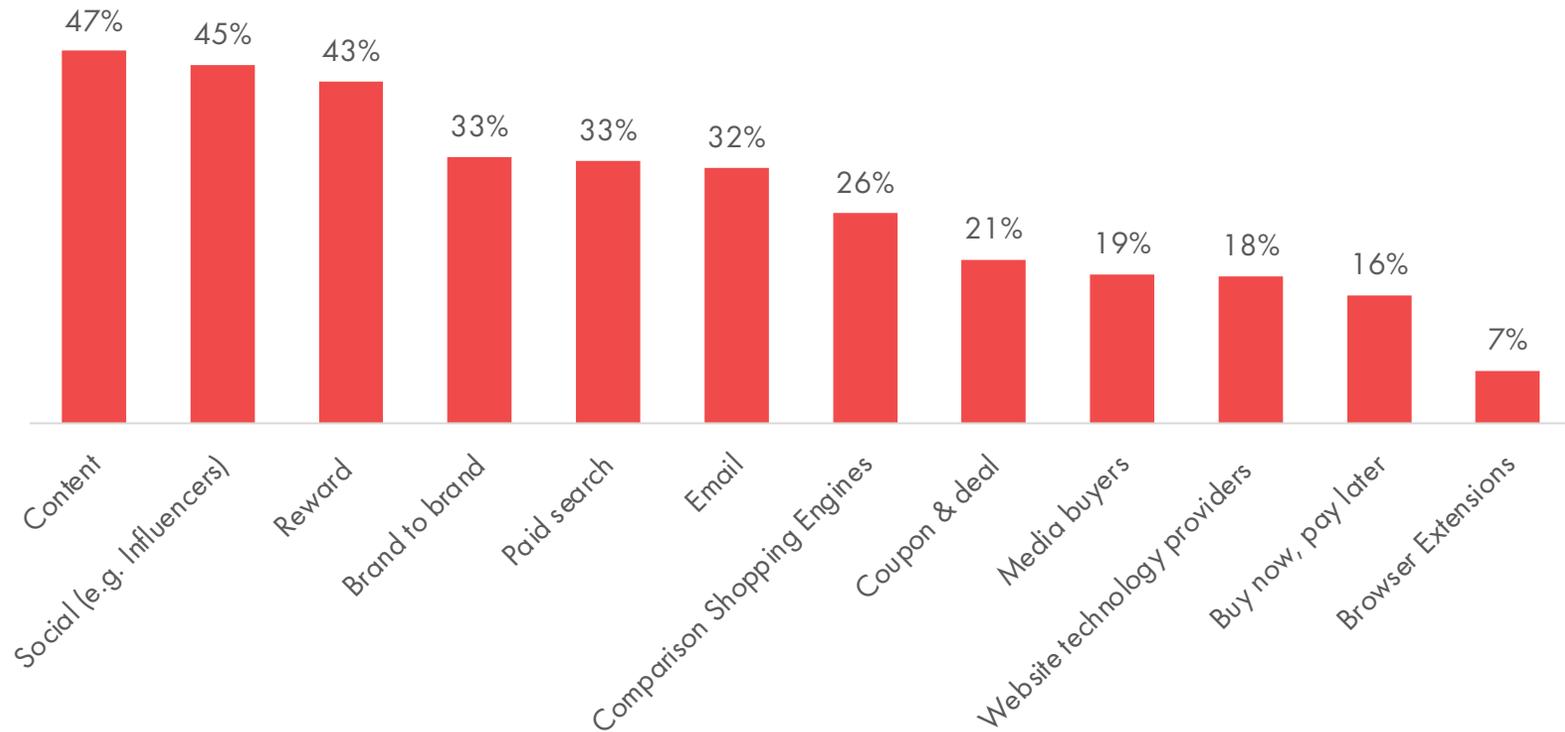
change in number of advertisers in last 12 months amongst publishers



affiliate marketing model investment plans

Content, Social and Reward models are expected to grow with advertisers planning increased investment over the next year.

intention to increase investment over the next year
amongst advertisers/agencies

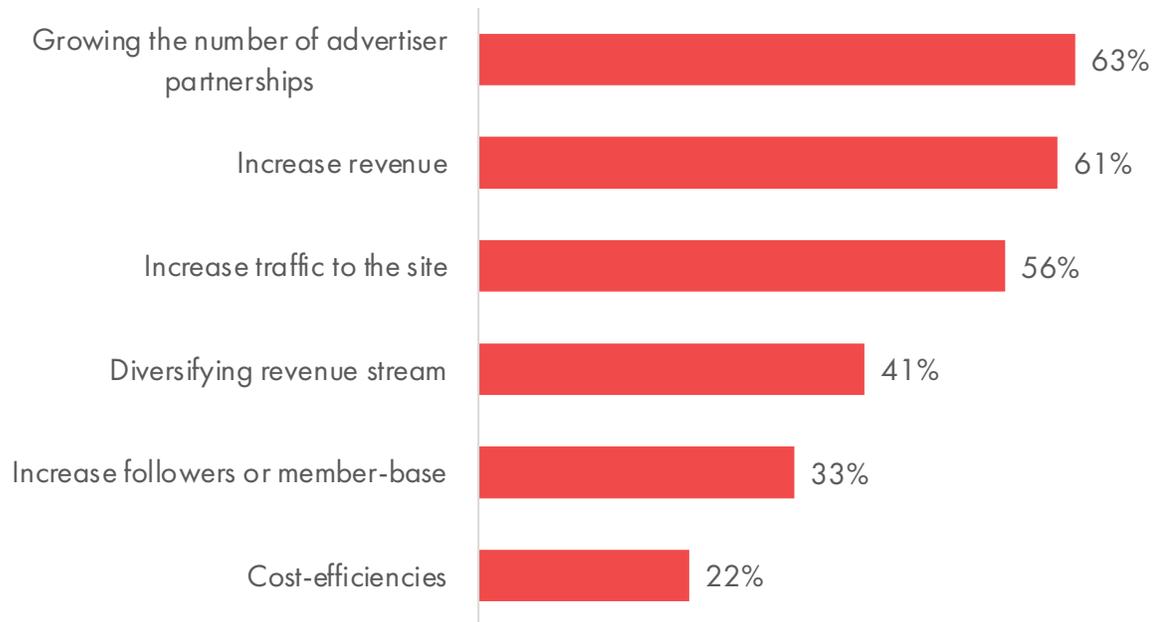


business objectives for publishers

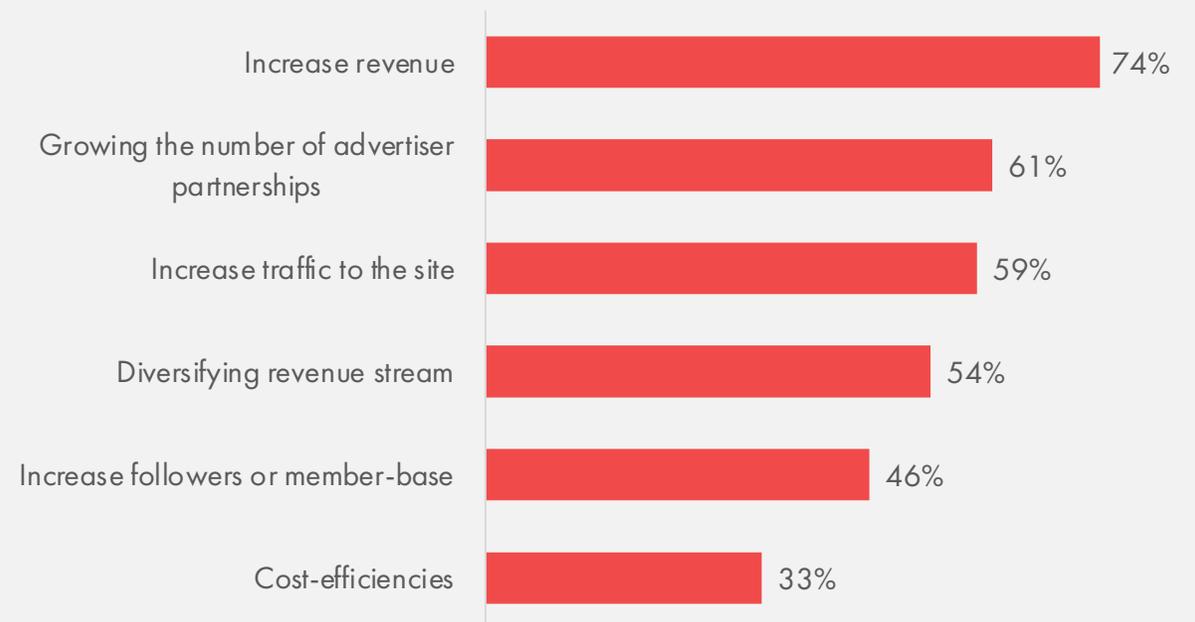
Publishers have a range of business objectives including growing advertiser partnerships and revenue.

In 2023 the main objective is focused on increasing revenue. There is also increasing focus on diversifying revenue streams, increasing followers and achieving cost efficiencies.

main objectives last year amongst publishers



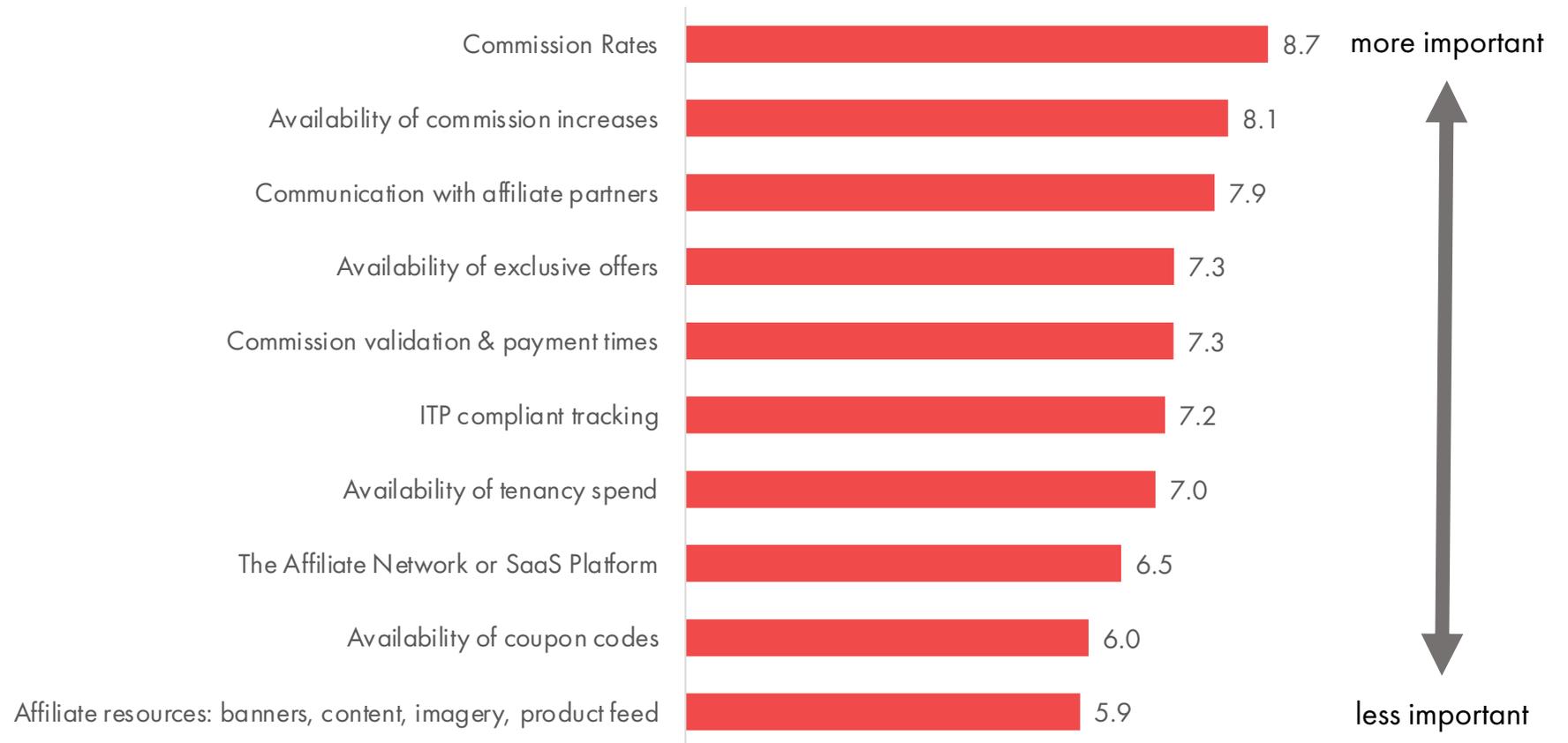
main objectives for 2023 amongst publishers



important features for publishers

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

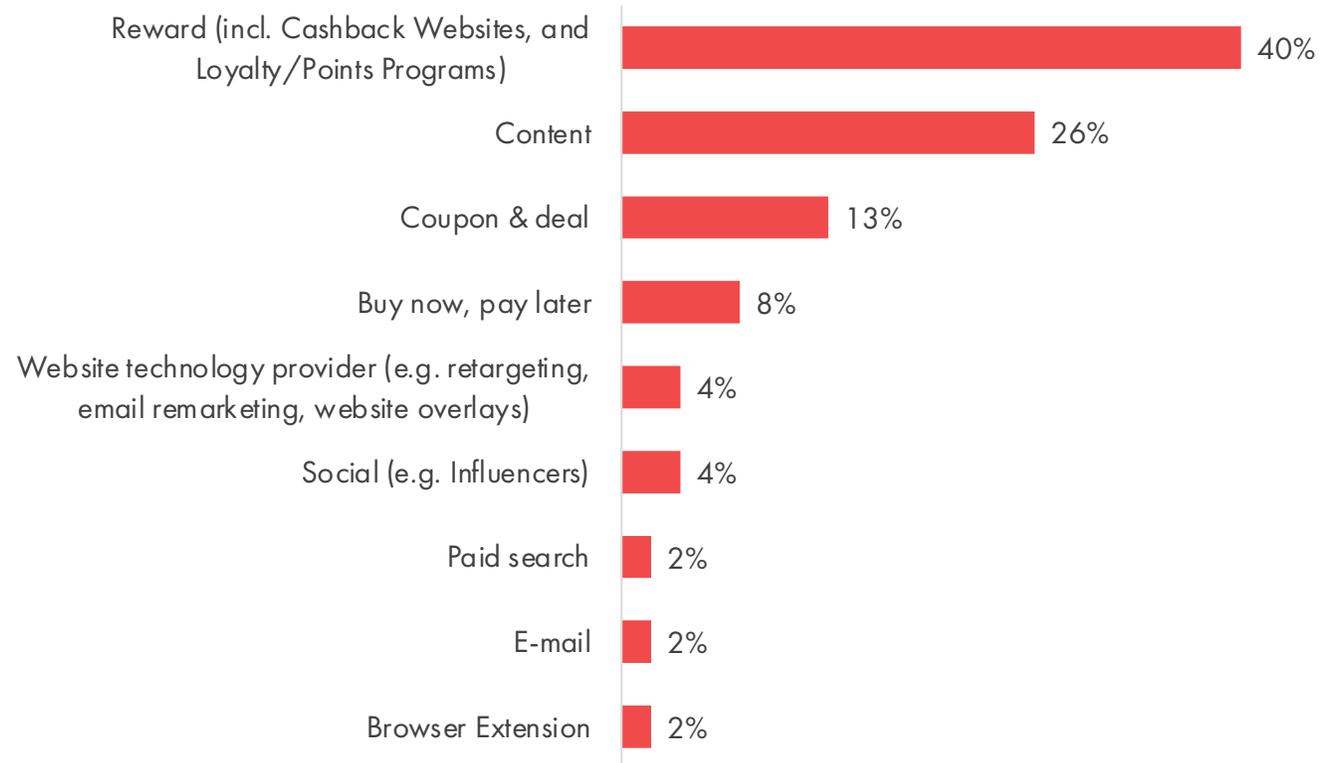
importance of features when working with advertisers on affiliate programs (average rating) amongst publishers



primary promotional methods used by publishers

Reward and content are the primary methods used by publishers working with advertisers through affiliate and partnership marketing.

primary method used to work with advertisers amongst publishers

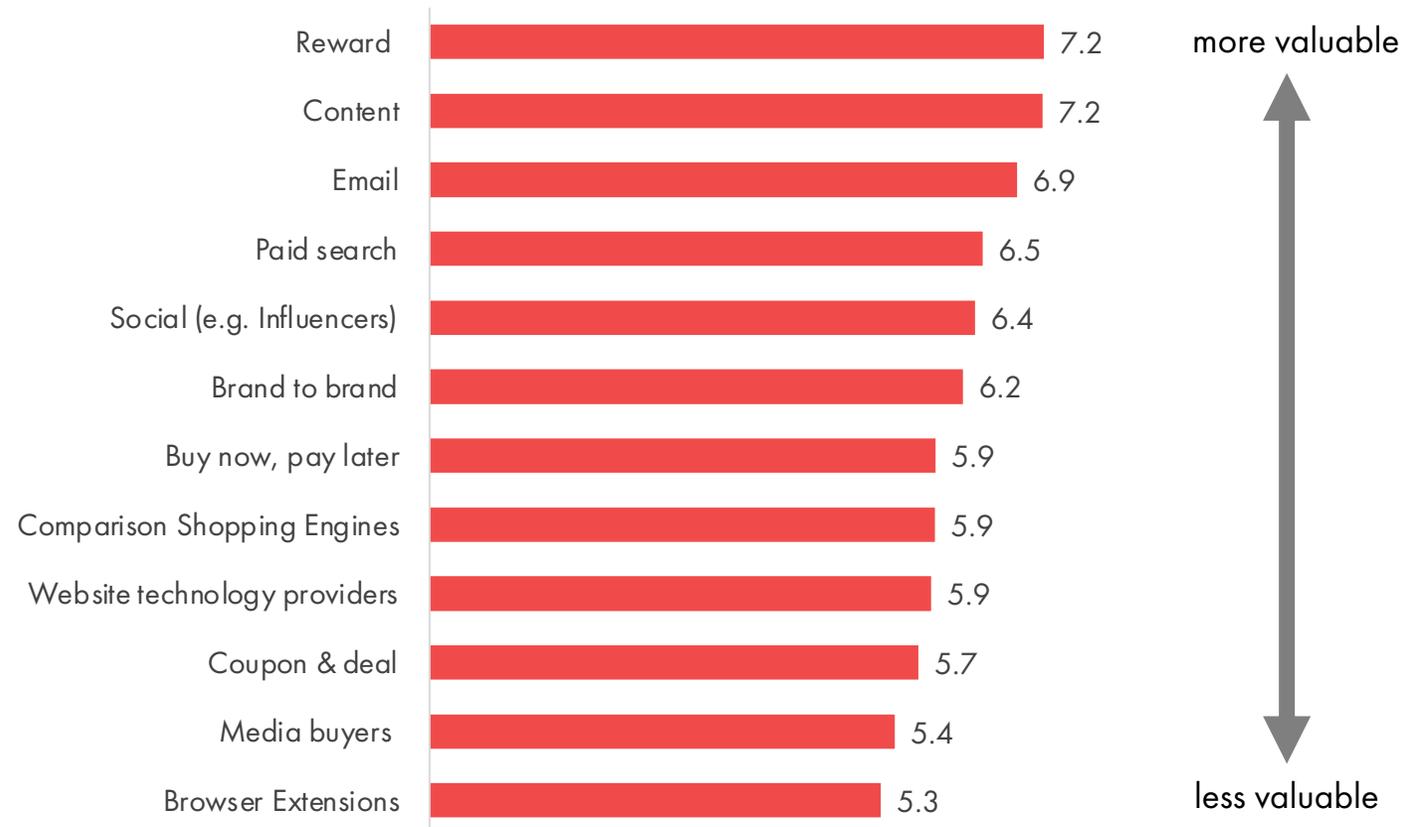


advertiser value of affiliate models

On a scale of 1 to 10, with 10 being most valuable, **Reward Models** (incl. Cashback Websites, and Loyalty/Points Programs) and **Content** are rated on average as the most valuable to advertisers.

While rating values are slightly lower than last year, the order of value ranking is very similar to last year.

rating value for affiliate models (average rating)
amongst advertisers/agencies

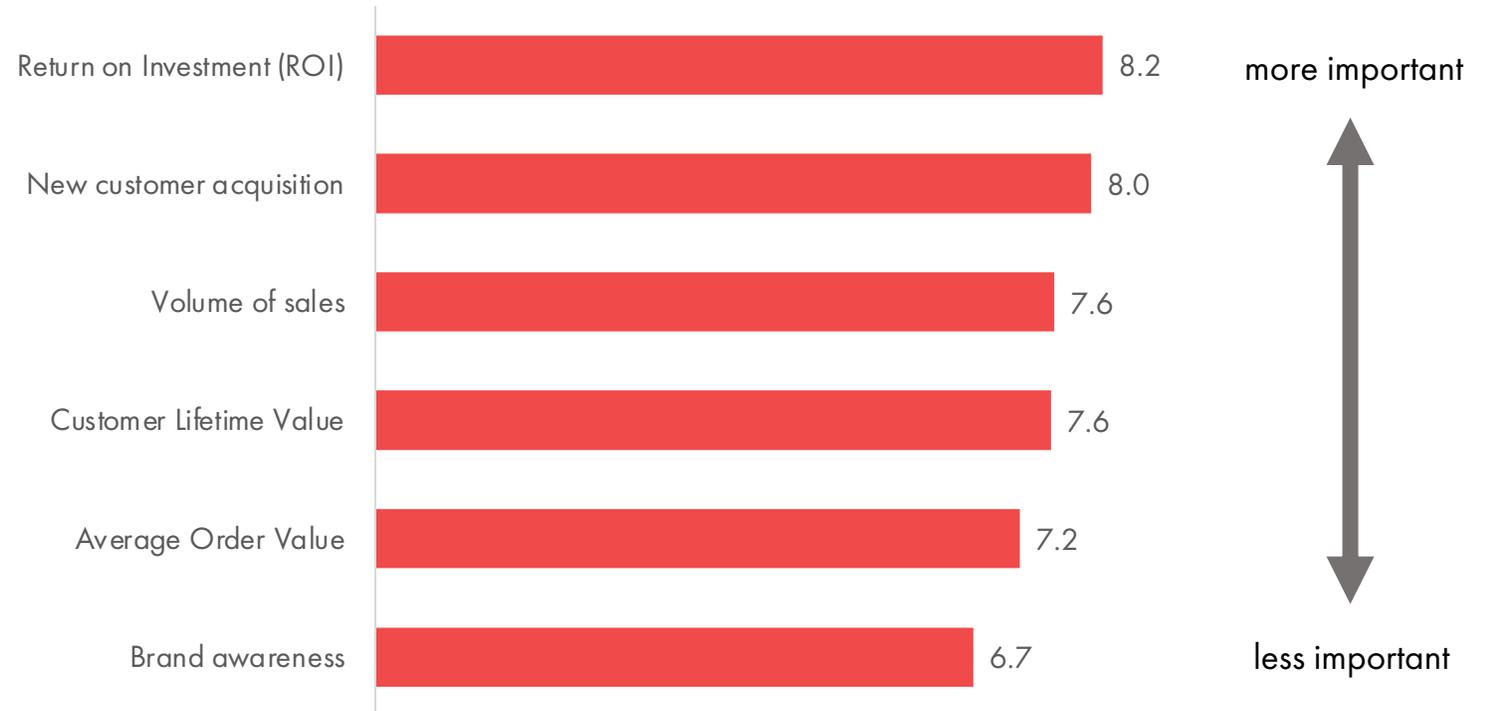


advertiser measures of success

On a scale of 1 to 10, with 10 being most important, ROI and new customer acquisition were on average rated the more important success metrics when advertisers are assessing affiliate marketing.

Compared to the previous survey, ROI has ranked as more important than volume of sales this year.

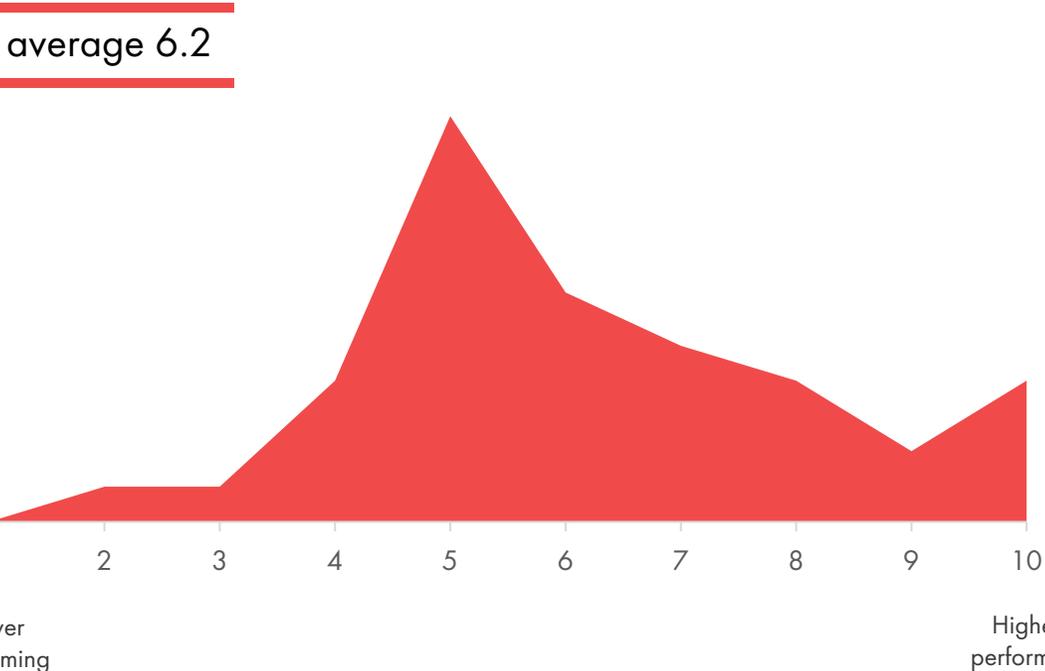
importance of success metrics (average rating)
amongst advertisers/agencies



advertiser success

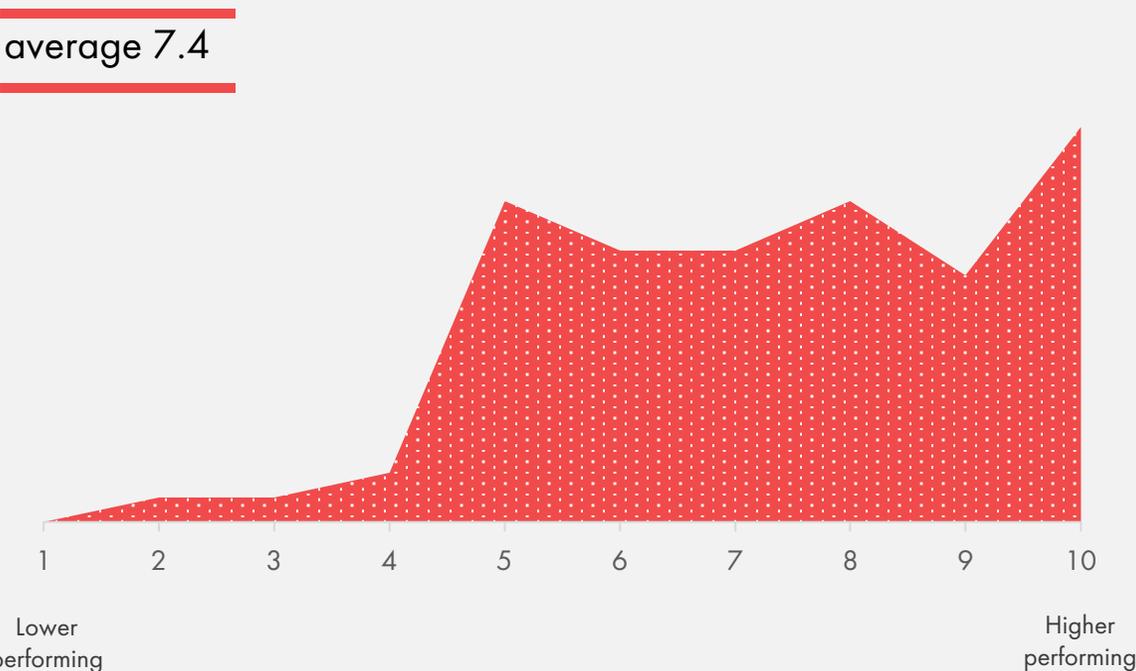
On a scale of 1 to 10, with 10 being higher performing, advertisers rated affiliate marketing on average 6.2 in achieving brand awareness compared to other marketing activities.

brand awareness



ROI is rated as the highest rated marketing result for affiliate marketing with an average rating of 7.4 (down slightly from 7.8 last year).

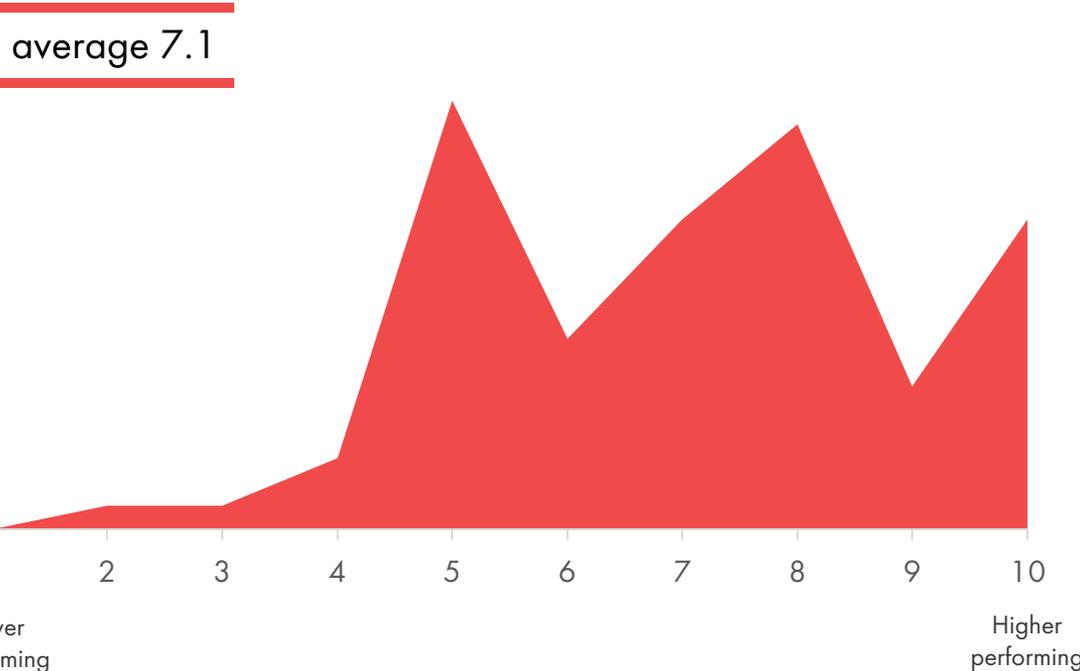
return on investment



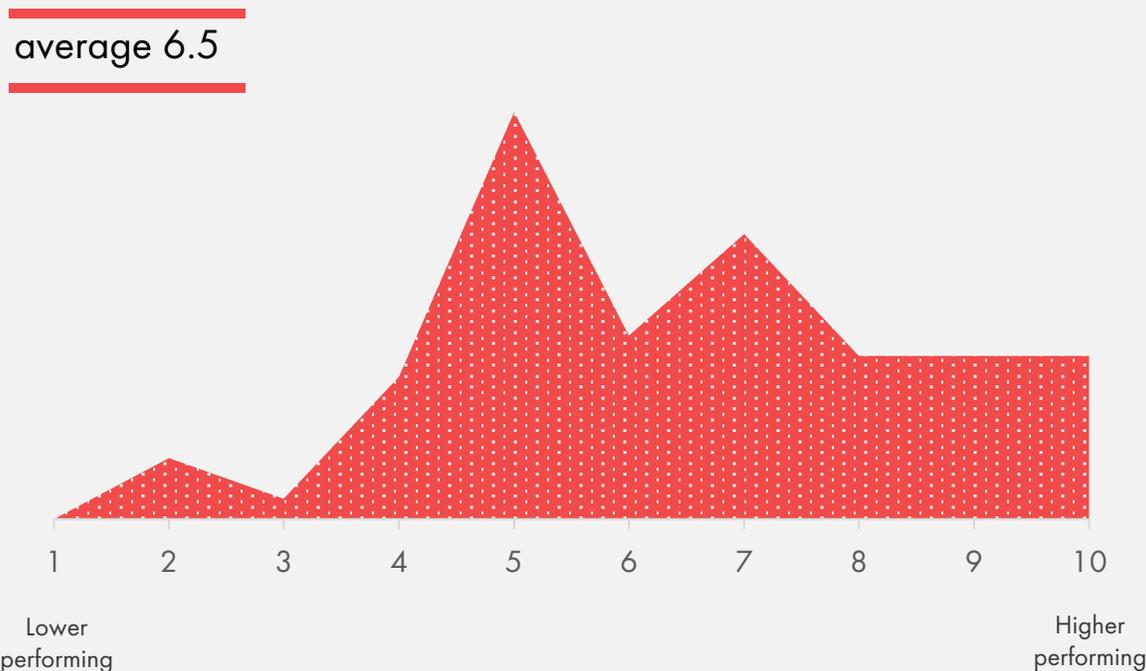
advertiser success

On a scale of 1 to 10, with 10 being higher performing, advertisers rated affiliate marketing on average 7.1 in achieving customer acquisition compared to other marketing activities, and 6.5 in achieving customer retention. These results are similar to last years survey.

customer acquisition



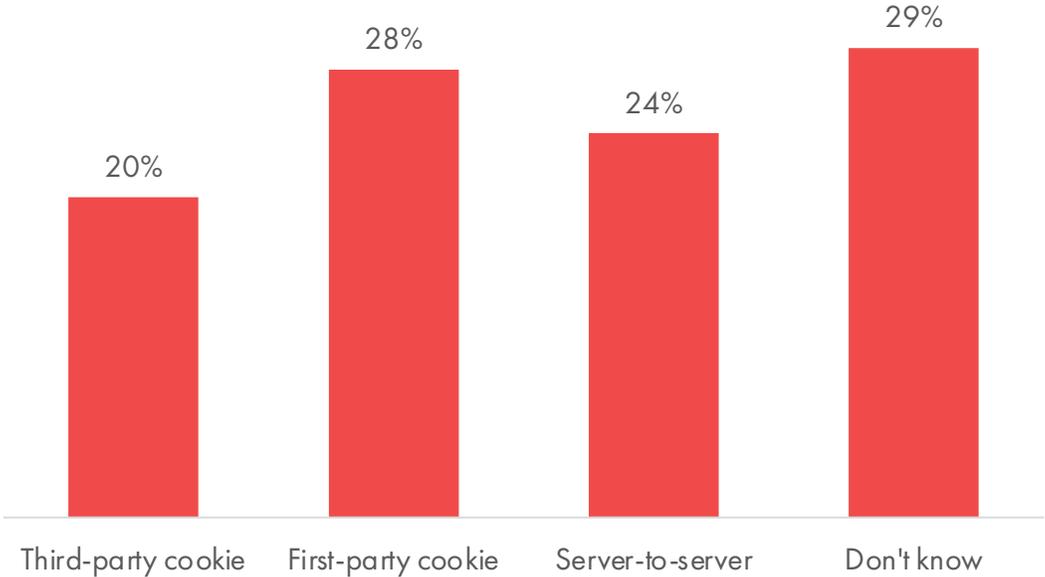
customer retention



attribution and methods to track

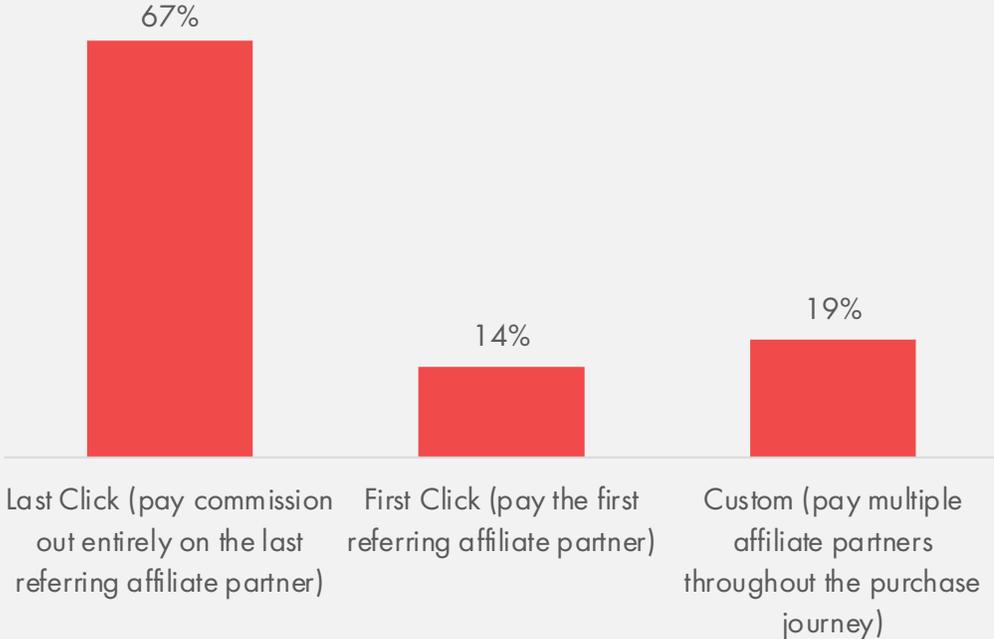
20% of advertisers continue to use third-party cookies to track affiliate marketing, however this is down from 41% last year. A significant proportion do not understand the way they are tracking and whether it is dependent on third-party cookies.

ways used to track affiliate marketing amongst advertisers/agencies



The most common allocation of CPA commission is the total to the last referring affiliate partner (67%), with a third using other attribution rules.

attribution rules used to pay partners amongst advertisers/agencies

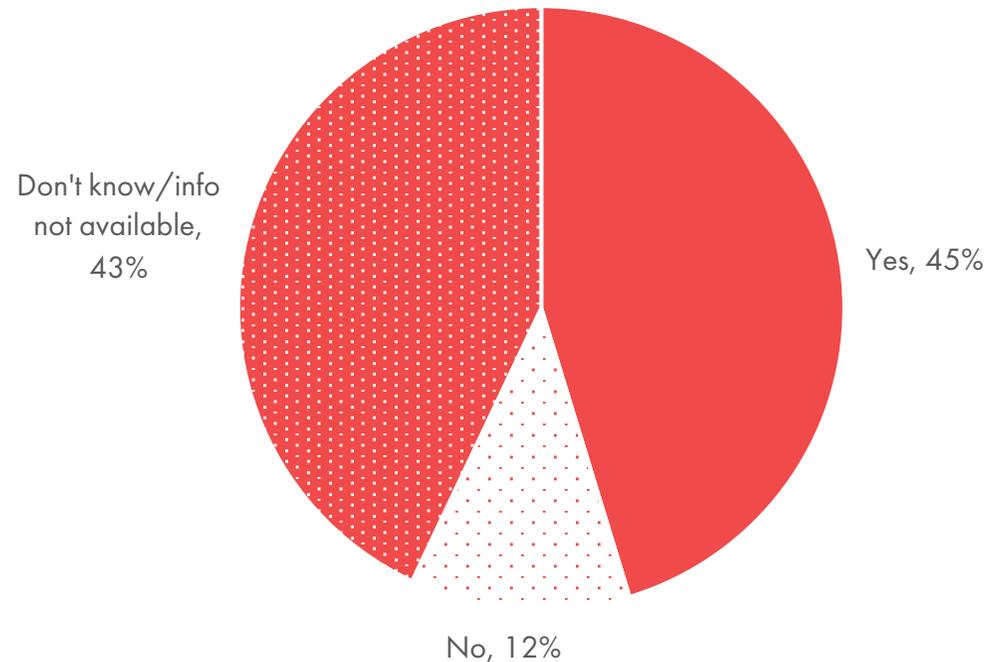


preparedness for cookie retirement

In recent years, browsers and operating systems have been moving away from 3rd party cookie storage as a way to increase user privacy. This includes Apple's Intelligent Tracking Prevention (ITP) initiative.

45% of advertisers and publishers involved with affiliate marketing are reviewing their ITP tracking compliance.

company reviewing ITP tracking compliance
amongst publishers, agencies and advertisers involved with affiliate marketing

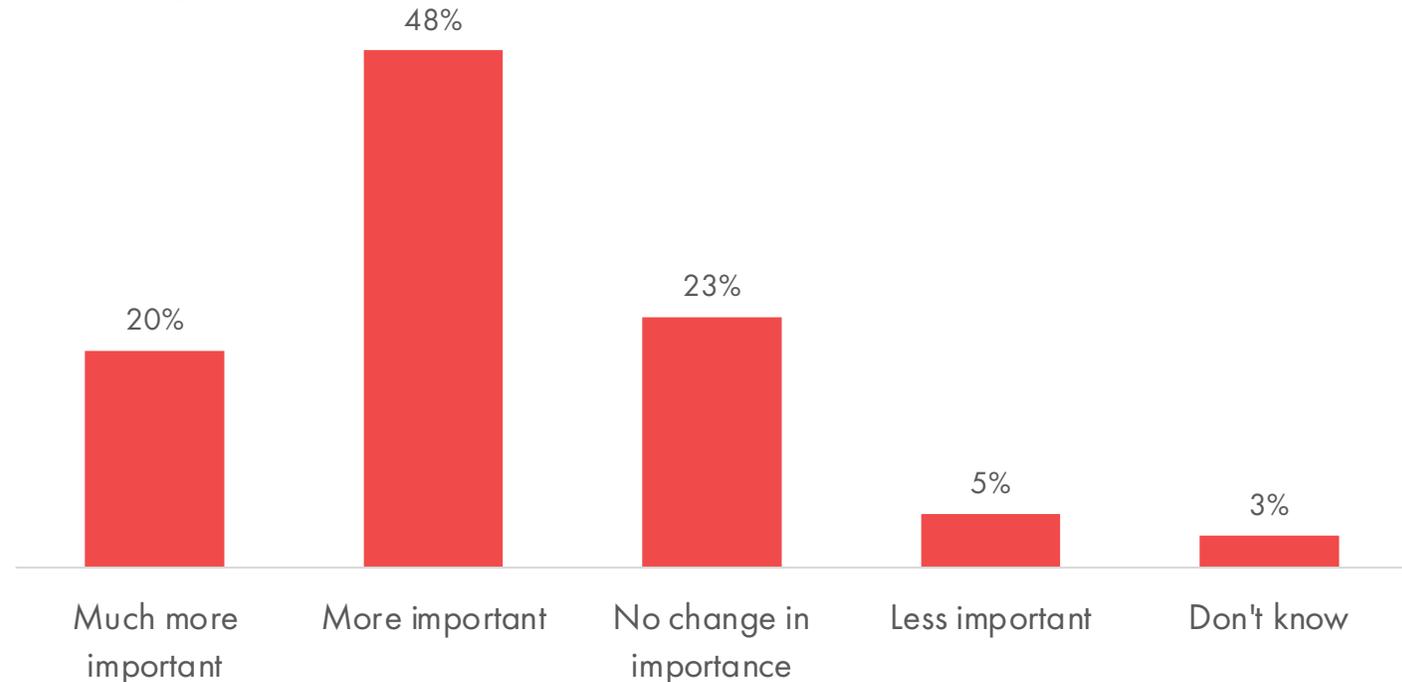


importance of affiliate marketing amid economic uncertainty

Considering the current economic climate, nearly 7 in 10 (68%) publishers and advertisers involved in affiliate marketing think the affiliate and partnership marketing channel will be more important in helping them achieve their business goals this year.

importance of affiliate channel in light of the current economic climate

amongst publishers, agencies and advertisers involved with affiliate marketing



summary

Affiliate and partnership marketing is establishing itself as a **valuable and sophisticated acquisition channel** for advertisers and a growing revenue stream for publishers.

- Affiliate and partnership marketing is establishing itself as a **valuable and sophisticated acquisition channel** for advertisers and a growing revenue stream for publishers. As the channel is maturing advertisers and publishers will have higher expectations for value and measures of success.
- **57% of advertisers and agencies have increased their overall spend on affiliate and partnership marketing** over the last year and a similar proportion intend to increase investment again this year, particularly with the content, social and reward models.
- **ROI is the more important success metric** for advertisers assessing affiliate marketing and most advertisers rate affiliate marketing as higher performing for ROI compared to other marketing activities, however with channel maturity and greater advertiser expectations, this rating is slightly lower than last year.
- Affiliate and partnership marketing is also a **growing revenue stream for publishers**. 8 in 10 (84%) of publishers had an increase in revenue from affiliate marketing channels over the last 12 months.
- The **most important business objective for publishers has shifted** from growing advertiser partnerships last year, to increasing revenue this year. There is also increasing focus on diversifying revenue streams and achieving cost efficiencies.
- **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.
- **Reliance on third-party cookies** to track affiliate marketing has decreased on last year, but there is still a significant proportion of advertisers not sure if they are reliant on third party cookies and a significant proportion involved with affiliate marketing not yet making plans for privacy compliance.
- Affiliate and partnership marketing is considered a **valuable channel for both publishers and advertisers amid the current economic climate**, with 6 in 10 (68%) believing it will be important in helping them achieve their business goals this year.

affiliate and partnership marketing.

industry training
2022

