

the role of affiliate marketing

in acquiring new customers and retaining existing ones

introduction

Brands can attain consistent growth and fulfil their goals by drawing in and converting new customers.

Affiliate and partnership marketing continues to gain recognition in Australia as a valuable and sophisticated acquisition channel. It's a cost-effective way to acquire new customers, due to the performance-based remuneration model.

Brands consider affiliate marketing one of the top channels for customer acquisition compared to other marketing activities^{*}. Over half of the brands surveyed by the IAB reported seeing 20% or more of the revenue from new customer sales from the channel.^{**}

*IAB Australia Affiliate & Partnership Marketing Industry Review 2023 * *IAB Australia Affiliate & Partnership Marketing Industry Review 2020



how to attract new customers with affiliate marketing

1. Identify the right partners: Affiliates, publishers and influencers have their own audiences and customers. By collaborating with reputable affiliates, brands can tap into their audiences to reach new customers.

2. Create a commission structure that

incentivises affiliate partners with an increased commission rate for generating new customers or incremental sales. However, the approach should vary depending on the maturity of your affiliate program and the different partner types you work with.

3. Provide fair commissions and payout

terms: When brands reward partners for attracting new customers, it is recommended that advertisers pay on all transactions and not penalise publishers for generating returning or repeat customer sales. For instance, you can increase the commission rate for a 'new customer', while keeping the commission for an 'existing customer' sale at a reasonable rate. This approach will help to maintain a healthy partnership with your affiliates and promote long-term growth. 4. Consider partnering with a diverse group of publishers: Brands can partner with a wide variety of affiliates with different niches, audiences and promotional strategies. This diversification helps to reach new potential customers and is unique within this channel.

5. Utilise affiliates to drive new customers via a consumer offer, such as a discount on their first order. When employing this mechanic it's advisable not to void the 'new customer' commission to the publisher if the customer uses a first transaction promo code.

the role of affiliate marketing in my existing customer base

Affiliates significantly impact customer loyalty, and the channel has increasingly become a crucial part of the purchase consideration process. When an existing customer interacts with an affiliate, it indicates that the partner had some influence over the transaction, even though the customer was already familiar with the brand.

- Loyal following: Affiliates often have a loyal following who trust their recommendations and consider them an essential part of their buying process.

- Savvy Customers: Customers are always on the lookout for the best deal. The affiliate channel provides a competitive advantage and an opportunity to stand out.

recommendations for agencies & advertisers

- Enable reporting: Set your affiliate tracking system to report new and existing customer transactions.

- Incentivise high-converting publishers with a new customer offer.

- Understand customer journeys and negotiate fair terms: Use fair commercial conditions, bespoke for each partner depending on how they drive awareness, traffic and sales. Keep in mind that while some partners can target specific audiences and incentivise new customers, other partners may not have control over attracting new customers, so it's important to find a balance that works for everyone involved.

recommendations for affiliates & publishers

- Paid placements: When advertisers prioritise reaching new customers and work with partners who cannot control the referral of new customers a tenancy style approach can lead to more reasonable agreements between the advertiser and publisher.

- Sharing the performance of your content and understanding how your audience is engaging by providing metrics such as impressions, clicks, open rates, and benchmark data, can help advertisers gain valuable insights into the effectiveness of your campaign and incentivise further investment in your campaigns.

Overall, keeping open communication between advertisers and affiliate partners is always important. Building strong relationships can lead to better collaboration to work towards your objectives, which leads to more successful partnerships.

This series has been developed by the IAB Australia Affiliate and Partnership Marketing Working Group **https://iabaustralia.com.au/our-councils/affiliate-working-group/**



affiliate & partnership marketing knowledge series