IAB UK Affiliates & Partnerships Group
Buyside Survey Results

February 2021
Survey run dates: 8/12/20 – 31/1/21
185 respondents
Introduction............................................................................... 3
Report headlines ................................................................. 4
Methodology ........................................................................... 5
Experience with affiliate marketing ............................... 6-8
Scope of operations ............................................................... 9
Investment & payment models ................................. 10-11
Value of affiliate marketing ........................................ 12-13
Measurement & results .................................................. 14-15
Usage of exclusive promotions ................................. 16
Impact of COVID-19 ...................................................... 17-18
Usage of third-party cookies ................................. 19
Marketers priorities ......................................................... 20-21
Introduction

Kevin Edwards, Global Strategy Director, AWIN. Chair - IAB Affiliates & Partnerships Group

2020 was a pivotal year for the affiliate industry, offering advertisers and agencies a diverse range of partners to help shore up and accelerate their online growth amidst a year of disruption. From cashback and reward sites, to mass-media publishers, bloggers, social media, emerging fintech and technology solutions, the affiliate channel remains one of the most cost-effective and diverse ways that brands are finding new customers. If the activity can be rewarded on a cost-per-acquisition basis then it can play a part.

Last year, many affiliate programmes saw high double and occasional treble digit growth and this survey provides an industry snapshot as brands continue to evolve their campaigns in 2021. With almost one in five brands and agencies spending more than £250k per month on their affiliate campaigns, it’s clear that it’s a serious route to market for them.

Growth however, has to be weighed against those brands who reduced their spend. The travel sector remains an important one for the affiliate channel and we have to remain hopeful that it will fire back in the second half of 2021, taking advantage of pent up consumer demand. Certainly the most favoured affiliate business models – cashback and content sites – will be ready to support brands when that time comes.

Digital marketing in general faces challenges in tackling the ability to track campaigns in the future, and offering clarity on the current state of play within our channel is vital. Alongside demonstrating the value of affiliate marketing and ensuring transparency and trust are at the heart of what we do, this survey sets out a blueprint for future projects.

The affiliate industry has a proud heritage of demonstrating its value to brands and agencies, and this survey helps guide our future strategy in proving why we should be front and centre of advertisers’ future marketing plans.
Report Headlines

Lockdown impact

• Over 50 % of UK survey participants saw an increase in affiliate spend across 2020, with a third spending over £50,000 per month through the channel
• More than half of respondents questioned saw an overall increase in business across 2020, and 56% recorded increased revenue through the affiliate channel specifically since lockdown starting in late March 2020
• More than two thirds of respondents feel the current lockdown situation will last for at least 6 months, with 37% anticipating it continue for more than a year

Performance

• CPA is still the predominant payment model for Affiliates, with last click being the biggest attribution rule by a significant margin
• ROI is the most important performance metric, followed by sales volume and customer acquisition

Tracking

• 50 % of respondents still rely on third-party cookies to track their affiliate performance

Priorities for affiliate marketers in the UK include:

• Measuring the value of affiliate and proving incrementality
• Educating the market about tracking
• Look to develop a gold standard for the affiliate industry to drive transparency, trust and standards
Methodology

• This research was designed and run by the IAB UK Affiliate & Partnerships Group

• The group conducted an industry survey during December 2020 and January 2021 and responses were gathered from over 180 advertisers and agencies who operate affiliate marketing programmes in the UK

• This is a report based on the results of the survey aimed at exploring experiences and plans with affiliate marketing

Respondent sample business type

- 55% A brand or advertiser
- 28% An agency
Affiliate Marketing Experience?

55% of respondents have more than 5 years experience in the sector

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020. (N= 185) “Have never used” removed
How many of your clients engage in affiliate marketing?

- 1 to 5: 49%
- 6 to 10: 17%
- 11 to 15: 19%
- 16 to 20: 11%
- More than 20: 4%

Who is currently responsible for managing your affiliate programmes?

- In-house: 71%
- Network: 29%

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020. (N=47)
Advertiser / Brand Experience

The majority of advertisers are medium/larger business who manage their programmes in-house.

What type of company you work for?
- Large business (250+ employees), 51%
- Medium Business (50-250 employees), 22%
- Small business (less than 50 employees), 19%
- Startup in the first stages of operations, 8%

Responsibility for managing your affiliate programme?
- In-house 76%
- Agency 18%
- Network 7%

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020. (N=91)
Scope of Affiliate Operations – sectors & countries of operation

Retail and Travel are the biggest sectors (positive and negative impacts from COVID-19)

Industry Sectors

Other countries of operation

- No other markets: 44%
- Australia: 24%
- Asia: 21%
- USA: 40%
- Other European countries: 51%

Which of the following industry sectors does your company / clients companies operate in? (N=91)

Outside of the UK, do you/your clients operate affiliate marketing programmes in any of these other markets (N=123)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Average Monthly Affiliate Spend

Over a 1/3 of those asked spend more than £50k a month

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020 [N=120]
Payment & Attribution Models

Payment Models

- CPM (cost per thousand impressions): 3%
- CPI (cost per install, e.g. app install): 6%
- CPL (cost per lead): 24%
- CPC (cost per click): 24%
- Tenancy Fees (bonuses for placements): 56%
- CPA (cost per action, commission): 99%

Attribution model used pay for programs

- Don’t know: 7%
- First Click (pay the first referring affiliate partner): 7%
- Custom (pay multiple affiliate partners throughout the purchase journey): 14%
- Last Click (pay commission out entirely on the last referring affiliate partner): 86%

Which payment models are you or your clients actively using through the affiliate channel N=120
What attribution rules or settings do you typically use to pay your partners (N=129)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Affiliate marketing is mainly funded by the marketing department, with over 50% seeing an increase in spend over the last year.

**Business area budgets for affiliate marketing**

- Marketing: 80%
- eCommerce: 31%
- Product: 6%
- Sales: 16%
- Don’t know: 6%

**Affiliate spend change over 2020**

- Increased: 53%
- Decreased: 20%
- Stayed the same: 21%
- Don’t know: 6%

Which department(s) does you or your clients affiliate marketing budget currently come from (N=139)?

Over the past year (2020), how has you or your clients overall spend on Affiliate Marketing changed? (N=129)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Value of Affiliate Models

How valuable do you find the following affiliate models?

Please rate these options with 1 being least valuable and 10 being most valuable (N=117)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Measuring Success

ROI and volume of sales were rated the most important success metrics

How important are the following success metrics when assessing Affiliate Marketing?

- Please rate these options with 1 being least important and 10 being most important (N=115)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Affiliate performance compared to other marketing activities

Affiliate marketing performs very highly for customer acquisition and ROI compared to other marketing activities

Compared to other marketing activities, how do you rate Affiliate Marketing for achieving the following marketing results?

Please rate these options with 1 being low performing and 10 being high performing (N=115)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Use of Exclusive Promotions

- Yes, 77%
- No, 19%

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Impact of COVID-19 to business

Certain sectors have fair well, overall there has been an increase in business as a result of lockdown

Net increase = 56%

35%

Net decrease = 31%

Increased significantly 35%

Increased slightly 21%

Stayed the same 9%

Decreased slightly 12%

Decreased significantly 18%

The business had to shut down 1%

Don’t know 4%

How have the lockdowns impacted your overall business in the UK? (N=114)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Impact of COVID-19: Affiliate performance

56% of respondents have recorded increased revenue through affiliate channels in lockdown

Net increase = 56%

Net decrease = 23%

Increased significantly: 32%
Increased slightly: 25%
Stayed the same: 10%
Decreased slightly: 7%
Decreased significantly: 13%
We stopped the channel and have not returned: 3%
Don’t know: 11%

During the COVID-19 period from late March 2020 until now, how has the affiliate channel performed in terms of revenue compared to pre-COVID? (N=114)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
Use of Third-Party Cookies

- Browsers and operating systems are moving away from the use of third party cookies to increase user privacy.
- Over half of respondents still claim to use 3rd party cookies to track their affiliate marketing activity.
- 1 in 5 don’t know how their activity is tracked.

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
What are the most important topics facing the UK affiliates sector?

- How to measure the value of affiliate advertising
- Information about how affiliate tracking works
- An affiliate industry gold standard
- Case studies
- Information about how affiliates disclose their commercial relationships to consumers

The IAB UK Affiliates & Partnerships Group is planning projects for 2021 that will raise awareness of the affiliate channel. Please rank from how important you think the following topics are to achieve this (N=109)

Source: IAB UK Affiliate and Partnerships Buyers Survey 2020
What can the UK affiliate marketing industry do to improve?

Verbatims aggregated into general topics

- **32%**: Transparency, Trust and Standards
- **28%**: Education
- **20%**: Better service
- **12%**: Measurement
- **9%**: Automation and Efficiency
Any questions?
Please email membership@iabuk.com

Further resources from IAB UK Affiliates & Partnerships Group

- Case Studies: iabuk.com/case-studies
- Audience insights during the coronavirus pandemic: iabuk.com/opinions
- IAB UK Member Vault: iabuk.com/member-content