

IAB UK Affiliates & Partnerships Group Buyside Survey Results

February 2021

Survey run dates: 8/12/20 – 31/1/21

185 respondents

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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

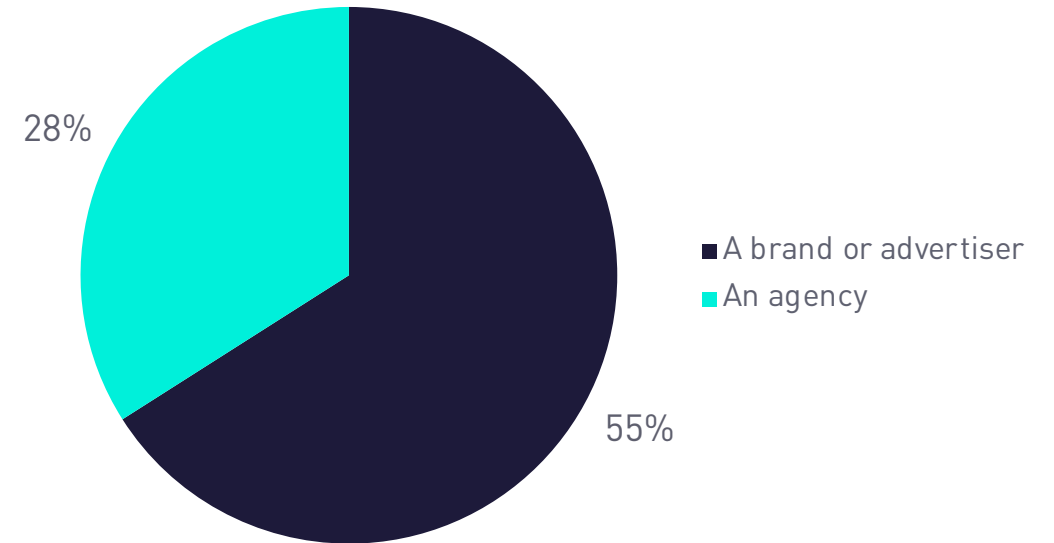
Priorities for affiliate marketers in the UK include:

- 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

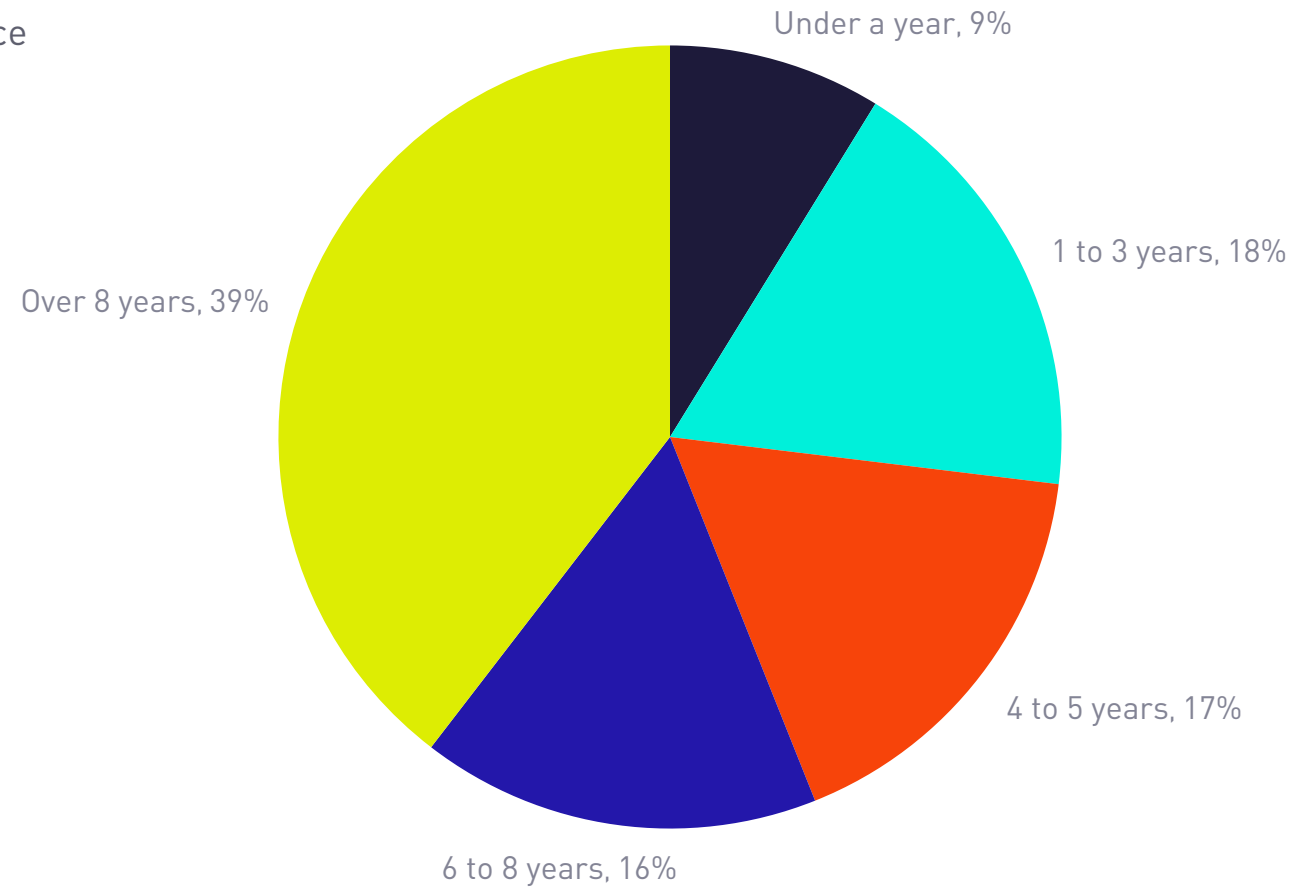
- This research was designed and run by the IAB UK Affiliate & Partnerships Group
- The group conducted an industry survey during December 2020 and January 2021 and responses were gathered from over 180 advertisers and agencies who operate affiliate marketing programmes in the UK
- This is a report based on the results of the survey aimed at exploring experiences and plans with affiliate marketing

Respondent sample business type



Affiliate Marketing Experience?

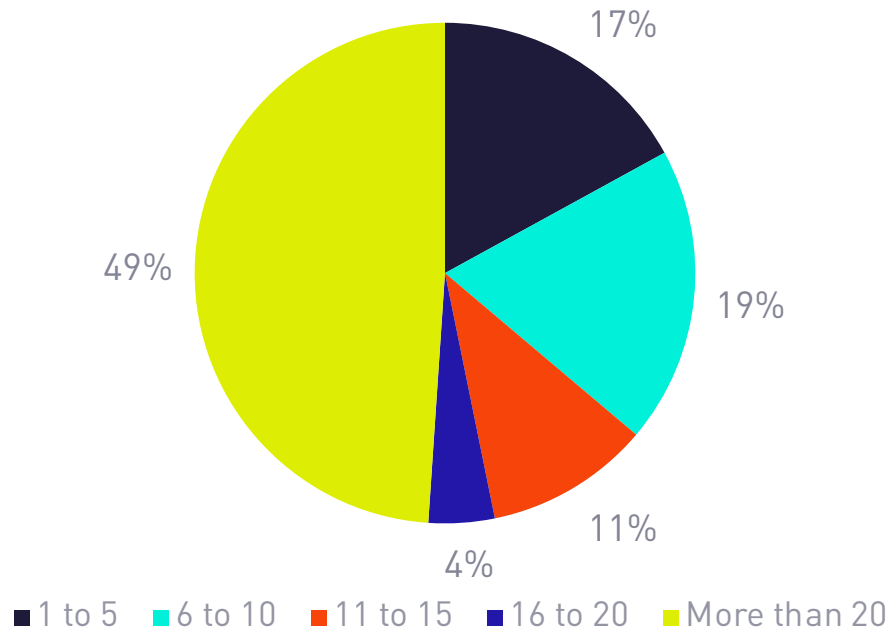
55% of respondents have more than 5 years experience in the sector



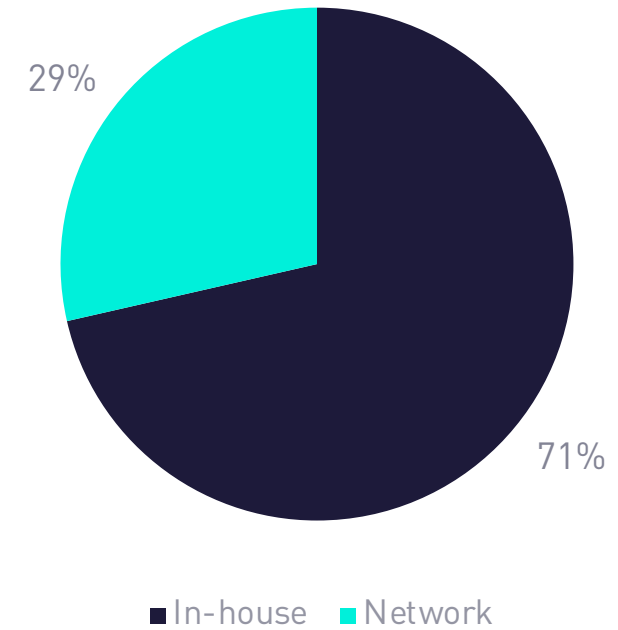
Agency Experience Snapshot

For agencies involved in affiliate marketing – most client programmes are managed in-house

How many of your clients engage in affiliate marketing?



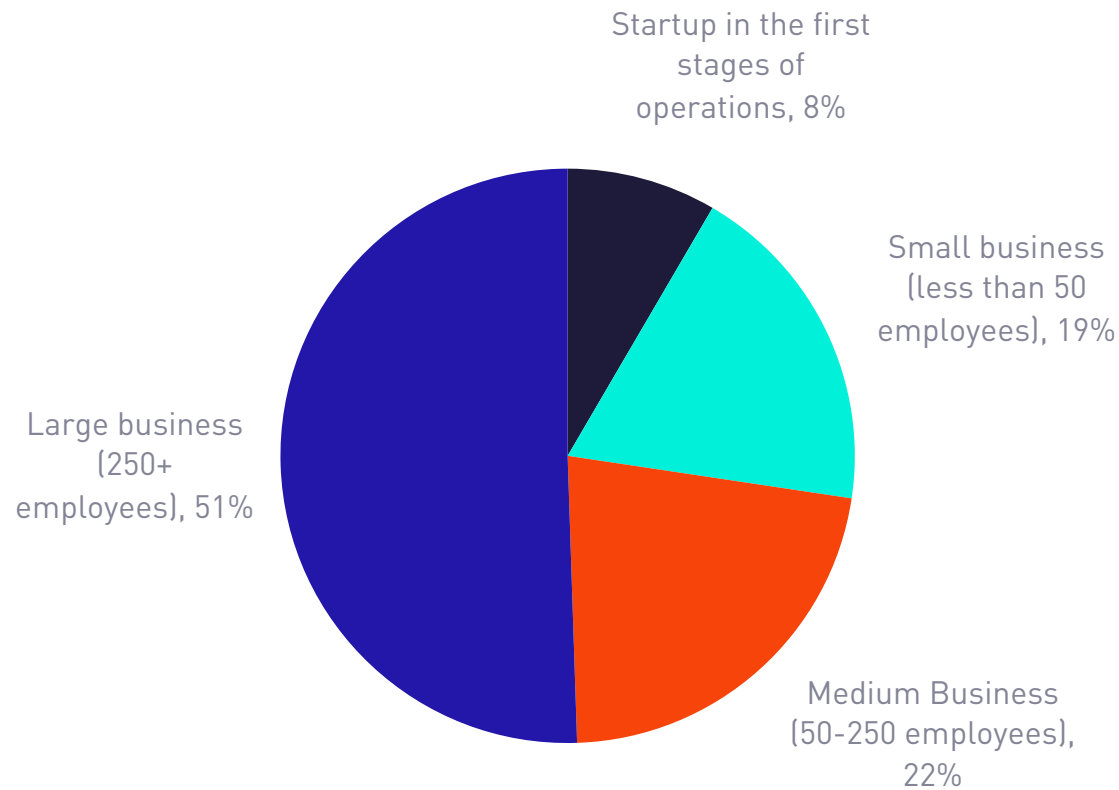
Who is currently responsible for managing your affiliate programmes?



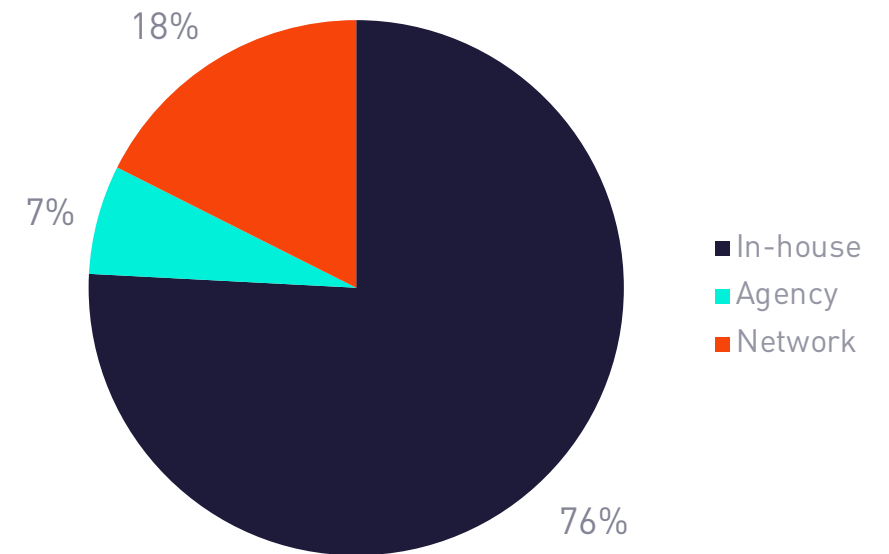
Advertiser / Brand Experience

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

What type of company you work for?



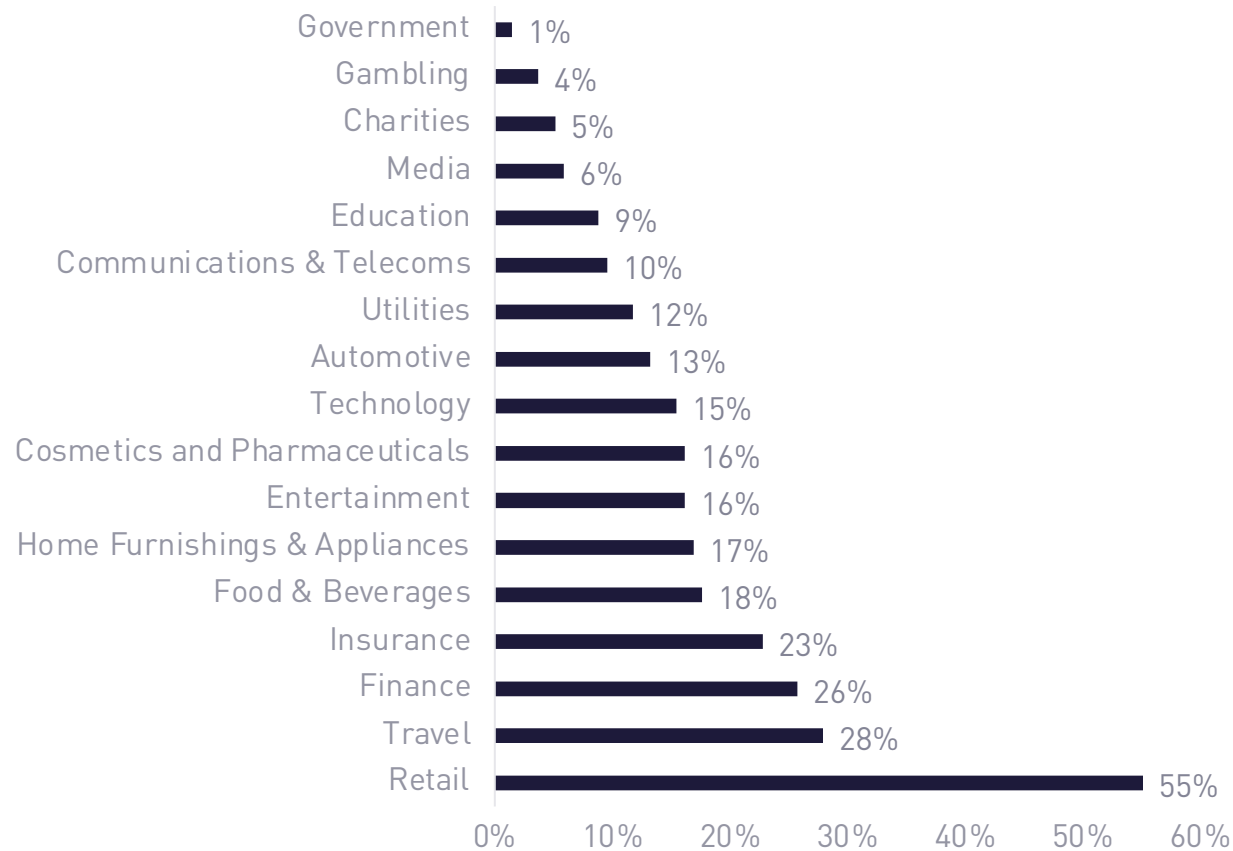
Responsibility for managing your affiliate programme?



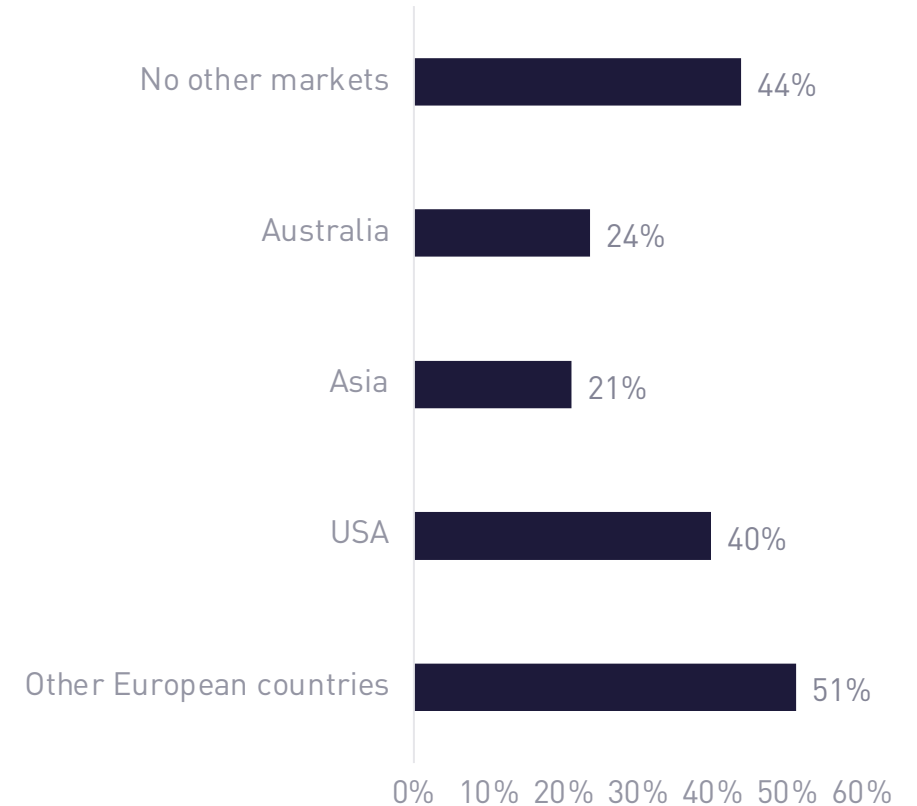
Scope of Affiliate Operations – sectors & countries of operation

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

Industry Sectors

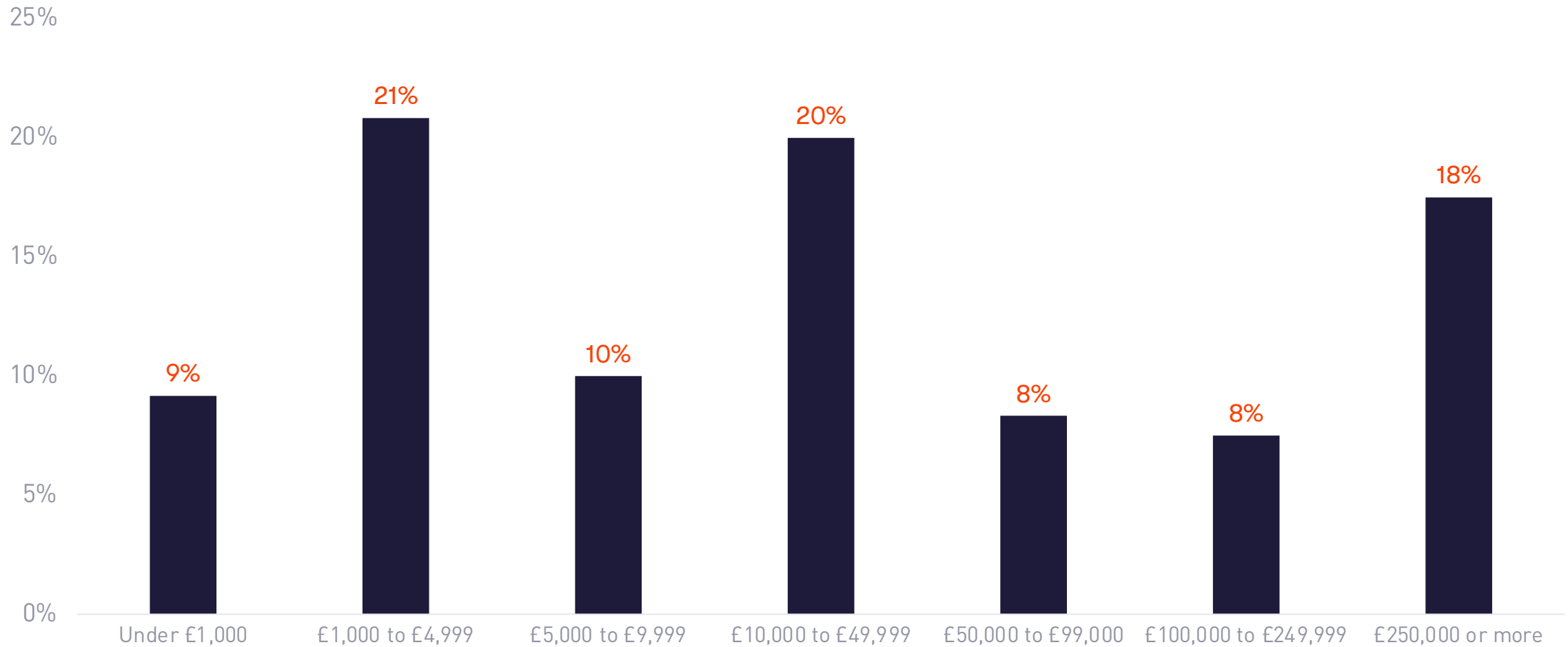


Other countries of operation



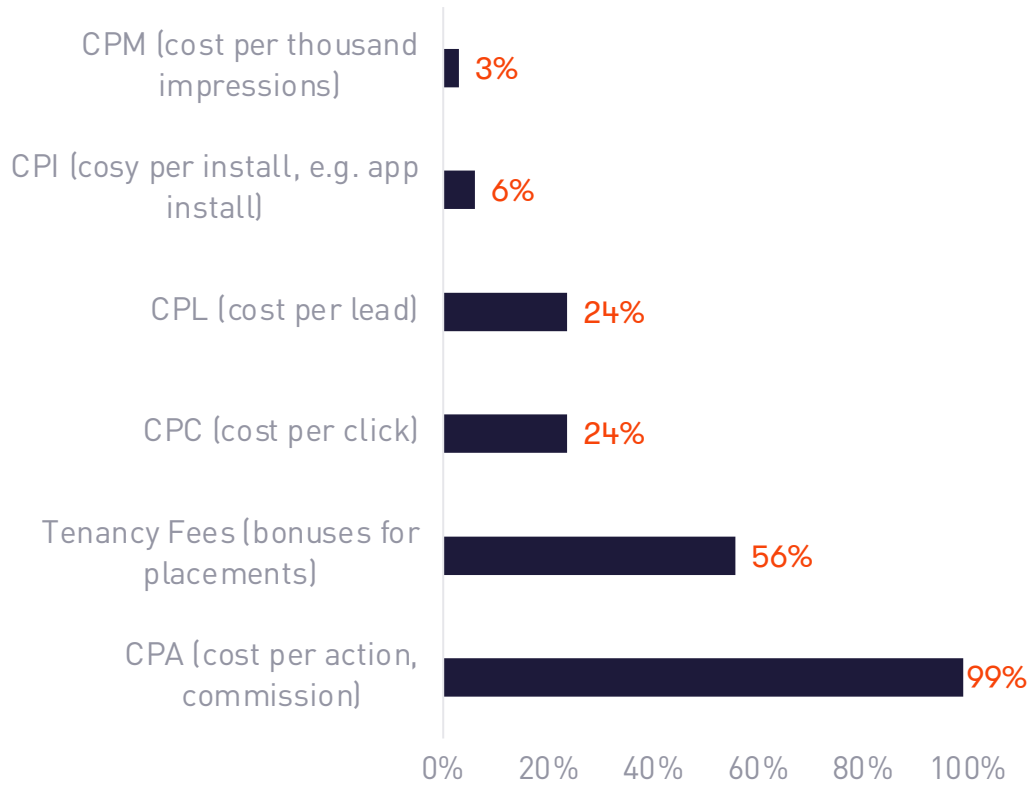
Average Monthly Affiliate Spend

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

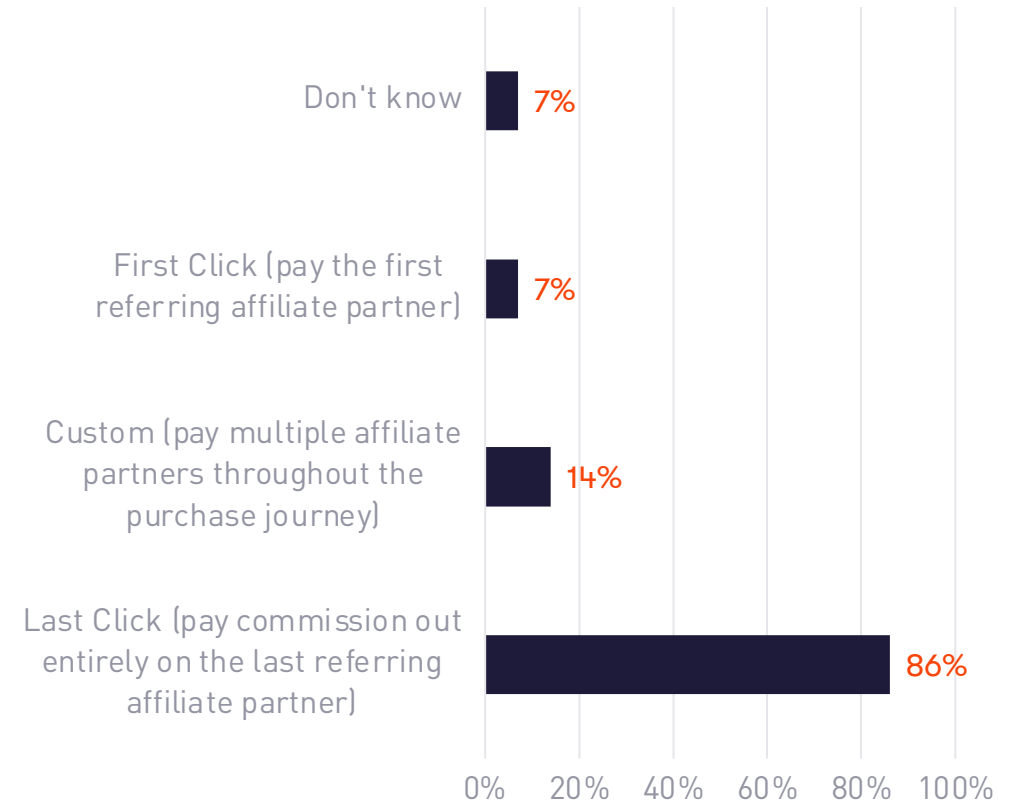


Payment & Attribution Models

Payment Models



Attribution model used pay for programs

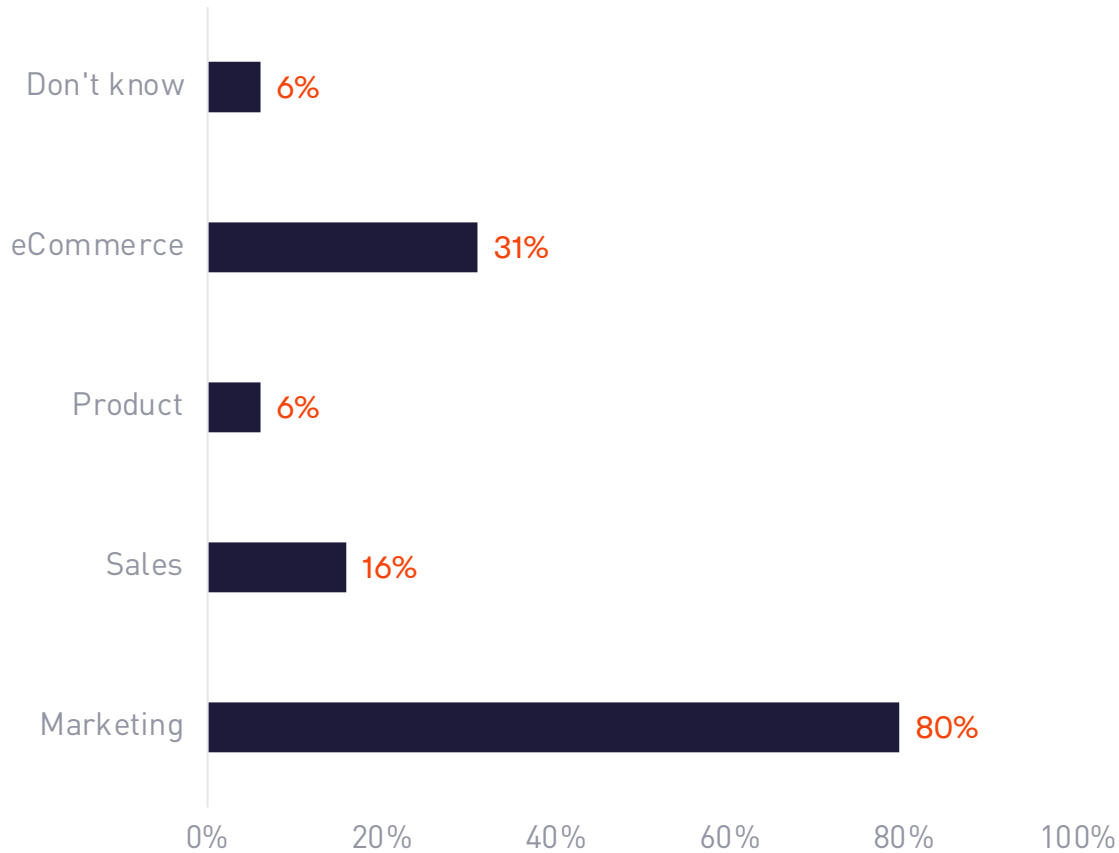


Which payment models are you or your clients actively using through the affiliate channel N=120
What attribution rules or settings do you typically use to pay your partners (N=129)
Source: IAB UK Affiliate and Partnerships Buyers Survey 2020

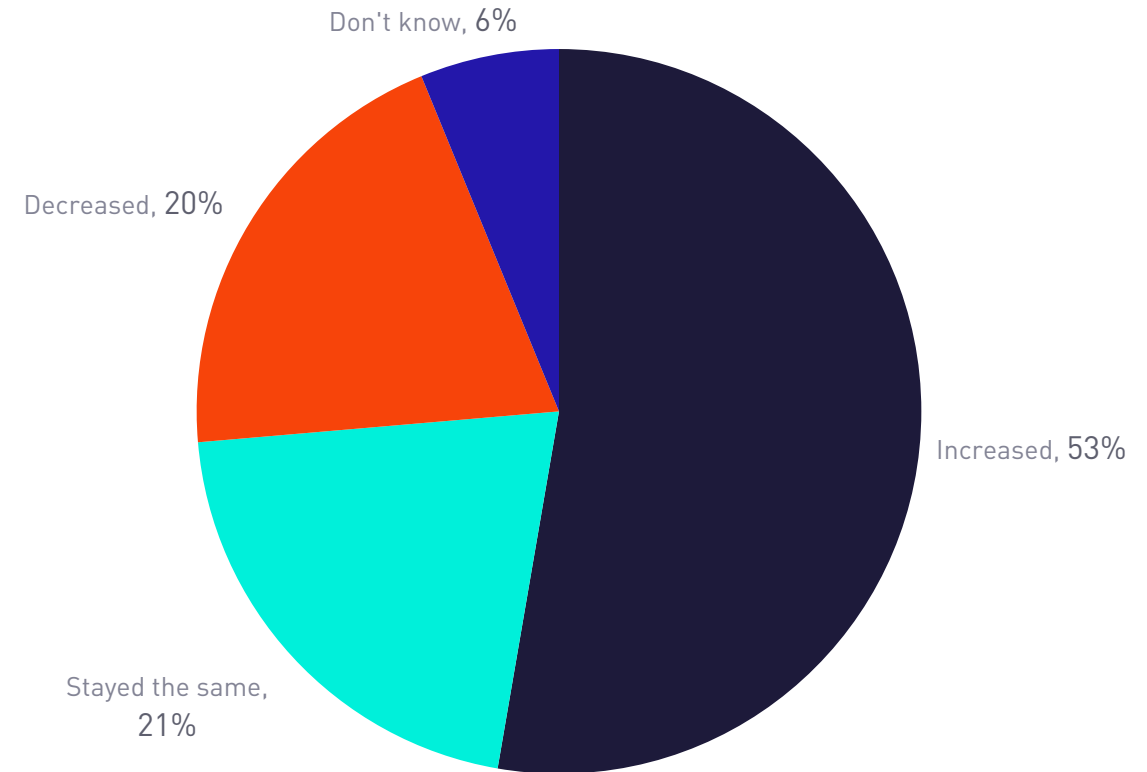
Budgets

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

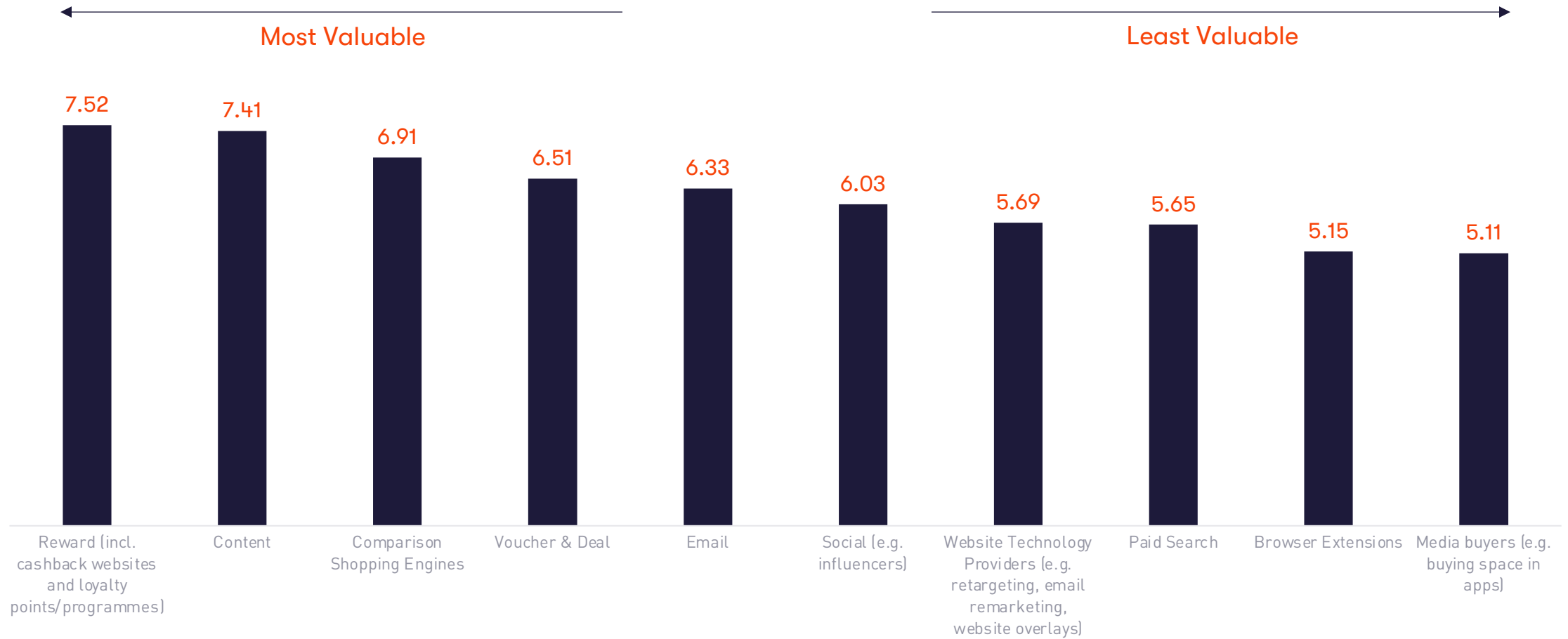


Affiliate spend change over 2020



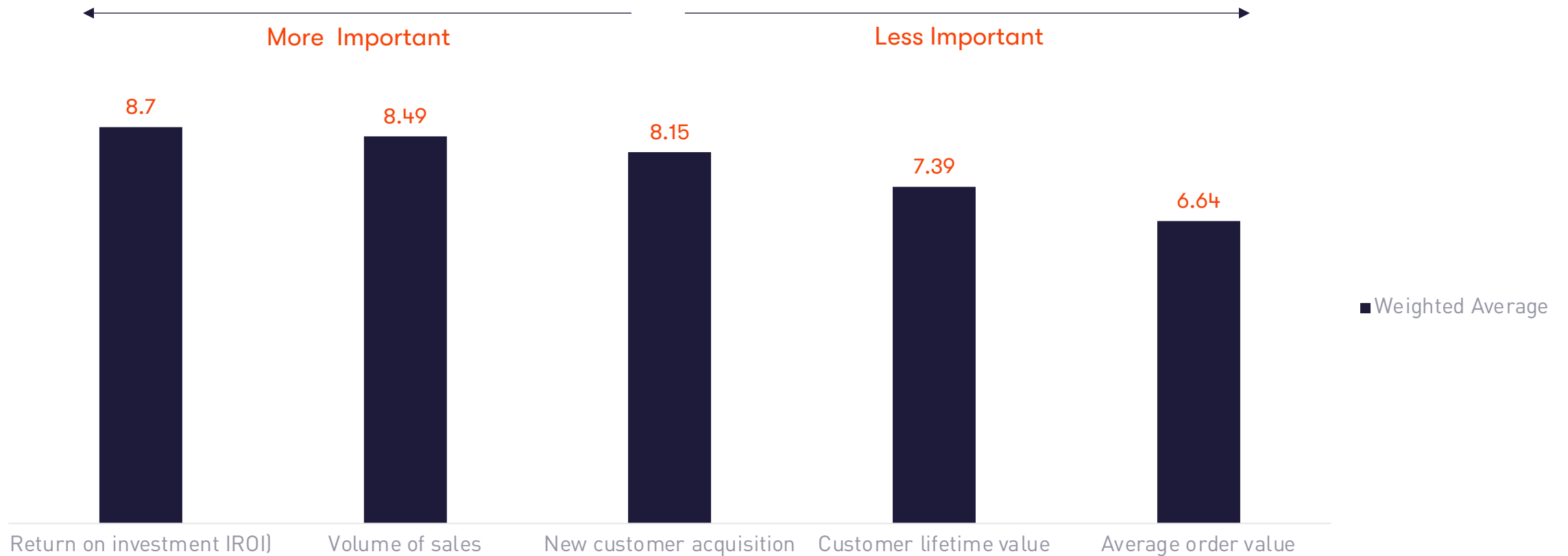
Which department(s) does you or your clients affiliate marketing budget currently come from (N=139)
Over the past year (2020), how has you or your clients overall spend on Affiliate Marketing changed? (N=129)
Source: IAB UK Affiliate and Partnerships Buyers Survey 2020

Value of Affiliate Models



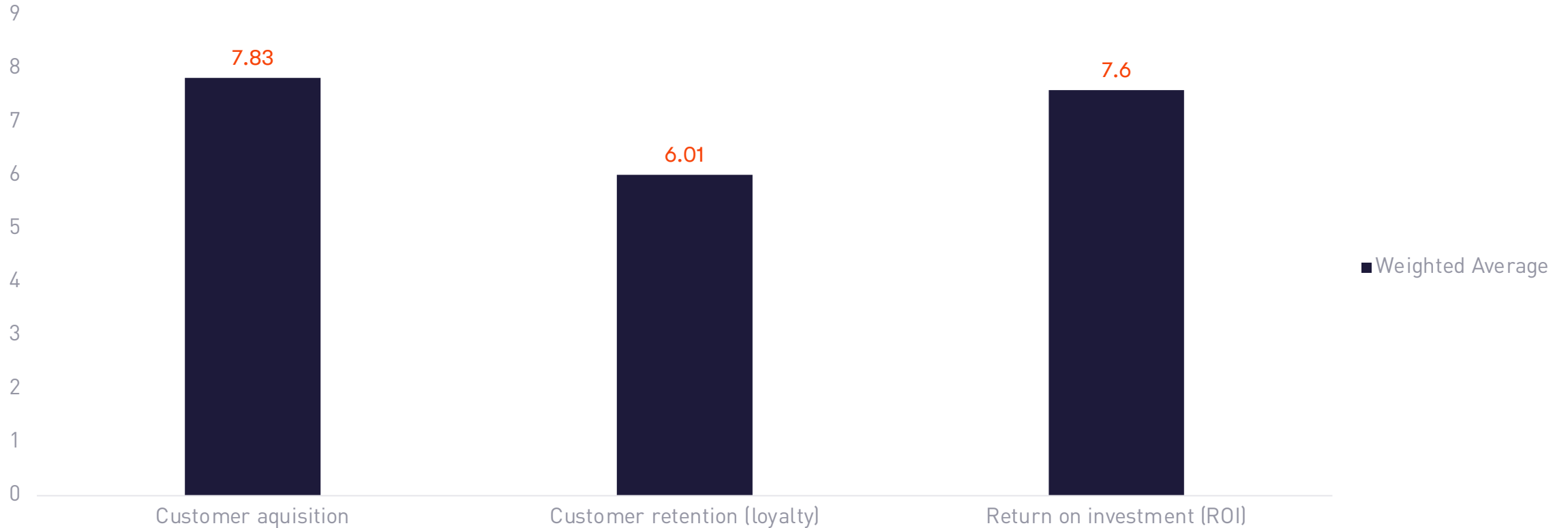
Measuring Success

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

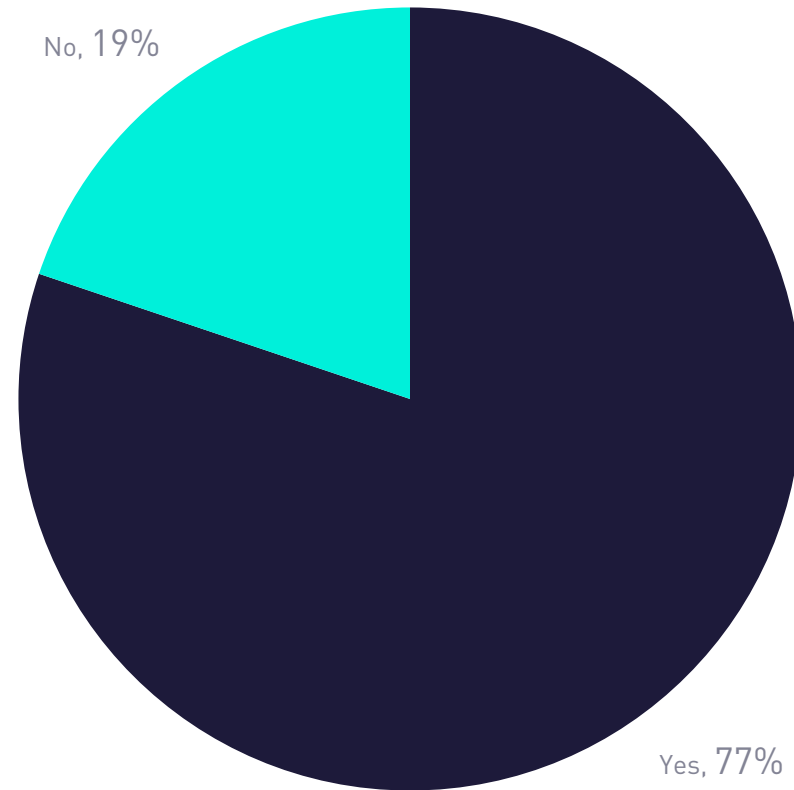


Affiliate performance compared to other marketing activities

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

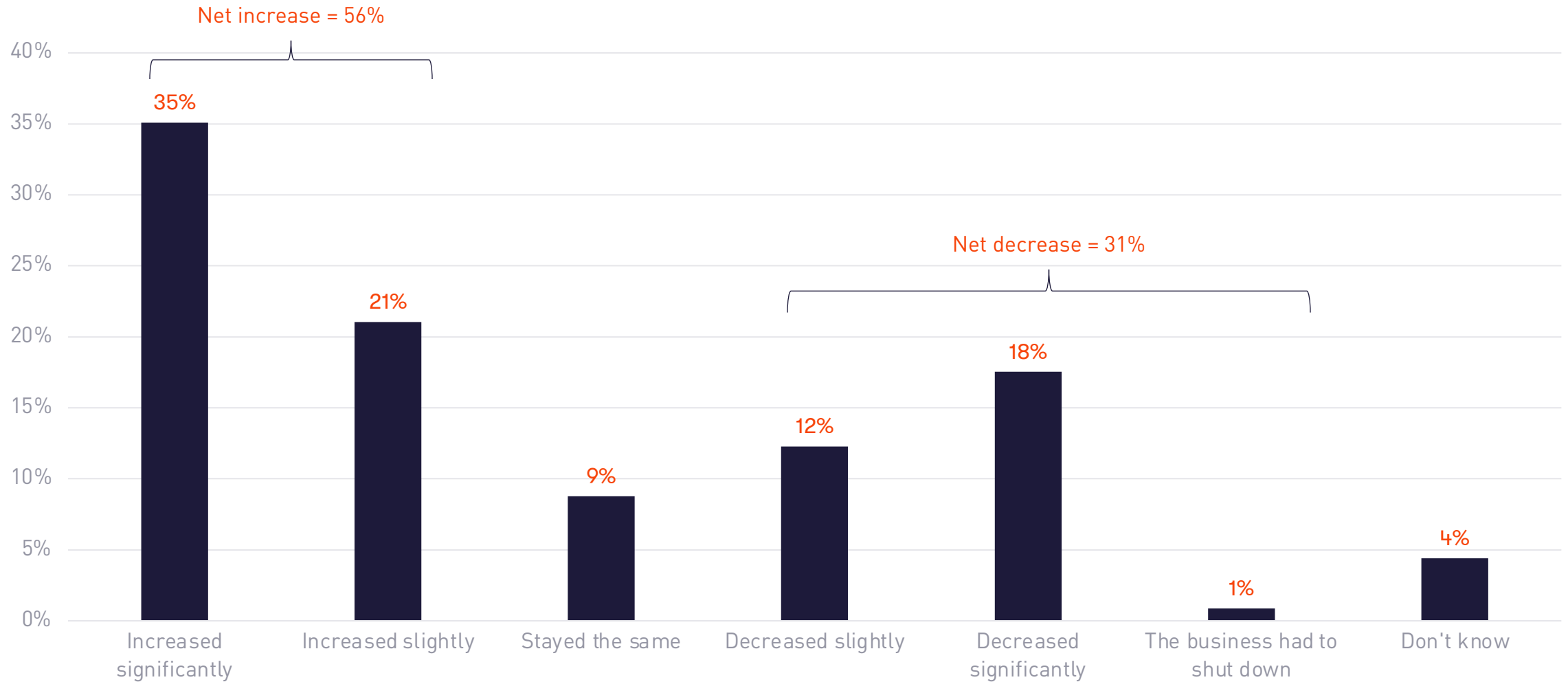


Use of Exclusive Promotions



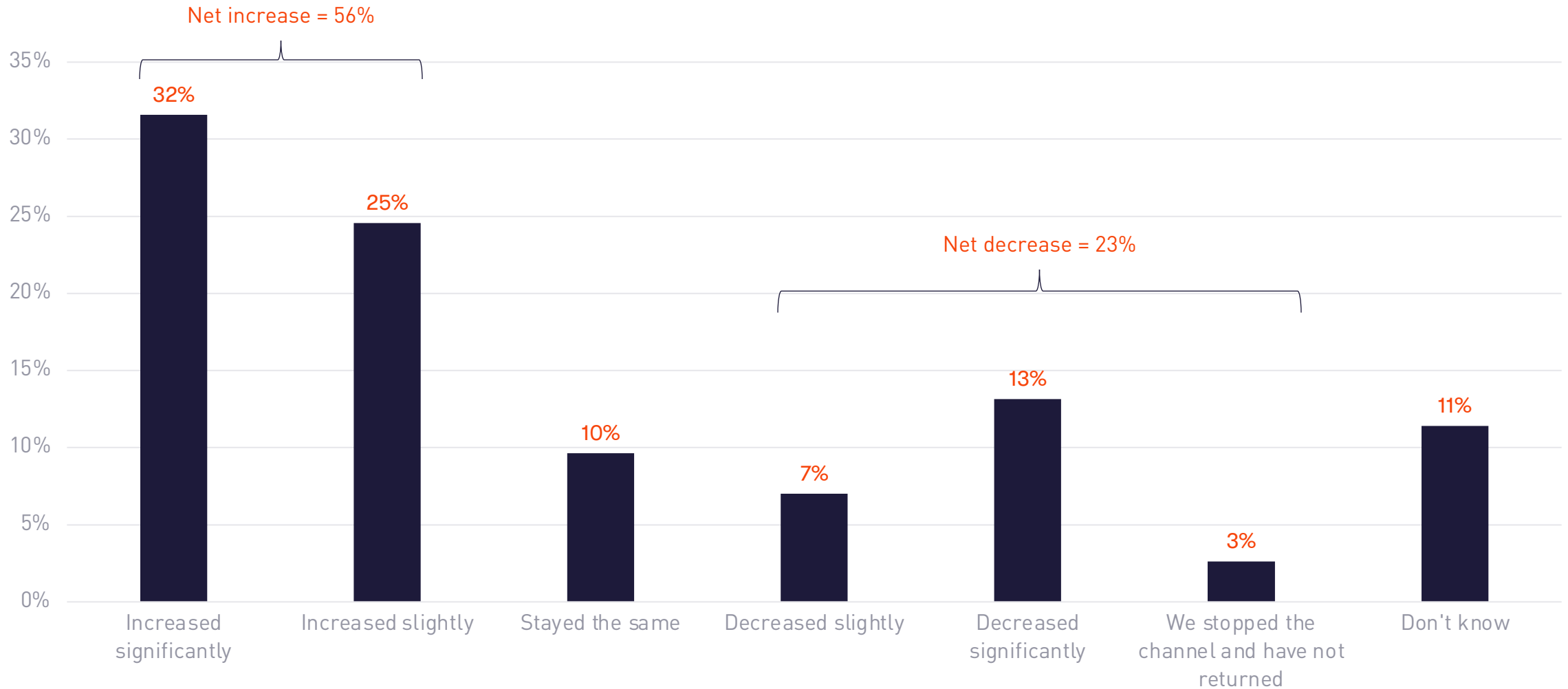
Impact of COVID-19 to business

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



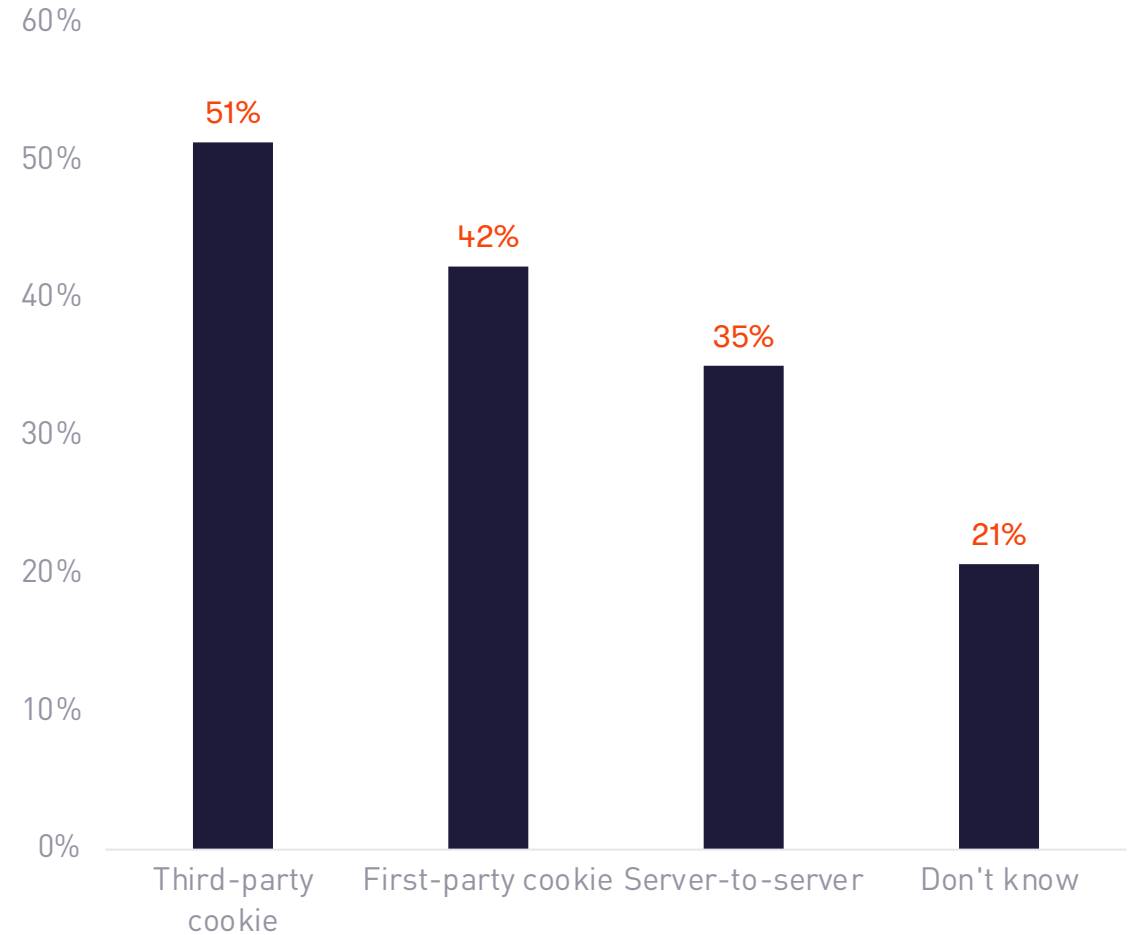
Impact of COVID-19: Affiliate performance

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



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



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

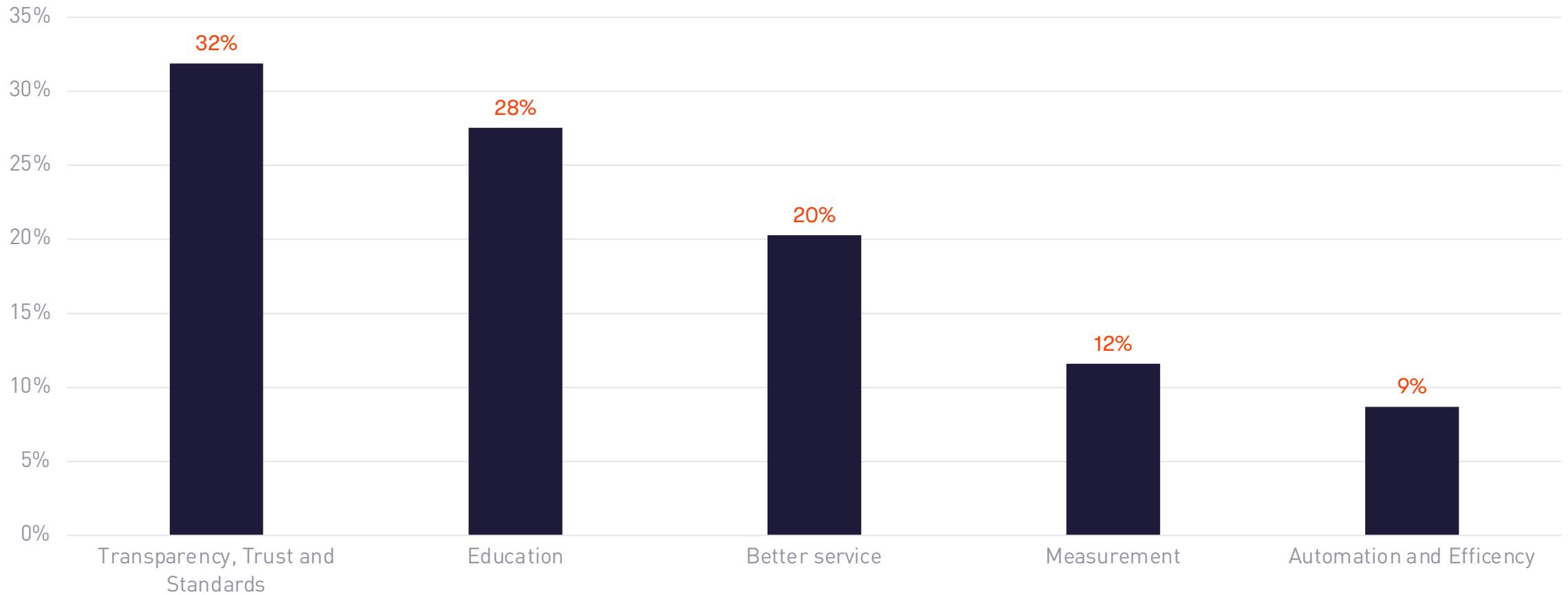
Most important



Least Important

What can the UK affiliate marketing industry do to improve?

Verbatims aggregated into general topics



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