

Affiliate Marketing

Revenue and Control When You Need It Most

PRESENTER

Maura Smith
Chief Marketing Officer
Pepperjam

MODERATOR

Douglas Clark
Global Director of Public Relations
eMarketer

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AFFILIATE MARKETING: REVENUE & CONTROL WHEN YOU NEED IT MOST

Survey says: Affiliate marketing scores high marks with executive-level marketers

An October 2019 commissioned study conducted
by Forrester Consulting on behalf of Pepperjam

WHAT WE KNOW ABOUT AFFILIATE MARKETING

\$6.2B

\$6.2B in U.S.
affiliate marketing spend in 2018*

\$8.2B

Spend is expected to reach
\$8.2B U.S. dollars by 2022**

12:1

An average return on
ad spend (ROAS) of \$12 in 2018*

16%

Responsible for 16% of all
digital revenue***

80%

80% of brands say they are
investing in affiliate marketing**

Sources:

*PMA Performance Marketing Study: Full Year 2018- "Taking the Pulse of Performance Marketing", May 2019

** Statista" Affiliate Marketing Spend in the US 2010-2022

*** BI Intelligence Business Insider-"Your guide to engaging with shoppers on multiple channels", December 29 2016



**WE ARE LIVING IN
THE AGE OF THE CONSUMER**

The background image shows a hand holding a smartphone in front of a laptop. Overlaid on the image are several semi-transparent icons and numbers: a speech bubble with '5', a person icon with '18', and a heart icon with '25'. The entire scene is tinted with a reddish-orange gradient.

**YOU MUST BE PRESENT ACROSS
ALL TOUCHPOINTS IN THEIR
PURCHASE JOURNEY**

IT IS EXPENSIVE!

18%

The Y/Y Increase in Facebook CPM's
Merkle Digital Marketing Report, Q3 2018

8%

The Y/Y Increase in Google CPC's For Retail and Consumer Goods Advertisers
Merkle Digital Marketing Report, Q3 2018

19%

The percent of invalid US programmatic display impressions.
Pixelate Trends Report, Q2 2019

“It is now more expensive than ever to capture a customer's attention online through Facebook and Instagram ads”

- FAST COMPANY



**AND ECONOMIC UNCERTAINTY IS
ONLY ADDING TO THE PROBLEM**

What's the solution?



pepperjam | featuring FORRESTER®



PROJECT OVERVIEW AND DEMOGRAPHICS

Pepperjam commissioned Forrester Consulting to explore the value of affiliate marketing.

Forrester conducted an online survey with 178 decision-makers, director-level or above who are responsible for or influence their organizations' affiliate marketing strategy to explore this topic.



Region

- › 100% US



Respondent level

- › 38% C-level executive
- › 20% vice president
- › 42% director



Company size (online revenue)

- › 17% \$1B+
- › 26% \$500M to >\$1B
- › 37% \$100M to <\$500M
- › 20% \$10M to <\$100M

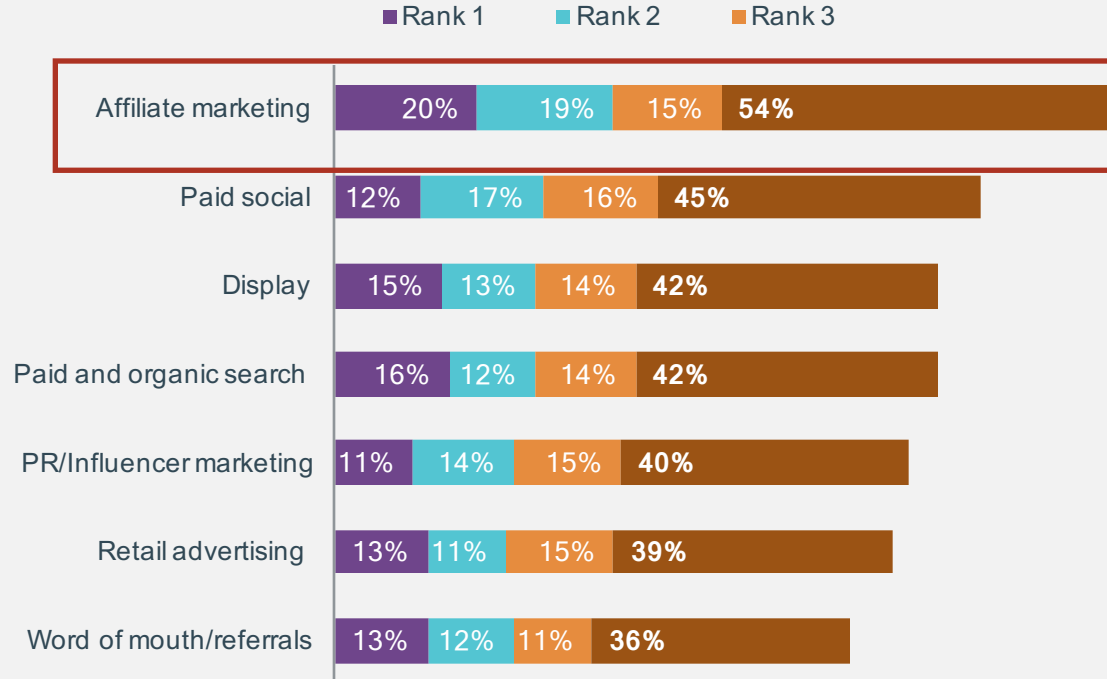


Selling model

- › 33% B2C
 - › 67% B2B/B2C
-
- › 33% Direct to consumer
 - › 67% Direct and via partners

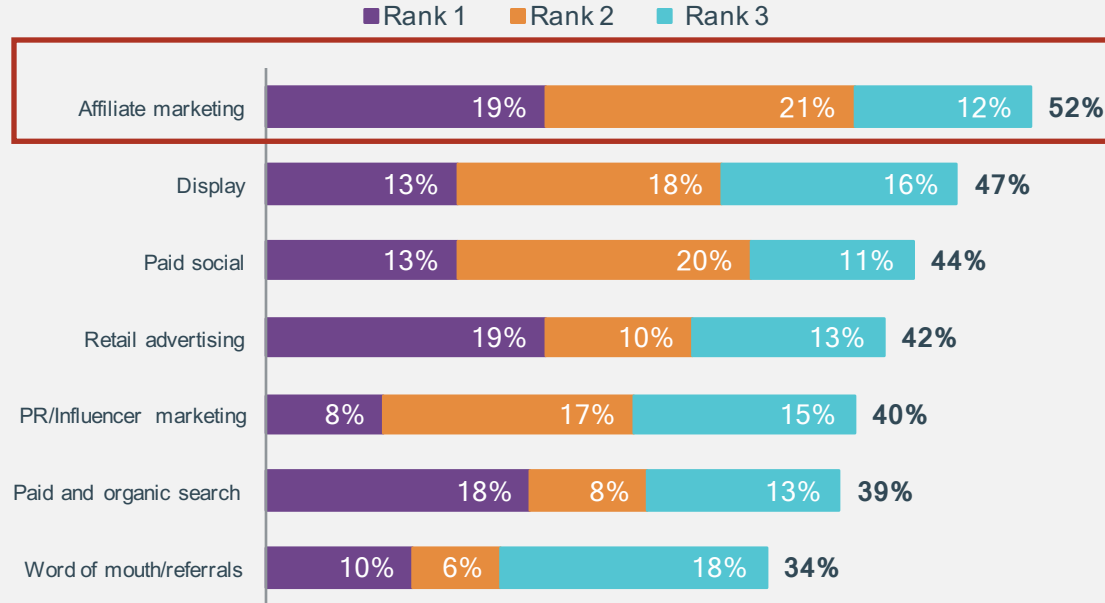
AFFILIATE MARKETERS PUT THE CHANNEL AT THE CORE OF THEIR CUSTOMER ACQUISITION EFFORTS

“Please rank each of the following digital marketing channels in terms of how important they are for your organization's customer acquisition efforts”
(Showing top 3 rankings)



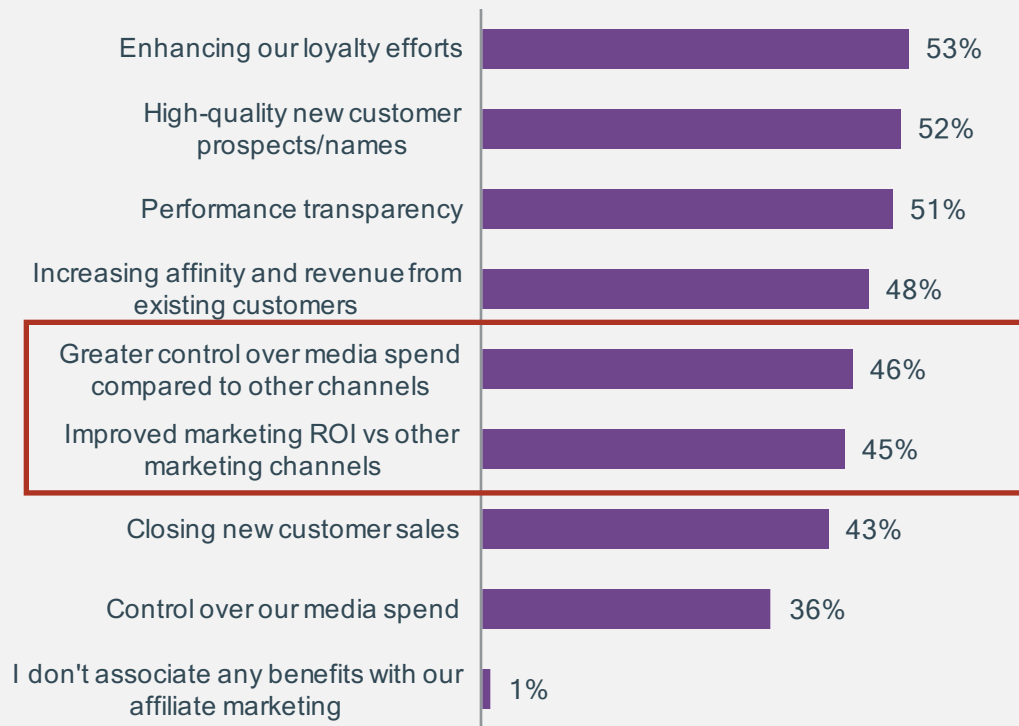
AFFILIATE MARKETERS ALSO CREDIT THE CHANNEL FOR DRIVING SIGNIFICANT REVENUES

“Please rank each of the following marketing channels in terms of how much revenue they drive for your organization efforts”
(Showing top 3 rankings)



AFFILIATE MARKETING OFFERS RELIABILITY, SUSTAINABILITY & PROFITABILITY

“Which of the following benefits do you associate with your affiliate marketing program?”
(Select all that apply)



AFFILIATE PROGRAMS ARE MORE LIKELY TO AVOID TYPICAL CHANNEL ISSUES

Concerned with establishing channel ROI:



Affiliate
31%



Display
37%



Delta
16%

Concerned with rising cost of media:



Affiliate
20%



Paid Social
33%



Delta
40%

Concerned with ad fraud:



Affiliate
19%

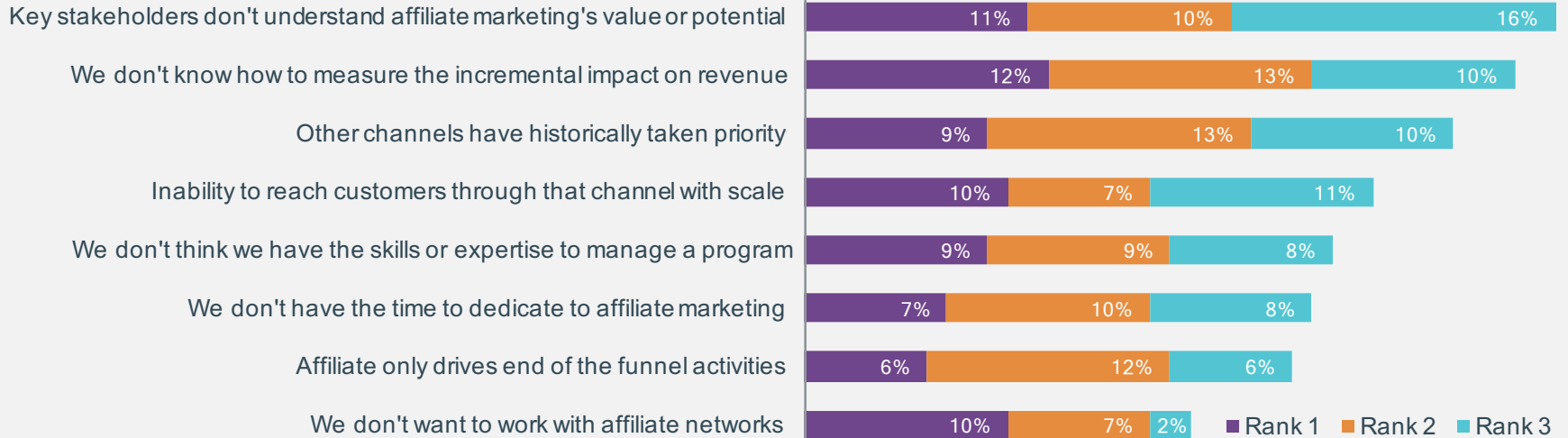


Paid Social
34%



Delta
44%

Marketers can miss the affiliate channel's benefits due to lack of understanding and historical inertia.

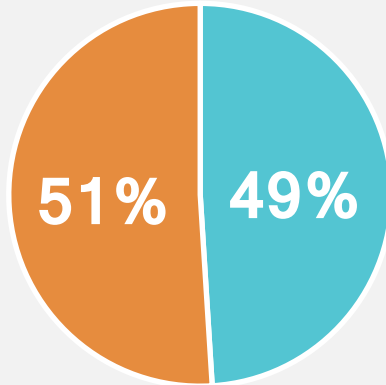


LACK OF UNDERSTANDING, INERTIA HOLDING BACK AFFILIATE PROGRAMS TODAY

“Which of the following concerns do you have about affiliate marketing in particular?”
(Showing top 3 rankings)

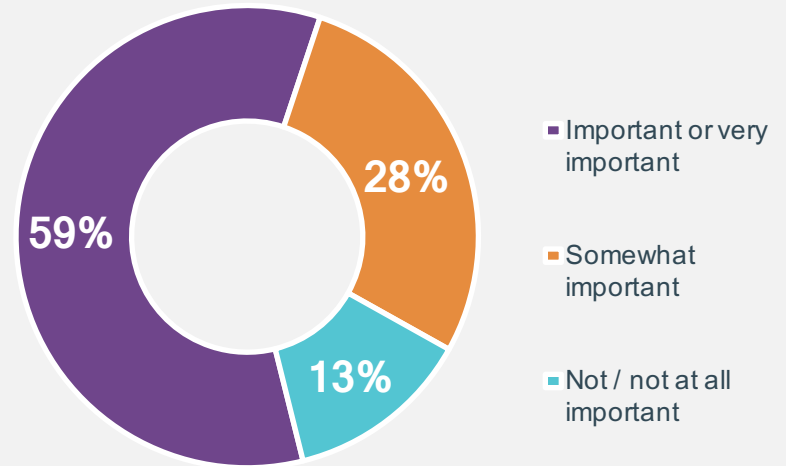
PRICING FLEXIBILITY IS A DRIVER OF FUTURE AFFILIATE ADOPTION

“Which of the following best describes how your affiliate program is funded?”



- Affiliate budget is variable based on revenue performance
- Affiliate budget is fixed at the start of a budgeting cycle

“How important is budget flexibility (i.e., having access to different payment models) for you in your affiliate program?”



- Important or very important
- Somewhat important
- Not / not at all important

ACTION STEPS

Recap and Key Takeaways

DON'T LET HISTORICAL BIAS AND INERTIA STOP YOU FROM ACHIEVING GROWTH

“Key stakeholders don’t understand affiliate marketing’s value or potential”



“We don’t know how to measure the incremental impact on revenue”

“Other channels have historically taken priority”

**Don’t settle for the status quo in a provider, or in your results.
Checking the affiliate box is not enough.**

EDUCATE KEY STAKEHOLDERS...

DEFINE SUCCESS

- Set affiliate goals relative to overall strategy
- Identify affiliate KPIs that drive overall goals
- Determine what 'incremental' means to your brand

QUANTIFY & CONTROL PERFORMANCE

- Integrate channel data into your reporting source of truth
- Leverage spend attribution tools that align to overall strategy
- Compare performance against channel benchmarks

HIGHLIGHT/SOCIALIZE WINS

- Emphasize partner reach and scale
- Explain partner role in buyer journey
- Developing channel expertise with in-housing support

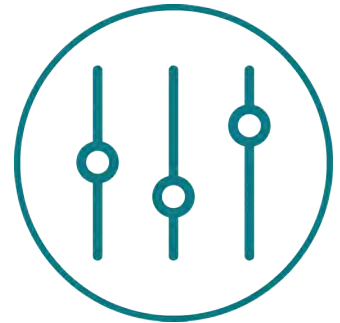
GET THE OPERATING LEVERAGE YOU NEED WITH AFFILIATE AS PRIMARY CHANNEL IN YOUR MIX.



Scale new customer acquisition and revenue with a diversified partner mix



Control spend and quantify performance with tools that align to your overall attribution model



Subsidize high costs of other channels with flexible pricing models

PEPPERJAM'S AFFILIATE TECHNOLOGY PLATFORM: ASCEND™

60%

New Customer Rate

18:1

Return on Ad Spend

\$161

Average Order Value

4%

Conversion Rate

2.5

Days to Purchase

THREE KEY TAKEAWAYS

1. Eradicate historical bias and inertia that prohibit affiliate growth
2. Educate key stakeholders and socialize channel fundamentals/facts
3. Leverage affiliate as primary channel to derive immediate value

Thanks!
Let's keep talking.



msmith@pepperjam.com
pepperjam.com
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