

The state of affiliate and partner marketing

The brand
forecast
for 2023



The state of affiliate and partner marketing: The brand forecast for 2023

What's in this report?

[How marketers are increasing their engagement with affiliate marketing](#)

[Tracking a shift toward multi-dimensional affiliate approaches](#)

[How affiliate outcomes are matching up to marketing outcomes](#)

[Optimizing for conversions with affiliate and partner marketing](#)

[The role of technology partnerships — and the convergence of tech and affiliate roles](#)

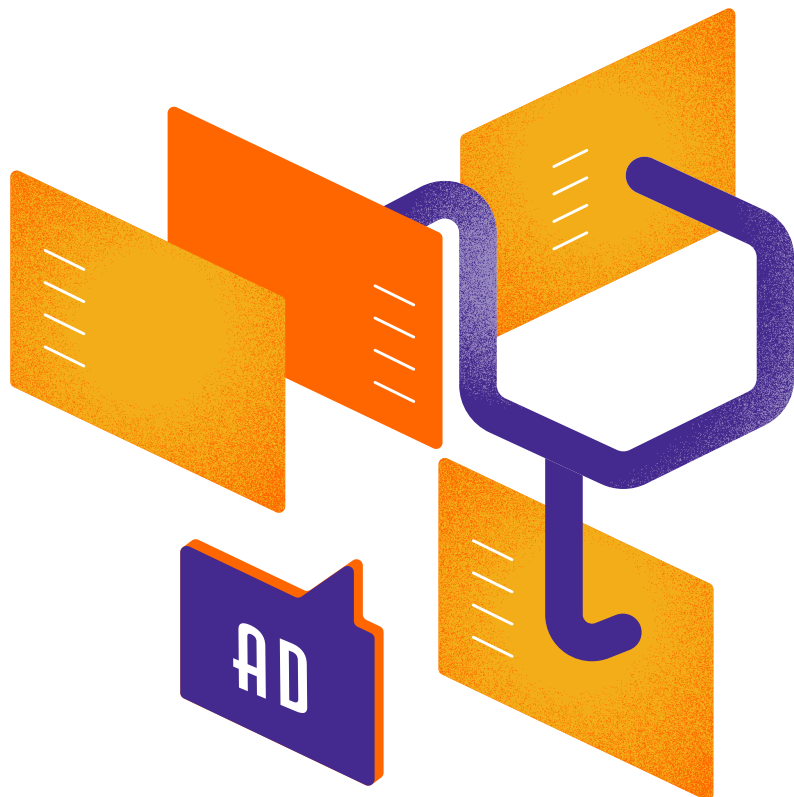
[The characteristics of strong affiliate partnerships](#)

The traditional marketing funnel consists of awareness, interest, decision and action, but that model isn't always an accurate representation of how many consumers shop.

Instead, these steps often represent the pre-purchase stage of the purchase journey, where action leads to the purchase phase and then to post-purchase. The question becomes how can retailers connect with customers across all stages of the purchase funnel. The answer is affiliate marketing, as it lets brands connect with customers across the entire shopping journey — from pre- to post-purchase.

"Traditionally, the affiliate industry has been centered primarily on reaching customers via the traditional marketing funnel with incentive-based activity, such as coupons, discounts, cashback and reward-based partners," said Adam Ross, Chief Executive Officer at Awin. "But that's changing. More recently, affiliate partners are moving beyond the funnel — no longer simply providing inbound leads and traffic to an advertiser's own site but actually helping to optimize traffic once it lands there."

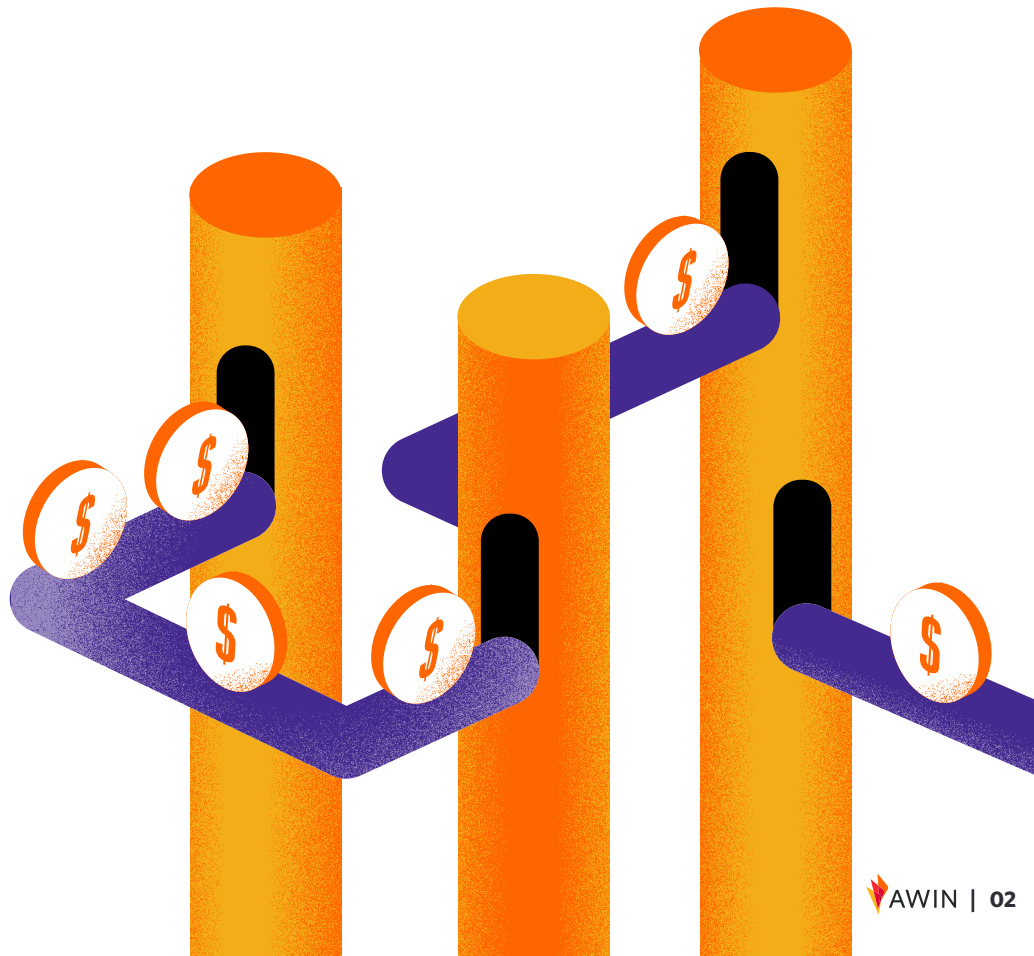
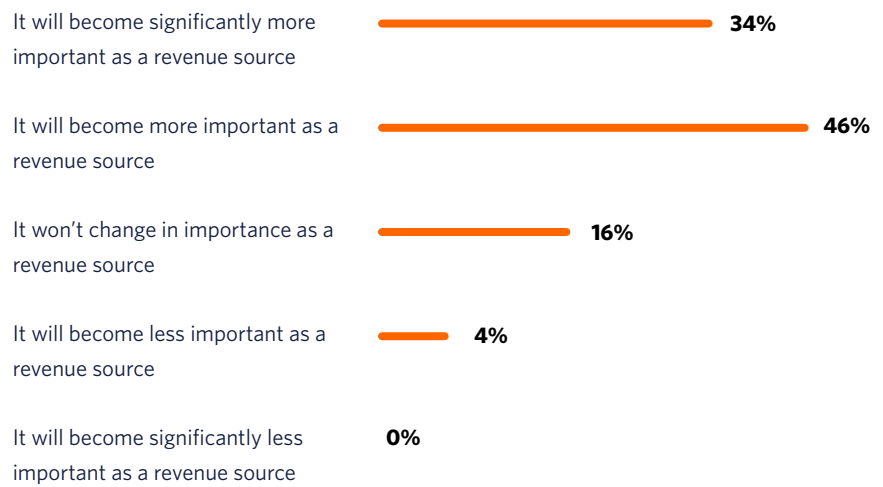
To uncover how digital marketers are approaching partner marketing, Digiday and Awin surveyed more than 100 brands and agencies (62% and 38%, respectively). This state of the industry report highlights what they told us about how they're linking affiliate and partner marketing to each stage of the purchase journey and how they're reassessing its place in their marketing strategies in 2023 and beyond.



Marketers are engaging with affiliate partnerships more in 2023

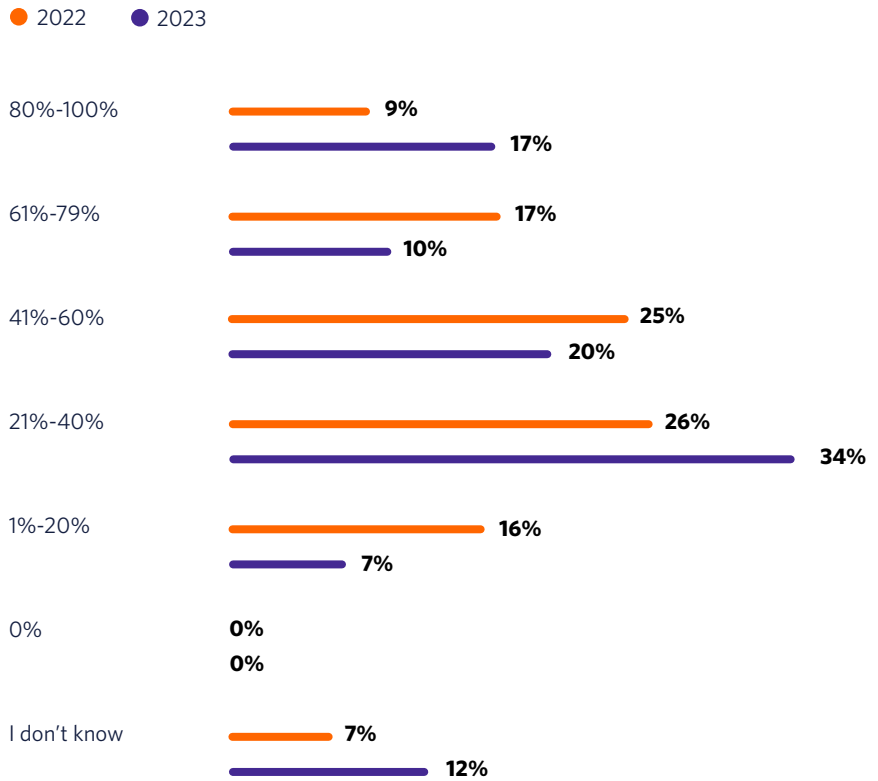
Not only have respondents indicated that they're viewing affiliate partnerships as more important revenue-wise in 2023 — 80% said so when it comes to the next 12 months — they're also shifting more budget toward the channel next year to back up that claim.

Q. How would you describe the importance of affiliate partnerships as a revenue source for 2023 compared to 2022?



Marketers are engaging with affiliate partnerships more in 2023

Q. What portion of your or your brand's marketing budget has been allocated to affiliate partnerships in 2022 and how much do you expect to allocate in 2023?



**Marketers are engaging with
affiliate partnerships more in 2023**

Still, nearly half of our respondents are finding it difficult to increase their budget with affiliate partnerships due to old perceptions, potentially slowing new growth for adopters. It is important to note that siloed departments with conflicting goals were close behind at 40%.

Q. Has any of the following made it difficult for your team to increase your affiliate partnership budget? Select all that apply.



In general, there's a legacy perception of what can be done in the affiliate channel, and it seems to be that it's a one-dimensional tactic: a volume driver that generates last-click sales.

"In the past, affiliate might have been neglected as something of an afterthought for businesses, both on the advertiser and publisher side, because of this perception," said Alexandra Forsch, US president at Awin. "But as we've seen it take on more importance as a monetization model for a new range of publishers, advertisers have also thought more strategically around how they can use it to reach audiences online."

Media house partners are an example of this dynamic. Many have restructured their internal teams to pay more attention to affiliate and integrate it into their content in a way that offers sustained value to their audiences. In doing so, these partners have opened up new approaches for brands to invest marketing dollars by working with them on a direct basis.

A shift toward multi-dimensional affiliate approaches and partnerships

There is evidence of a multi-dimensional shift underway.

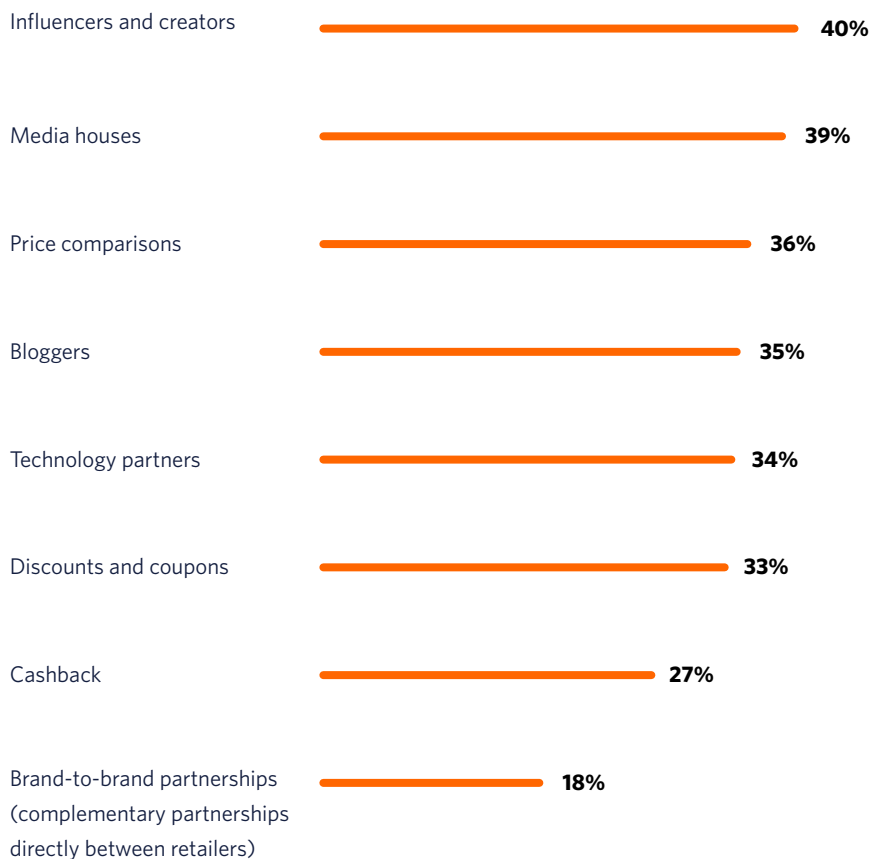
In our survey, respondents said they are working with a wide variety of affiliate partnerships, but influencers and creators hold the top spot for program types at 40% — perhaps unsurprisingly in a world of social media video and Instagram and TikTok virality.

In light of numerous privacy regulations, such as Apple's iOS changes in 2021 that impacted the tracking of paid social advertising on platforms like the aforementioned Instagram and TikTok, creators holding the top spot isn't surprising. Across digital marketing channels, there has been a portion of transparency lost with paid social ads that many brands are trying to remedy. And so, brands are shifting away from traditional advertising in these spaces and toward influencer partnerships via the affiliate channel, [where brands can gain some of the control they've lost back](#).

Media houses are just behind influencers at 39%. This further supports the advertising shift and, similar to influencer partnerships, retailers are now seeking to bypass third-party ad exchanges on content sites and [instead forge direct partnerships with publications](#).

Furthermore, an additional five of the eight categories commanded 30%–39% of the list. In other words, marketers appear to be covering a spread of activation types and resources via the affiliate channel, including price comparisons, bloggers, tech partners and coupons.

Q. Which types of affiliate partnerships did you engage with in 2022? Select all that apply.



A shift toward multi-dimensional affiliate approaches and partnerships

The state of affiliate and partner marketing: The brand forecast for 2023

"We've witnessed a real shift in the diversification of affiliate programs in the last few years," said Forsch. "Lower-funnel, incentive-based activity had previously dominated where the majority of sales came from.

"But the broad category of 'content' partners, which includes everything from blogs and media houses to comparison sites and influencers, is now at a decade-long high in terms of its share of sales," Forsch continued. "That's partly a consequence of the pandemic because of the huge number of new affiliates we've had signing up to our platform during it, compounded by Amazon cutting commissions to its Associates program at the same time. But it's also from a growing awareness among advertisers that you need to work with a wide mix of affiliate partners to ensure you reach audiences in as many relevant online spaces as possible."

As brands explore increasingly multi-dimensional approaches, there have also been some more unique types of partnerships, like brand partnerships, which bring something new to the table, especially when considering the customer journey's post-purchase aspect.

"The conventional relationship is a brand on one side and a publisher of some kind on the other, and they work together — the publisher promotes the brand and, in turn, sends traffic to the brand's site," said Rob Davinson, global head of content at Awin.

"But, what we're seeing at the moment is complementary brands working together to promote each other," he continued. "And this fits quite nicely into the post-purchase phase of the customer journey. If you think about that journey, you might have bought something from a particular retailer on their website and then, as a part of that, joined up to their CRM and marketing and received emails that feature promotions from other relevant brands. Or, you might have browsed that retailer's own customer rewards portal featuring offers from other complementary brands.

"These are just two of the ways in which brand partnerships are being used by advertisers in the affiliate channel to offer more value to customers after they've bought something," Davinson said.

This type of partnership is now something brands recognize as possible through the affiliate channel to provide a direct relationship with other brands.

"There was an example of a brand that pioneered this type of collaboration in the UK during the early lockdown period called tastecard," said Davinson. "It provides a loyalty membership program for dining out that offers discounts on a variety of different chain restaurants. During the pandemic, tastecard had nowhere to send people to get those discounts but had this really loyal user base still looking for offers and deals.

"So, it partnered with different brands to become a big rewards portal for its membership base so they could enjoy discounts on takeout, video streaming, game streaming, etc.," Davinson continued. ["And it was a real lifeline in terms of generating revenue for the business at a time when they were having to scale everything back."](#)

With these types of partnerships, the retail media investment trends of the past couple of years also come to mind.

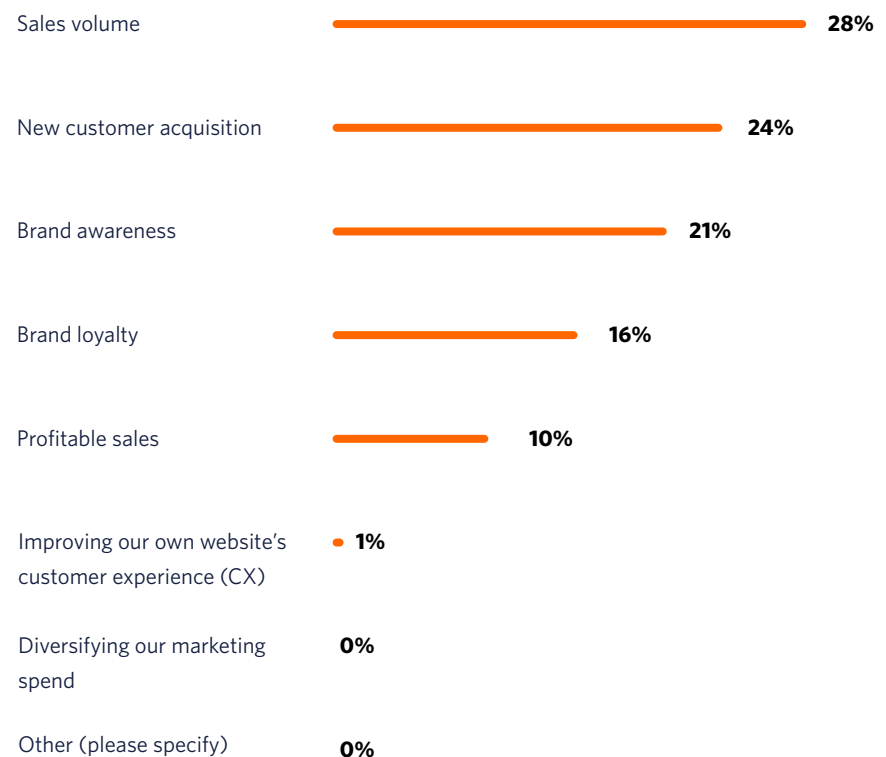
Both retail media and brand partnerships enable retailers to monetize their traffic in a way that essentially turns them into something like a publisher, one that promotes other relevant companies on their sites.

Affiliate partnerships: marketing goals and affiliate's value in 2022 and 2023

As the brands and agencies surveyed better understand the importance of affiliate marketing in their traditional marketing mix, work to budget more for the channel and expand affiliate partnerships beyond the likes of loyalty, the legacy belief that affiliate marketing is a one-dimensional tactic is fading.

The top three overall marketing goals our respondents share are sales volume, new customer acquisition and brand awareness. Those three are also the top three categories driving success within our respondents' affiliate marketing programs. The takeaway: Affiliate outcomes are essentially marketing's core outcomes.

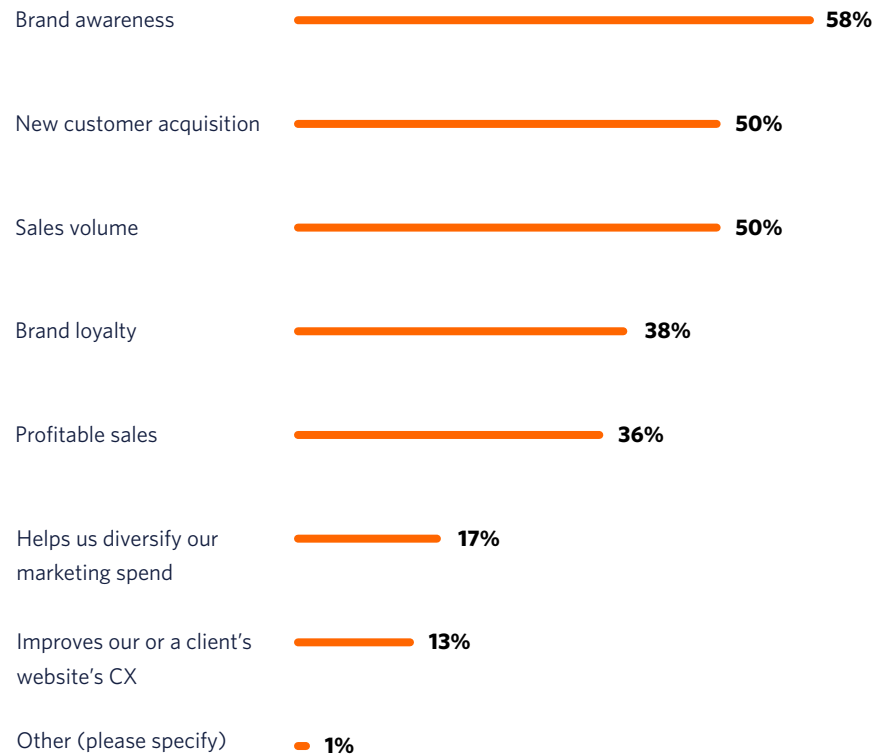
Q. What is the most important overall marketing goal (not just via affiliate partnerships) that you or your brands' have as a business currently?



Affiliate partnerships: marketing goals and affiliate's value in 2022 and 2023

And while these are all mainstays, affiliate marketing as a multi-dimensional tactic continues to evolve; the simple model of awareness, interest, decision and action is gone. It has been replaced by a model in which, throughout the purchase and post-purchase phases, affiliate partners also play a role.

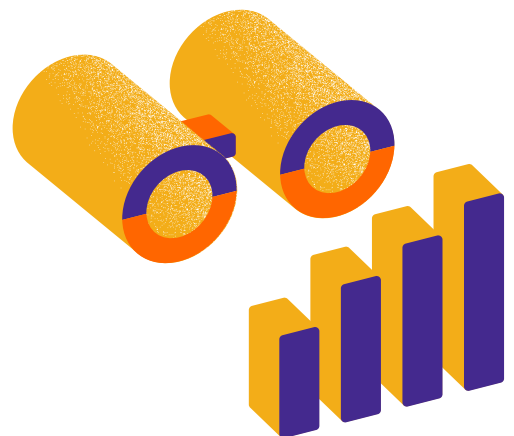
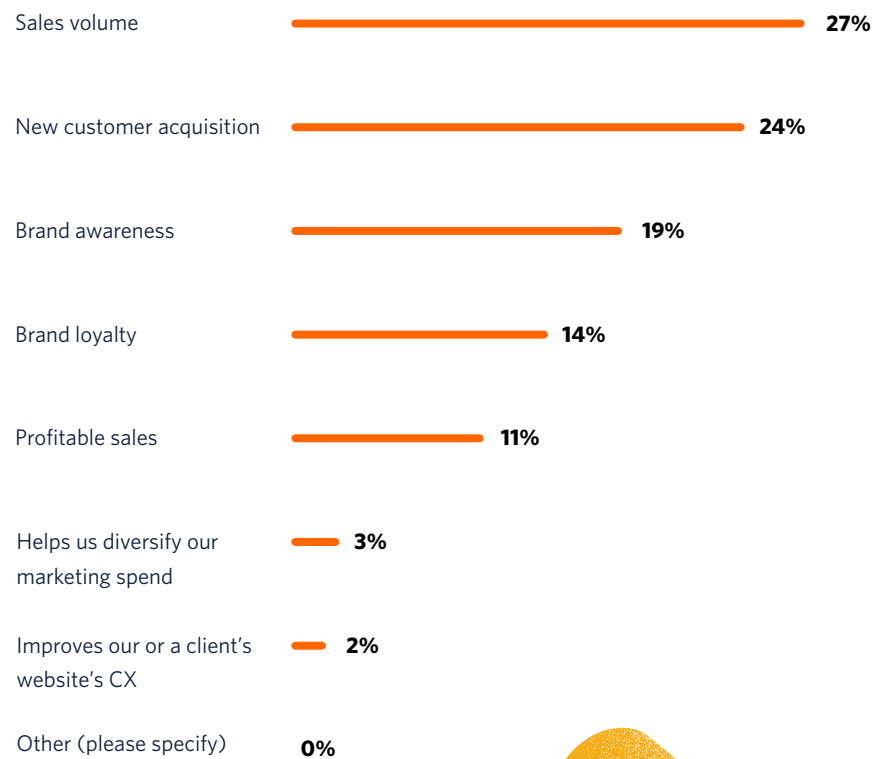
Q. Which of the following goals does your brand's affiliate and partnerships program help your business achieve? Select all that apply.



Affiliate partnerships: marketing goals and affiliate's value in 2022 and 2023

While sales volume, new customer acquisition and brand awareness were the top three overall marketing goals — and the value they drive for brands accounts for more than half (51%) of our respondents' top cited outcomes — it's also notable that only 2% saw the main marketing value from affiliate partnerships at the level of their website customer experiences. That data point aligns with a gap that experts have noted regarding site optimization and conversions.

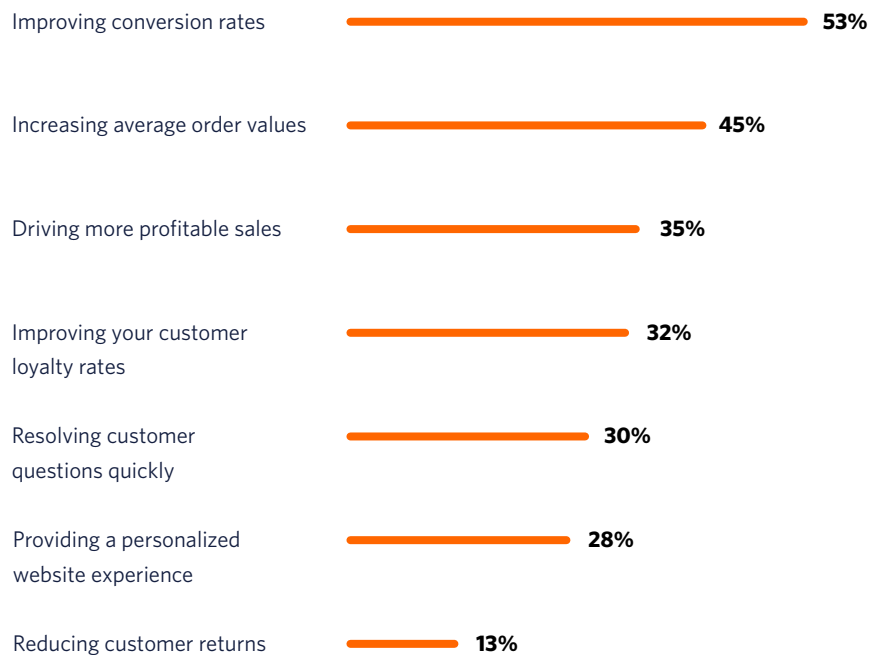
Q. What main marketing value does your affiliate and partnerships program provide to your business or your brands?



Affiliate partnerships are helping brands optimize for conversions

Our respondents made it clear: Conversions and customer spend are paramount. More than half (53%) said that conversion is on their shortlist of top priorities. Nearly half (45%) put driving an uptick in average order value right behind boosting sales.

Q. Thinking about the customer experiences on your or your brand's own e-commerce site, which of the following objectives are most important? Select the top three.



However, there are challenges to those outcomes in play. What happens when people visit a brand's site is part of that challenge.

While it may look like most advertisers are engaging with affiliate and partner marketing at the purchase stage, under newer ways of looking at the purchase-journey model, these common methods are technically within the pre-purchase phase and may not be set up for the highest rate of success. Traditionally, affiliates work to drive traffic toward brands, but it's up to the brand to convert that customer. And, often, therein lay gaps for brand teams.

Affiliate partnerships are helping brands optimize for conversions

Perhaps unsurprisingly, more than half (59%) of our respondents confirmed that their affiliate partners are driving site traffic. But then, 60% of our survey respondents also said their affiliate partners help them optimize and convert traffic and leads on their websites.

Q. Which of the following statements accurately describes what affiliate partners do for your business or your brands? Select all that apply.

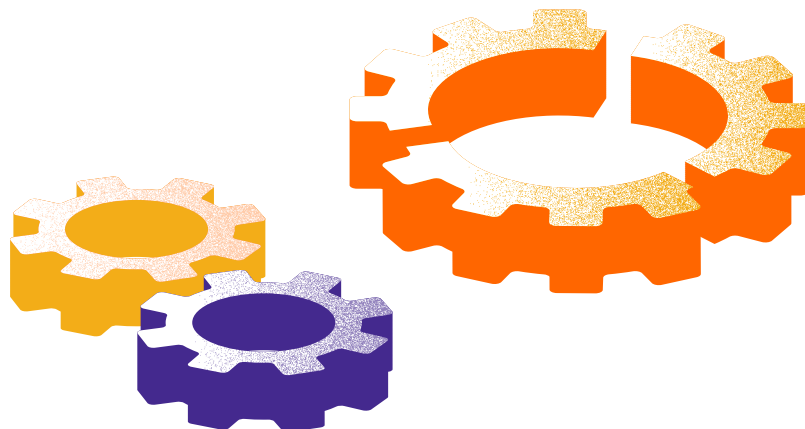
They help optimize and convert the traffic and leads that land on my website **60%**

They help drive traffic and leads to my website **59%**

They help boost customer loyalty on my site **35%**

Furthermore, David Lloyd, Chief Customer Officer at Awin, said that affiliate partnerships are poised to deliver even more value.

"Compared to some other channels, affiliate isn't as commercially risky," said Lloyd. "You don't have to throw money at it and hope that it might work. You have a partner willing to work with you that can support your marketing goals on a performance basis, and that makes it a more insulated, risk-free approach. This makes it the perfect space for experimentation. You can try completely new tactics without facing the hurdles you might encounter trialing this activity independently."



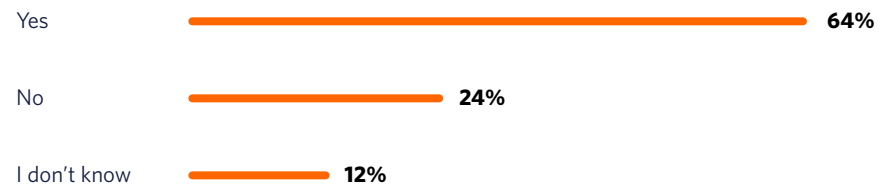
The role of tech partnerships in affiliate marketing

As more brands realize they need to adjust their websites to accommodate the incoming traffic from their affiliate partners more effectively, many are acknowledging that this might be too big of a task for them to take on themselves, with long internal development queues and other priorities taking precedence.

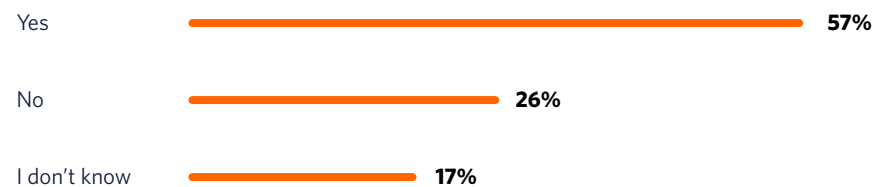
Given this dynamic, many brands are looking to tech partners within the partner marketing space to help them make site improvements that can boost their customers' experiences. In our survey, 64% of our respondents noted they are leveraging a tech partner to help them drive, optimize and convert traffic and leads in the pre-purchase and purchase phase.

"Working with tech partners via Awin has enabled us to enhance customer experiences on our site and experiment at speed without relying on in-house dev teams and risking upfront costs," said Michael Durey, head of marketing UK at Samsung.

Q. Are you currently leveraging a technology partner to help you or your brands accomplish these objectives? (Those listed in the chart on page 10)



Q. If you or your brands are currently leveraging a technology partner, is the technology partner being deployed as an affiliate partner?



The role of tech partnerships in affiliate marketing

Partnerships are bringing efficiency and driving multi-dimensional approaches.

“You don’t have to acquire some new technical solution or develop it in-house; for instance, you can simply work with an affiliate partner who has that expertise,” said Lloyd. “They can brand it all up and reskin it so that it aligns with and matches your website.

“You’ll have access to a whole host of different cart abandonment technologies and prompts that can guide you toward alternative offers that you might not have considered or that are personalized to your browsing behavior on that website, for instance,” Lloyd continued. “All of these things enhance the customer experience on the website without the advertiser having to do the hard work and invest their hard-earned cash into developing the tools themselves.”

Our experts highlighted that many brands enter into affiliate technology partnerships by leaning on a partner in such a way. They’ll work with a technology known for doing one thing very well, and a sort of ancillary software agency will develop from that partnership because of their agility.

“So, rather than going to their in-house teams, which can sometimes be unwieldy and bureaucratic with dev queues out the door, they will refer to these partners when they need to get something like that done quickly,” said Lloyd.

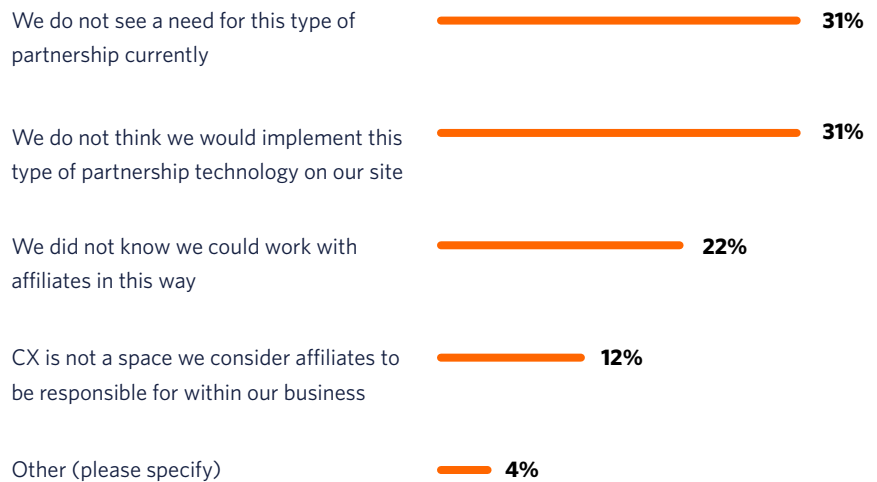
“So, this almost disrupts and gets rid of that bottleneck a lot of the time,” continued Lloyd. “Retailers know they can rely on these external teams familiar with their brand, user behavior and customer lifecycles because they’ve been working with these tech partners through the channel already. And the brands know that because of this established trust, they can confidently say to these tech partners, ‘hey, we have this other thing you might be able to help us with a lot of the time,’ and have them help fulfill that kind of role as well.”



Work left to be done — the affiliate partner awareness gap

There is still room for education regarding the role of partnerships in the affiliate space. Nearly one-quarter (22%) of respondents were unaware that affiliate partners could be leveraged as technology partners.

Q. If you or your brands aren't yet working with a tech partner via affiliate marketing, what's the reason for not working with one?



Additionally, 31% indicated they didn't see a need for this type of partnership and didn't think they'd implement this type of technology on their site, leaving further room for affiliate partners to educate the industry about the opportunities our respondents have highlighted.

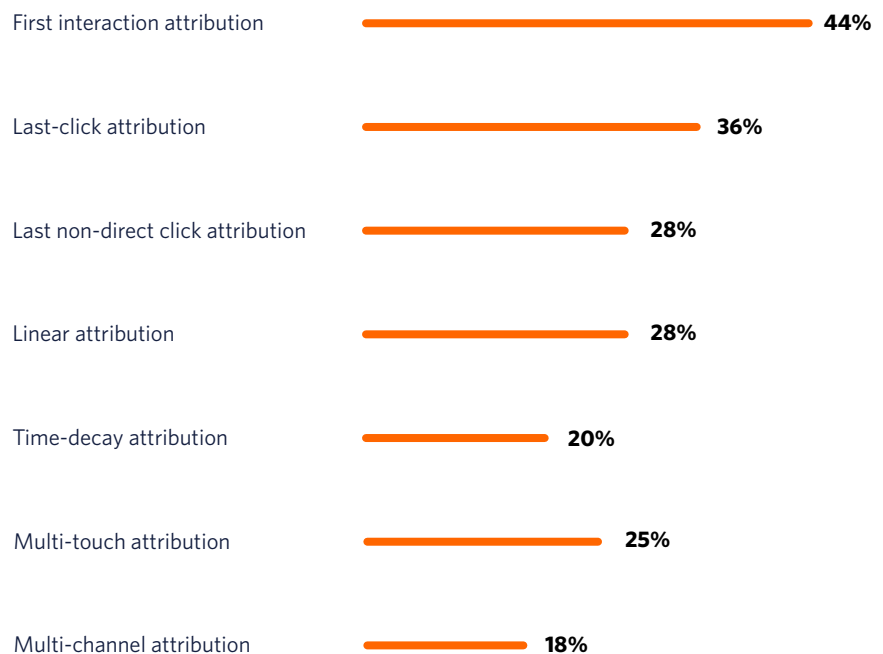
"In terms of the approach we're seeing from brands at Awin, we've had some huge retailers adopt tech partners," said Lloyd. "Because many of these retailers have a massive global presence with many local websites, their approach to it has been, 'we're going to test this on a small scale in one of our smaller markets and see how it goes.' But, with the ones that see real, effective results, they scale that up, roll that out across their other international markets, and that's been a productive way of approaching this."

Identifying the right tech and affiliate partner

How brands forge partnerships for affiliate marketing success differs. This report has covered the approaches, some are direct and bespoke, and some are a hybrid of internal and external teams. However, according to our experts, one red flag in the process is how brands approach success measurement.

The ways our respondents track and confirm the outcomes they're achieving show that, overall, marketers are sticking with the familiar when it comes to attribution — first interaction and last-click attribution are the most popular models among our respondents at 44% and 36%, respectively.

Q. What kind of attribution models are you using for your partner marketing campaigns? Select all that apply.



While that may not be surprising, it's also the case that these attribution models stand to underserve the campaigns marketers are launching in 2022 (and 2023). And though some respondents are utilizing multi-touch and multi-channel models, which are well-suited to modern campaigns (25% and 18%, respectively), the numbers are lower than our experts would like.

Identifying the right tech and affiliate partner

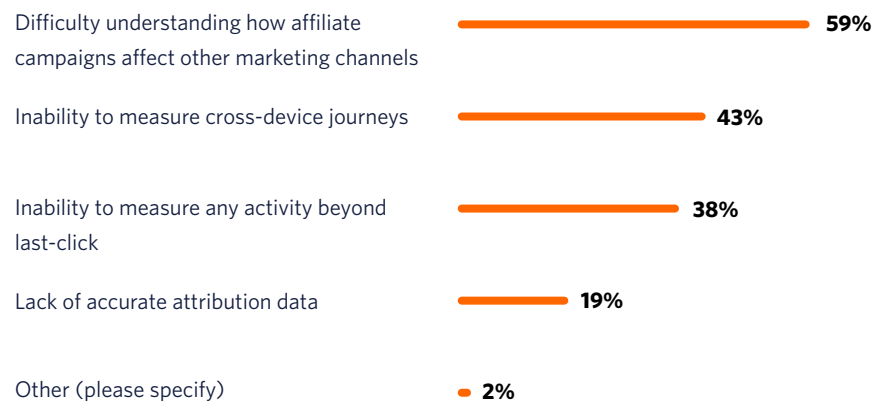
The challenge is that while first or last click are generally “good enough” for most marketers to use, multi-touch and multi-channel attribution provide credit across the funnel, allowing marketers to track every customer touchpoint. [These methods allow for fractional credit to be assigned](#) so that marketers can see how much influence each channel or touchpoint has on a sale or conversion.

The lack of adoption of multi-touch or multi-channel attribution methods could contribute to our respondents’ top affiliate measurement and attribution challenge: difficulty understanding how campaigns affect other marketing channels.

“Seeing first interaction and last-click as the primary attribution metrics for affiliate partner campaigns tells us how, as an industry, we’ve become a bit complacent with how we measure and showcase our value,” said Ross. “In some ways, it makes sense — it’s easier, it’s simpler. First and last-click can be explained and understood as a reality. But, for those brands we see taking the extra effort to implement multi-touch, multi-channel attribution, they incrementally gain over their competitors because they’re able to understand how their partners and campaigns influence customer touchpoints across the full funnel and act on it. Invest in what’s working and stop spending on what’s not working to maximize results and return.”

Cross-device journey measurement and difficulty in measuring beyond the last click were also relatively high on the list. Furthermore, many marketers likely feel multi-touch and multi-channel attribution methods are too difficult to implement, or perhaps they are unaware of how to do so.

Q. What challenges have you encountered when it comes to measurement and attribution for your affiliate campaigns? Select all that apply.



Identifying the right tech and affiliate partner

The state of partner and affiliate marketing is in motion. There is no question that our respondents have identified affiliate outcomes as central to their marketing strategies' goals. Now, the affiliate partnership is entering a moment of maturation and increasing sophistication — shedding old perceptions of one-dimensional approaches and outcomes for a more diverse range of activations and participants.

And when creating a partnership, there are several characteristics and details that teams are keeping top of mind.

- The most effective affiliate partner programs feature a diverse array of affiliate types and cover a range of online media touchpoints, ranging from upper-funnel influencers and content partners to price comparison, cashback and coupon affiliates.
- Setting aside some budget to trial activities with new partners is a great way to gauge how well they can work for a brand and prove beneficial for testing new ad formats.
- Direct communication is critical — not just in terms of providing partners with specific information on what's expected of them and how they should promote the brand to the audience, but also in building a rapport with those partners. Affiliate is built on strong relations between the brand and their partner, which can make all the difference to how effective that partnership proves.
- Measure what matters. If incorporating a range of different partner types, then it's necessary to ensure the attribution is set up to assess the marketing value they're driving fairly. If a brand has partnered with a niche blogger, using last click to measure that success is unlikely to work well.
- Reward what's relevant. Affiliate's performance-based commercial model is malleable, and highly-targeted goals can be used to drive specific actions from partners. Whether a brand wants to drive new customer acquisition, specific product lines, lifetime value or increased AOVs, tailored commissions can all be set up with affiliate partners.
- When testing new tech partners, brands should focus their efforts initially on one particular problem in terms of their own customer experience. Then, if need be, they can hone in on one section of the site or a portion of their site traffic. Running small, lab-like experiments allows the brand to test in relative isolation and properly assess performance. If successful, the brand can start scaling the application across the website confidently.

As partner and affiliate relationships develop, in 2023, the forecast is one of internal and external teams working together in increasingly conversion-focused ways. What happens on the brand's e-commerce site is clearly a focus, and then the ability to combine technology and affiliate expertise is yet another. What is certain is that the perceived importance of affiliate in the mix is on the rise — and so are budgets. Given those factors, competition for consumers' wallets is bound to turn on successful partner and affiliate activations in the year to come.

DIGIDAY |  **AWIN**