

Upward trends

A survey of 105 affiliate marketers by Affiliate Future reveals positive attitudes to affiliates and the leads they generate

» What are the prospects for performance marketing as the UK economy enters recession? Judging by a survey of affiliate marketers conducted by ID Factor for Affiliate Future, the industry is in reasonable shape, with budgets planned to stay the same or be increased. But affiliates need to keep demonstrating they can deliver quality leads in quantity, and there's still some work to do to convince marketers of their strategic rather than tactical role in brand and repeat purchase.

With over three-quarters (77%) of affiliate programmes based on actual sales (Q1), marketers are looking to their affiliate networks to deliver a direct contribution to their business. What's more, three-quarters of budgets for sales are uncapped (Q2). And affiliate marketing is seen as delivering the best ROI over email, pay-per-click or any other online channel (Q3).

Only a minority of budget holders have any plans to cut back their affiliate programmes this year (Q4). Indeed, half plan to leave their budgets unchanged, while a third plan to increase their allocation to the channel. At a time when marketing budgets overall are under pressure, this shows the channel is still highly valued.

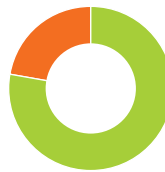
The quantity of leads doesn't appear to be an issue for respondents – a sixth are either happy or very happy with the volume they're receiving (Q5). Similarly, a third of marketers are either happy or very happy with the quality of leads they receive (Q7). However, the fact that the majority of marketers are neither unhappy nor unhappy with lead quality could suggest an inability to understand the value of leads being supplied.

The question of how affiliates should be paid continues to generate debate. Most merchants agree repeat business from existing customers should be paid for if it comes within 30 days of the original order, but a fifth would prefer not to pay at any time (Q8). The fact merchants are putting a time limit on repeat purchase suggests they still see affiliates solely as an on-demand sales force, not a way to maintain brand presence beyond a campaign. This is linked to the debate over the last-click-wins model, which some networks believe doesn't recognise affiliates' contribution to a drawn-out sales process. The online research and purchase process is still fragmented and understanding affiliates' contribution will take time.

Voucher codes can be a powerful incentive for consumers, but they run the risk of creating confusion between channels. One practice that causes concern is voucher sites potentially misleading consumers by running search campaigns implying vouchers exist. Last year the IAB's Affiliate Marketing Council issued guidelines for the use of online voucher codes in the run-up to Christmas to ensure they weren't misused by affiliates. So far, however, merchants don't appear to be put off vouchers, with nearly 40% stating they will continue to use them (Q9). There's obviously some dislike of affiliates using voucher codes but this isn't very pronounced. Notably, only a minority of merchants said they were familiar with the IAB Guidelines (Q10).

1 Basis for affiliate programme

- By sale **77.8%**
- By lead **22.2%**
- By click **0%**



2 Campaign budgeting

- Cost per sale, no budget limits **66.7%**
- Unlimited marketing budget **11.1%**
- Limited marketing budget **22.2%**



3 Channel with best ROI

- Affiliate marketing **44.4%**
- Email marketing **22.2%**
- Pay per click **16.7%**
- Other **16.7%**



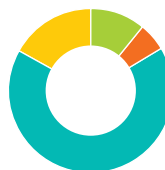
4 Planned changes to affiliate budget in 2009

- Higher **33.3%**
- No change **50.0%**
- Lower **16.7%**



5 Satisfaction with number of leads/sales from affiliates

- Very satisfied **11.1%**
- Satisfied **5.6%**
- Neither **66.7%**
- Unsatisfied **16.7%**
- Very unsatisfied **0%**



6 Satisfaction with support from affiliate network

- Very satisfied **22.2%**
- Satisfied **44.4%**
- Neither **16.7%**
- Unsatisfied **11.1%**
- Very unsatisfied **5.6%**



7 Satisfaction with quality of leads/sales from affiliates

- Very satisfied **5.6%**
- Satisfied **27.8%**
- Neither **55.6%**
- Unsatisfied **11.1%**
- Very unsatisfied **0%**



8 Paying for repeat custom from affiliates

- At any time **5.6%**
- If within 30 days of original sale **61.1%**
- Prefer not to **22.2%**
- Never **11.1%**



9 Use of voucher codes

- Continue to **38.9%**
- Have used but may not again **5.6%**
- For customers but not affiliates **5.6%**
- Never used but will work with directories **27.8%**
- Never used and won't work with directories **22.2%**



10 Awareness of IAB Guidelines on use of voucher codes

- Aware **38.9%**
- Not aware **61.1%**



source: ID Factor/Affiliate Future