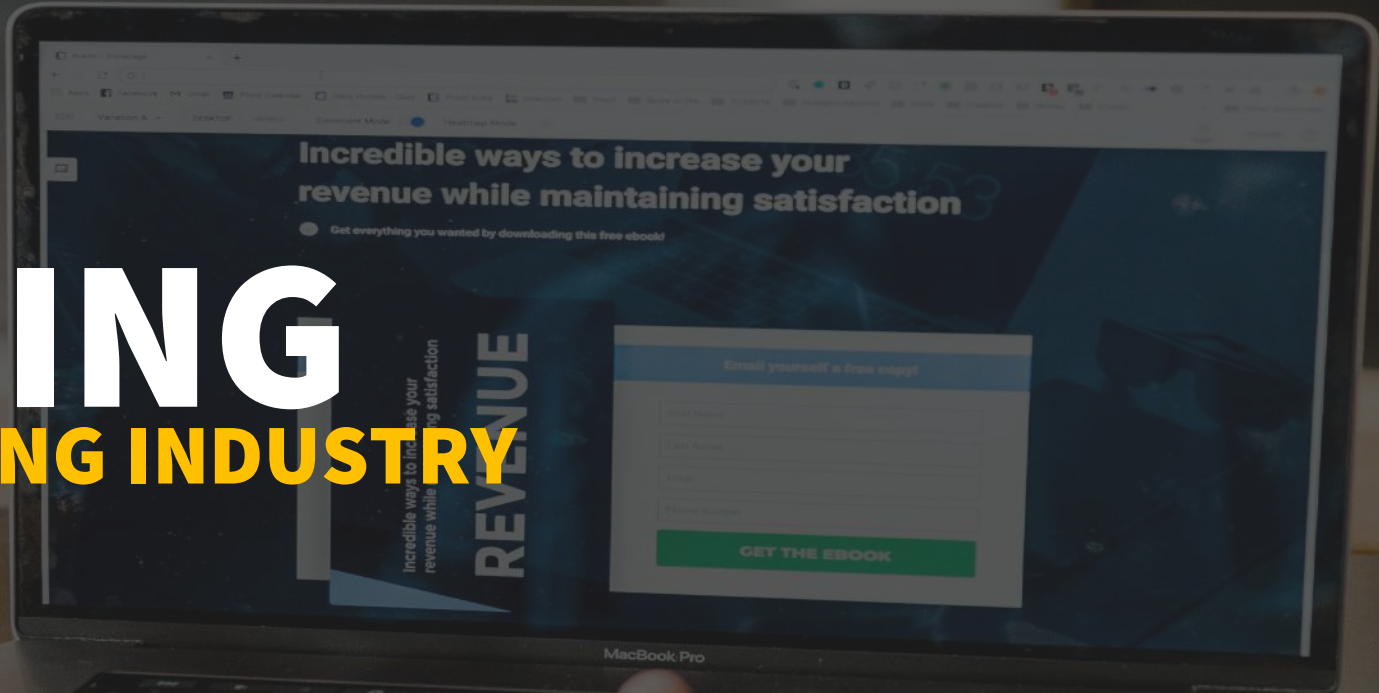


EXPLORING AFFILIATE MARKETING INDUSTRY

HOW AFFILIATE MARKETING INDUSTRY IS SHAPING THE FUTURE OF COMMERCE
GLOBAL OUTLOOK

KNOMETRIX MARKET INTELLIGENCE



CONTENTS

Affiliate marketing is a marketing technique in which a publisher or website promotes online retailers and earns a commission based on the leads or sales that the advertising generated for online retailers. The global affiliate marketing reached a value of \$16 Billion in 2019 and the market value is expected to grow by 10% in 2020.

Exploring the latest trends in the affiliate marketing industry

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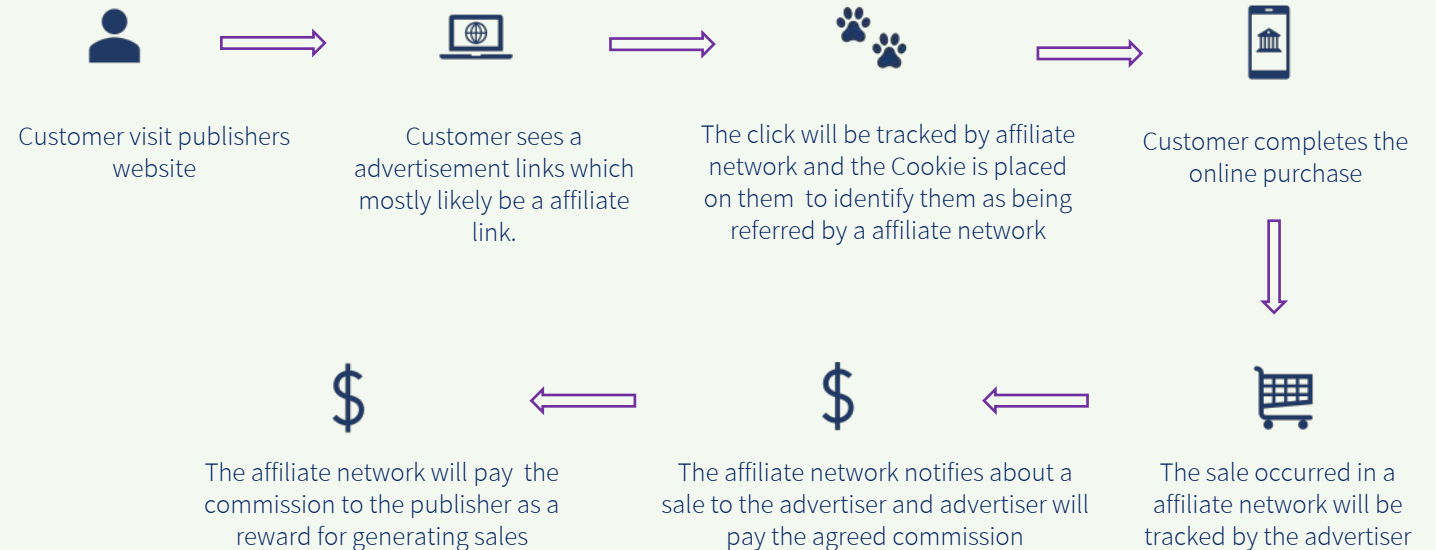
Introduction to Affiliate Marketing



Affiliate Marketing is a marketing technique in which a publisher or website promotes online retailers and earns a commission based on the leads or sales that the advertising generated for online retailers. The commission is based on a payment metric called cost per action (CPA). The 'action' refers to the sale of an online product or service, but at times it could be generating leads, or any traceable action desired for the end consumer. In recent years, this has even grown to include offline sales that can be tracked by bar code. There mainly two types of CPA:

- **Flat Rate:** A fixed fee paid for every action, typically used for registration type actions with no cost, such as a credit card signup or for fixed-price product contact like for mobile phones.
- **Revenue Share:** A percentage of the price paid to the affiliate, favored by advertisers selling a range of tangible goods at varying prices such as fashion retailers.

How Affiliate Marketing works?

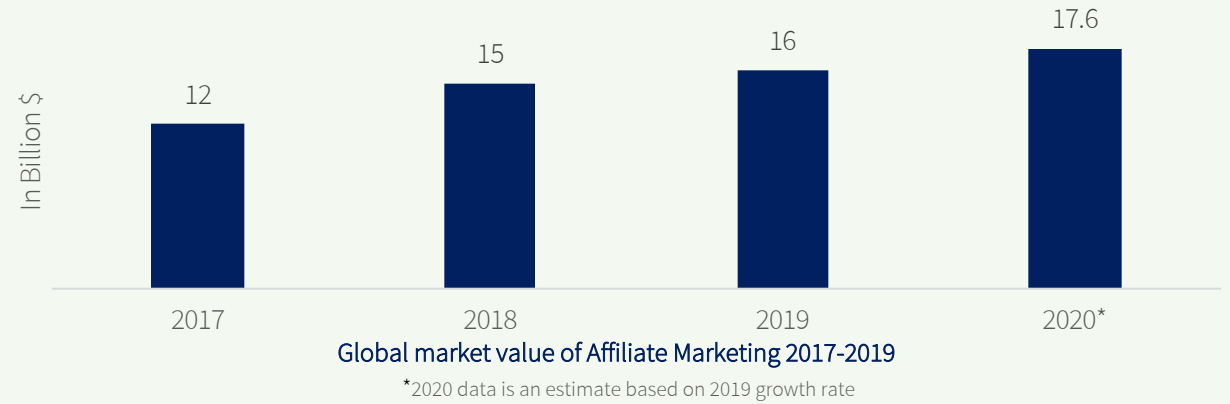


Investment & Growth - Global Affiliate Marketing

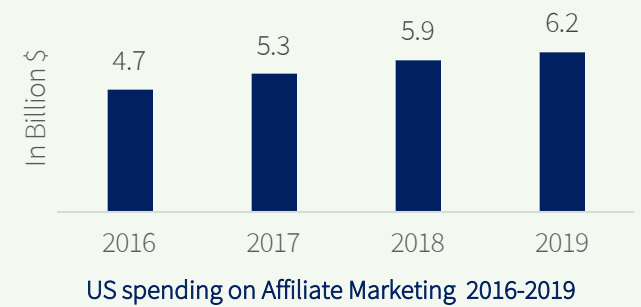


Affiliate marketing is considered one of the most popular and best way to earn money online. Be it a beginner or experienced marketer or a blogger, anyone can promote the products or services on a blog, email list or social media accounts to earn money. Affiliate marketing has become a major source of passive income online for many professional bloggers.

The global Affiliate marketing reached a value of **\$16 Billion in 2019** and the market is expected to grow at a CAGR of 10% in 2020.



The spending on Affiliate Marketing has increased over the years and estimated that global Affiliate Marketing spending is growing at a CAGR of 27%. US and UK lead with the highest spending on Affiliate Marketing with US spending growing at a CAGR of 10% in the period 2015-2020 and 15% in the UK for the mentioned duration.



15%

of the global Digital media Advertisement revenue accounts for Affiliate marketing

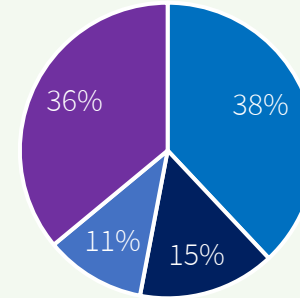
50%

of Global traffic for Affiliate marketing comes from Mobile device

Market Share - Global Affiliate Marketing

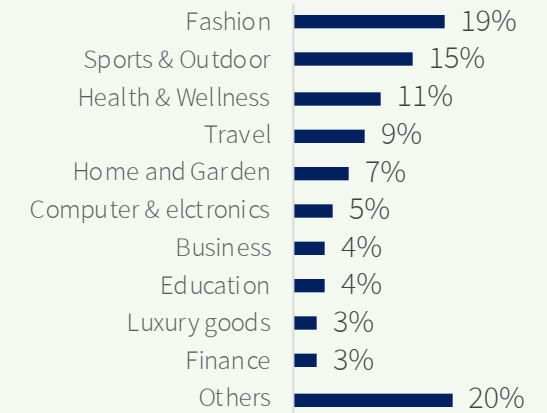


- The US accounts for 38% of the global revenue generated from affiliate marketing followed by the UK with 15% and Germany with 11%.
- Fashion dominates the affiliate marketing domain with 19% of affiliate programs followed by sports & Outdoor with 15% and 11% by health & Wellness



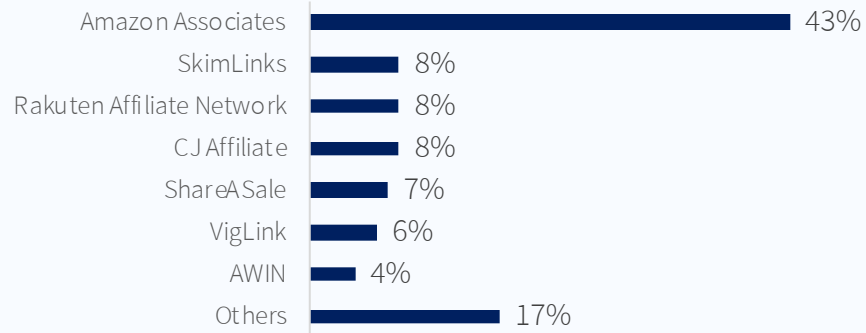
■ US ■ UK ■ Germany ■ Rest of the World

Global market share of Affiliate Marketing

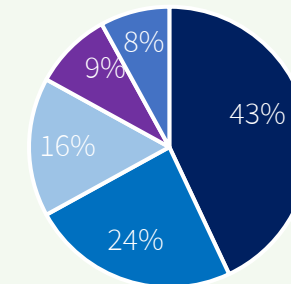


Global market share based on Affiliate program

- The share of the revenue from affiliate programs is highest for Retail with 43% followed by telecom & media with 24% and Travel with 16%.
- The affiliate network is a part of affiliate marketing with Amazon associates dominating the market with 43%



Affiliate network market share



■ Retail ■ Telecom & Media ■ Travel ■ Finance ■ Others

Percentage of revenue generated by sector

Trends in Affiliate Marketing



Seasonal campaigning:

More and more affiliates are working on specific campaigns that are aimed at specific seasons or events. Some instances are:

- During summer, there is a surge of interest in fitness apps and other outdoor products
- Whenever there is a new diet trend, the nutrition offers goes up.

Rise of B2B:

Affiliates are not just focusing on B2C but are present in B2B as well. With several options available to reach B2B audiences, affiliate marketers are taking advantage of everything the B2B world has to offer.

Artificial Intelligence & Automation in publisher models and delivery

The publisher landscape has witnessed a rapid growth of usage of automation and machine learning. As a result, less time required for customer behaviour analyses using AI marketing technology. Performing efficiently & faster than human for selecting target audience in real-time and for a much lower price.

Mobile and video:

The significant increase in the budget allocated to affiliate marketing and programs, affiliates can take advantage of the technical capabilities to perform efficient performance campaigns with mobile devices.

About 72% of people prefer to view products through videos. 84% of customers tend to buy products after viewing videos.

Localization:

Localization is one trend that affiliate marketers cannot ignore. Localization is not just translating a web page to a different language for a particular offer. A good affiliate marketer is required to understand different cultures, mindset and lifestyles that help them to find the best way to sell affiliate products.

SWOT Analysis of Affiliate Marketing

STRENGTH

- Affiliate marketing is simple as there does not require the need for inventory management, warehouse fees, or paying the employee to run the business operations
- The initial setup cost is minimal. Some even operate without developing a website but, at times it may be better to have at least a social media channel
- The wide variety of product and service to advertise making one of the best marketing technique.

WEAKNESS

- Sufficient traffic is needed to make a decent amount of money. Initially, the revenue generation would be relatively slow, and everyone doesn't have the patience to wait until they are happy with the results.
- Finding right audience can be a tough challenge while promoting specific services or products.
- The promoting affiliate marketer is not personally responsible for product or service quality development. As a result, consumer lose trust in the product or service itself.

OPPORTUNITY

- The change in traffic source to mobiles is something affiliate marketers can take advantage as there are not many who have got into this trend yet
- Exponential growth in the e-commerce industries leads to a growth in affiliate marketing
- The affiliate marketing could become a passive income-generating opportunity

THREAT

- The number of competitions has increased over the years.
- Affiliate offers can end anytime
- Low entry barriers : Anyone can start a website and promote products or service. Competitions can stay healthy, but to deal with them is a much bigger problem.

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Let us work together to create long lasting impact

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