



2020

Affiliate Marketing Trends

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Introduction

Annual trend features often look for a milestone or marker to base predictions around. With every new year, we typically feel the next 12 months will be pivotal but, caught up in the day-to-day of our jobs, this often never quite materializes.

As we enter a new decade, however, the landscape as laid out before us seems wholly unpredictable, with many factors out of our control having the potential to disrupt the digital ecosystem.

At the time of writing, Google had just announced the imminent demise of third-party cookies tracked via its Chrome browser. While not entirely unexpected news, the accompanying industry commentary makes for bleak reading for certain parts of the adtech world, with many column inches dedicated to the potential demise of great paths of digital.

This is a huge opportunity for affiliate marketers. Given how our channel can connect brands with consumers courtesy of the publishers promoting them, this unique, transparent and trusted relationship with engaged shoppers could prove to be the magic formula in an uncertain climate as programmatic scrambles for answers.

Given forward-thinking affiliate companies have spent years moving away from legacy third-party tracking solutions, inevitably we cover this topic in our trends piece from one of our senior product managers at Awin. He explains what Awin is doing and what he feels the future for affiliate tracking could look like.

We've also focused on four other areas of the business that we believe could be important in shaping the future direction of the affiliate industry. Our Business Development Director Michelle O'Sullivan explains why SME is an untapped reservoir of opportunity for the channel.

We also tackle data and AI, future regulatory challenges and advances in attribution.

Furthermore, this year we've asked eight industry leaders for their views on the channel. Drawn from across the affiliate spectrum, you can read one marker they are focusing on in the coming months.

Don't forget to keep up to date with all the latest news and opinion from Awin via **Market Insights**, our unique affiliate and partner marketing resource.



Michelle O'Sullivan
Business Development
Director
Awin

Increased entrepreneurialism will trigger the need for simplified digital marketing solutions

Technology is reshaping the way we work across the globe. Wi-Fi, 5G, video calls, cloud computing. All of these developments are democratizing the infrastructure of business.

In the UK for instance, estimations show that half of workers will be self-employed as we enter 2020. Within this mix will be a growing proportion of young, ambitious, entrepreneurially-driven 'Generation Z-ers' hungry to start their own companies.

As a result, we can expect to see a blossoming of fresh, homegrown online businesses and technology solutions in the near future.

With this boost of startups comes new expectations and demands from these individuals who have been born tech-native and adopt a mobile-first approach.

Gen Z businesses will demand better digital marketing solutions that can cater for their early lifecycle needs without price point barriers that prevent them from competing with larger, more established brands.

Simplicity will also be key, ensuring they can operate with agility and speed to cut it among their peers.

These smaller businesses will lack the resources to market themselves effectively online though, making affiliate marketing's performance model invaluable. Marketing spend in our channel is inextricably tied to clear, demonstrable results, whether that's awareness, influence or actual sales.

The other benefit of using the affiliate channel is the diversity and number of partners it can offer. It provides access to promotional opportunities that can best match a small brand with niche audiences, making connections with online communities that are built upon trust and authenticity.

You might be a local retailer seeking to partner with a similarly local community forum, parent blogger or micro-influencer who has a readymade and relevant audience with a genuine interest in hearing about your products or services.

It's out of precisely this growing demand from smaller advertisers to support their online marketing needs that I've spearheaded Awin's development of such a solution; we call it Awin Access.

With Awin Access, we want to provide all of the benefits of affiliate marketing without any of the traditional barriers that have prevented early-stage businesses, startups and entrepreneurs who don't have the necessary time, money or resources from utilizing it.

It's low cost and integration is simple and fast, thanks to a host of cutting-edge e-commerce plugins. Support is always on hand due to a rich array of online resources, video tutorials, webinars and 24/7 chatbot support.

The Awin Access goal is simple: to nurture the grassroots brands of tomorrow by giving them the marketing solutions they need today. 2020 will be the year we see that vision come to fruition.

"These smaller businesses will lack the resources to market themselves effectively online though, making affiliate marketing's performance model invaluable."



Tina Judic
MD
Found

Over the past 10 years, I've seen the agency landscape go from hype and over-promise to ruthless measurement and granular attention to detail. There's no real longevity in either approach and neither takes the client/agency relationship to the next level. One is lacking in accountability and the other stifles creativity in favor of playing it safe with a 'painting-by-numbers' approach to campaign planning.

Whichever you get, neither are particularly healthy for the brand or the agency, and especially not for their teams actually delivering

the work. Instead, I expect to see agencies taking the lead in embracing a growth mindset where the focus is squarely on performance and outcomes.

I fully expect automation to play a bigger part in digital growth, with data and technology spearheading activity and human smartness steering strategy. It's up to us, as agency leaders, to nurture and weave a growth mindset through our business culture that will enable businesses to not only adapt to the inevitable changes in our digital landscape, but flourish.



Kate Knight
Client Services Manager
Vouchercloud
(speaking on behalf of the
Publisher Board)

Everyone's discussing 'partner marketing' right now and trying to decide what to call it. Meanwhile, a group of us from across the complete spectrum of publishers have been meeting to develop and implement parameters to guide our industry to better standards and a more equal playing field for publishers, networks, SaaS providers, advertisers, and quite frankly, anyone who wants to embrace the change.

Many of our discussion points come back to one thing - lack of transparency has come to a head; it's the Achilles' heel of our industry.

United with a common interest, we publishers have created a best practices document addressing some of the issues. We've started to communicate these with the wider industry, too. Many of the issues that are being discussed won't come as a surprise and are very easily tackled,

yet some are more complex issues like deduplication, commission structures and cancellations. These are still very much clouded by the lack of transparency, understanding and a desire to share data and insights - on both sides - affecting growth, relationships and ultimately, results.

The Publisher Board's objective for 2020 is to create standardized terms that advertisers, networks and SaaS providers can refer to, shaping the way affiliate programs are built and managed. We are currently working on simplifying the existing document, focusing on key points that networks and publishers feel are more easily implemented and then we'll start to tackle the more complex ones. We are extremely excited by the interest that this has gathered so far and encourage others to reach out to discuss the standards in more detail and get involved.



Jamie Birch
Senior Data Analyst
Awin

Putting the BI horse before the AI cart

A recipe for success with data in 2020

Whether we like it or not, most online businesses have been impacted, evolved and even redefined by the data they capture. Since coined in 2005 by O'Reilly Media, the term 'big data' has transformed from an iconic buzzword to a drab cliché. Even more so within the world of digital marketing, where data is bread and butter, informing strategy at every level.

As our understanding and use of data increases, so does the power and influence it has on an organization, especially when it comes to the discipline of business intelligence and reporting.

With great power comes great responsibility. It is now a priority for businesses to not only harvest data effectively, but to sensibly process data sources and moderate how data flows outward to the rest of the organization.

If we are to keep up with the growing demand for data, we need to ensure it is well governed. No longer is data analytics a preserve for the few, but a rite of passage to all marketing professionals needing accurate reporting at their fingertips for data-led decisions.

Data can, and should, be democratized, freeing up admin time for analytics. The role of BI is no longer to merely push out reports, but to also shepherd the use of data and give guidance that improves overall data literacy.

Since working within data analytics from 2015 at Awin, I've been privileged to witness our own radical development of BI and reporting. In less than five years, we have expanded our remit from a two-person team to a global department dedicated to data, now over 20 people strong.

Throughout this we have continued to invest in the data visualization software Tableau - one of the market-leading tools in the field - which has pushed us to hone our capabilities in data analytics through the development of faster, more advanced and intuitive reporting.

Forecasting and machine learning are no longer concepts, but an integral part of the data we provide.

At Awin we've been taking steps to further democratize our data by exploring how we can combine our products together, making advanced analytics more readily available for all - from account managers to clients.

Through this we've had to balance the delivery of advanced dashboards with a curated set of self-serve data sources. Along the way we've also had to navigate the challenges of disparate data sources, leading us to bring our data under one unified roof.

So which firms will likely succeed in 2020? It will be those that have their BI groundwork in place to capitalize on the benefits of AI. Just as you wouldn't put the cart before the horse, you wouldn't develop AI before you had BI. For AI and BI reporting to grow, we need to first homogenize and govern our data better, giving us a platform for an efficient and democratized ecosystem... one that can lead the forefront of advanced data analytics.

"No longer is data analytics a preserve for the few, but a rite of passage to all marketing professionals needing accurate reporting at their fingertips for data-led decisions."



Helen Southgate
MD, EMEA & APAC
Acceleration Partners

As we move into a new decade, we will look to completely reshape the way we think about how we operate affiliate programs. This presents a dilemma for a channel that prides itself on doing business face-to-face.

The affiliate channel is a people industry. People deliver services, use technology and build relationships. But people are expensive and their time is limited.

The affiliate channel, while still one of the most cost-effective channels, is rising in expense against a backdrop of margin squeeze, inevitably focusing the mind on the high reliance on people.

As we move into a highly-automated digital world, we'll start to see this play a part in the affiliate sector. Tasks that are currently being performed by people that are time-consuming - like monitoring website activity, optimizing links and pages, and updating content - will be automated with smart, new technologies enabling us to do this faster, better and cheaper.

This will allow our people to concentrate on the tasks that will drive value, such as strategy, optimization and creative thinking. Expect this to gather momentum in 2020.



Iain Davidson
Affiliates Consultant
Three Mobile

2020 is set to be a major year for Three and its affiliate partners. Last year Three laid strong foundations across mobile and SIM, alongside its plug-and-play 4G and 5G home broadband offering.

Off the back of the 5G home broadband launch in London last August, Three is now firmly focused on the wider 5G home and mobile rollout, set to commence imminently.

Alongside this, its customers have already begun to see the benefits of a \$985m upgrade to the 4G network, delivering improved download speeds of up to 150%.

5G will revolutionize the way we work and live with improved speeds, capacity and ultra-low latency. Three holds the most 5G 'airwaves,' so we are looking forward to supporting our partners and making the most of what is set to be Three's most successful year yet.



Stephen Short
Product Manager
Awin

Browser tracking updates can help to build a **consensus for consent**

The intent of big browser companies over the past few years has been clear: to restrict how and what other businesses are able to track via their services. This presents obvious headaches for digital marketers looking to allocate their marketing budgets through multiple suppliers reliant on traditional tracking methods.

There's no doubt that, of the large browser companies, Apple has been setting the pace. With recent versions of Apple's Intelligent Tracking Prevention, they have penalized so-called 'link decoration' where additional values (like a customer identifier) can be added to a final landing page when ads are clicked on and users redirected. At the time of writing, cookies on the landing page are stored for just 24 hours. A logical progression will be the removal of this daily window and completely inhibiting first-party cookies from third-party scripts if the consumer has navigated through an ad network tracking domain. This is problematic for most affiliate networks' current solutions of placing a JavaScript tag on advertiser websites to create first-party cookies.

Although Awin does not profile individual consumers by using the same tracking methods as more personalized marketing channels, we are caught in the crossfire.

With Google Chrome and Mozilla Firefox also pushing their own initiatives, the need to develop centralized solutions that mitigate a loss of tracking while operating within the intended spirit of our new privacy-centric age is clear.

Awin explored a number of options before deciding to remove our ability to profile and track the same consumer across many different websites.

We've done this by eliminating the traditional 'bounce' redirect consumers take through a tracking domain with traditional tracking. We call it 'Bounceless Tracking' and rolling this out in 2020 is a significant focus.

But it's not just the ability to attribute sales and fairly reward publishers that has been affected by browser tracking prevention updates. Who isn't now numb to repeated cookie consent pop-ups on the same website? The same medium that can be used to profile and track consumers across the internet is also used for legitimate purposes like saving a consumer's data processing consent regarding opt-ins and opt-outs. This is affecting the ability of websites to continue consumer consent between browsing sessions.

Browsers have a role to play in helping solve some of the challenges their actions have provoked. Perhaps we will see them innovate in 2020 to tackle some of these. Developments in this space by any browser could set off a tidal wave of change for how data processing consent is managed on the internet.

How might browsers solve this? They could provide a JavaScript API where sites set and retrieve consent, as in an individual blog enables consumers to obtain consent for one specific ad network but not another. Such a small dataset, enforced by the API, means it

"Although Awin does not profile individual consumers by using the same tracking methods as more personalized marketing channels, we are caught in the crossfire."

couldn't be misappropriated to cross-site track a consumer, as is the case with cookies where large identifiers representing an individual consumer can be stored.

In an era of second-guessing what the next browser developments will be, what is clear is that it is critical for us to continue to innovate with the dual aim of creating new and robust solutions with privacy-first intentions.



Hanan Maayan
CEO & Co-founder
Trackonomics

In the past few years, we've observed at Trackonomics how content publishers have mastered the art of turning data into gold.

Data science and data mining capabilities that, until recently, were a privilege of only a handful of large publishers, have now been partially commoditized.

More businesses have come to realize that a marketing team isn't complete without the right software and analysts who know what they're doing.

In 2020, I predict a dramatic increase in the number of businesses (publishers and retailers) wanting to expand the data points being harvested from their affiliate activity, and seeking to blend and connect those data points with broader data sets like their CRM data, SEO data, DMP data and acquisition channels such as paid search and social.

A side effect of this will be that the affiliate channel will get a lot more visibility at 'C-level' executive presentations and briefings, and as a result is likely to enjoy a growth in budgets and momentum.



Sophie Metcalfe
Business Development
Director
Awin (Australia)

The last decade saw marketplaces like Amazon, eBay and AliExpress become progressively more dominant in the online landscape.

Worldwide, revenues for marketplace platform providers are predicted to increase by over 100% from 2017 to 2022. Their convenience and versatility are unrivalled as they offer an informed, borderless and aggregated shopping experience, and their adaptability enables them to shift and react to market change.

The opportunity to leverage their reach and operational set

up is compelling. The downside being a higher cost of sale and less control over end-to-end customer experience.

As advertisers increasingly look to be a part of marketplaces and optimize within their ecosystems, the relationship with their affiliate programs needs consideration. A deeper analysis of the correlation between the two will be required to better understand how they influence each other, and subsequently devise an attribution logic that is both cost-efficient and fair.



Julia Bodnar
Head of Legal
Awin

Legal clarity around consent will determine affiliate marketing's future in 2020

For online marketing businesses, nothing has shaken up their attitude and approach to handling personal data more than Europe's Global Data Protection Regulation (GDPR).

Much of my time leading up to that May 2018 deadline was spent attempting to interpret, make sense of, and feasibly apply the concepts of the new law to the running of our operations and data processing activities.

I'm sure many of my peers working in similar organizations around the world had a comparable experience, debating and weighing up the particular nuances of what terms like 'consent,' 'legitimate interest' and 'joint control' definitively meant in the eyes of the law.

As painful as that experience may have been, I think the rigor with which we were compelled to consider our legal responsibilities when handling data has been crucial in ensuring we identified a robust position that left us in good standing for the future. And that future has begun to bear down on us.

GDPR is arguably the legislative epicenter of global data regulation. Its implications have been far-reaching, with tremors now being felt in other markets around the world as a response. And as those countries formulate their own privacy laws, the differences between them present additional challenges for global businesses.

This year we've seen the launch of the California Consumer Privacy Act (CCPA), the first major legislation of its kind in the US. In preparation, we undertook efforts throughout 2019 to ensure we were ready for the new law, which contrary to many opinions, has some key differences to the frameworks set out by its European equivalent.

As a company operating across multiple continents, we can also look forward to further legal challenges in 2020, with Brazil due to adopt its own General Data Protection Law in August. Once again, I look forward to seeing the particular local distinctions that this new proposal brings to the table.

Throughout all of these preparations, one of the main challenges we've faced has been the lack of a clear narrative around affiliate marketing's impact on privacy. As a model that, in its traditional form, is inherently less intrusive than other forms of online tracking, the danger has always been that our industry is bundled in with the more invasive and personalized elements of the wider digital advertising environment and simply written off as collateral damage.

In some ways, GDPR addresses this imbalance by imposing additional requirements on businesses that carry out profiling or process special categories of data. But where GDPR has intentionally been less prescriptive is on the concept of consent for tracking and other similar technologies. Instead, this is where the impending ePrivacy Regulation in Europe is intended to take up the mantle.

However, with ePrivacy having been through several redrafts as a consequence of continued

"One of the main challenges we've faced has been the lack of a clear narrative around affiliate marketing's impact on privacy."

deliberation and lobbying efforts, attempting to balance the fundamental right to privacy with the value of online content and services has proven to be a difficult hurdle to overcome so far.

At the time of writing, the most recent ePrivacy draft has been rejected, once again leaving the concept of consent unclear. With the latest EU presidency, we hope to see lawmakers and politicians provide the clarity we all need for affiliate marketing to continue to function and thrive in 2020 and beyond.



Zane McIntyre
CEO
Commission Factory

Australia is about simplicity and quality of life. Therefore, anything we can do to make the Aussies' every day and working life simpler is worth brands focusing on in 2020. Drone delivery and connected experiences are two areas we believe will be important this year. In a country the size of Australia, fast delivery times are no small feat. Retailers that invest heavily in delivery times will see the greatest success. Drone delivery to picking and packing technology in warehouses will be paramount to success, especially as markets like the UK and the US provide this as standard.

Australia is an outdoor culture, so offline shopping is not going anywhere. Advertisers need to consider engaging consumers across multiple touchpoints and think about closing the loop between offline and online with card-linked offers. It is also about ensuring the user experience is consistent between desktop, mobile and app. A mobile website or a native app is not enough; it is about consumers seamlessly being able to explore, navigate and complete a purchase with no friction and on the go, ideally done with one hand.



Tina Lakhani
Ad Tech & Standards Manager
IAB UK

In the past two decades we have seen the SME market grow exponentially – up 63% since 2000 according to the Advertising Association's 'Advertising Pays' report – with the rise of digital encouraging more small and medium businesses to advertise.

For both SMEs and digital ad suppliers, this growth continues to present exciting opportunities (a

subject IAB UK will be exploring in more detail in 2020).

Just as digital-driven SMEs have disrupted the retail landscape, the burgeoning SME market stands to disrupt digital advertising models. To tap into this market, digital advertising companies need to consider their barriers to entry, i.e. large minimum spend thresholds, and their strategy to best interact with smaller scale brands.



Paul Stewart
Head of Global Strategic Partnerships & Innovation
Awin

Adoption of attribution solutions will see **digital silos recede and investment increase**

Our channel has always facilitated a wide variety of partnerships, generally all built around a performance relationship. But, as with all things, the devil is in the details. In this case, what we mean by ‘performance.’

This topic of defining performance (i.e. attribution) is not new. However, the last 12 months have seen a sensible path beyond last click become much clearer (and more achievable) than ever before. I believe the implications of this are profoundly important, not just to Awin, but the future of partnerships in general.

Moving beyond last click is a topic far bigger than just our channel. It is also one that is wonderfully complex and often misunderstood, leading to a few misleading actions in its name. For example, there are certainly instances where it has been used as a byword for cost-cutting, and publishers have subsequently become understandably suspicious of it.

I’ve also seen many bogus marketing claims put out about the latest and greatest models based on nothing but subjective opinion or a dataset lacking in robustness.

With these misunderstandings beginning to fall by the wayside, what does the future hold for attribution in 2020 and beyond?

When I talk about a path forward, I am talking about algorithmic attribution based on all channel data - most commonly using either a system based on a Shapley value or a Markov model. Other subjective models - linear, time decay, positional,

within channel, etc. - I believe to only be a small step forward, inevitably delaying the giant leap that algorithmic modeling presents.

I also believe that if you conflate understanding value and how you pay for it (at least for now), you’re missing the point.

What algorithmic platforms represent is the chance to shape the strategy of online. This shouldn’t be confused with the tactics required to work within different channels, nor should you think that implementing one of these platforms is an instantaneous magic bullet.

But to ensure these models produce the best insights, the devil now lies in the data and its quality. You need to minimize the errors in the dataset. And, somewhat inevitably, tracking display or PPC activity is far easier to standardize than the affiliate channel.

However, 2019 saw Awin take great strides to help here through our exclusive partnership with SingleView, making it simpler than ever before to implement, tag and attribute all channels... and just as importantly is more cost effective.

So what does this mean for the future of partnerships? Where value was hidden, it now becomes clear. Where there

was an inter-channel zero sum game, now a platform for collaboration will emerge.

The transparency that algorithmic attribution solutions offer makes their mainstream adoption a necessity. With this kind of foundation in place, I truly believe we can look forward to digital silos receding in 2020 and channel investment increasing as a result.

“The transparency that algorithmic attribution solutions offer makes their mainstream adoption a necessity.”

