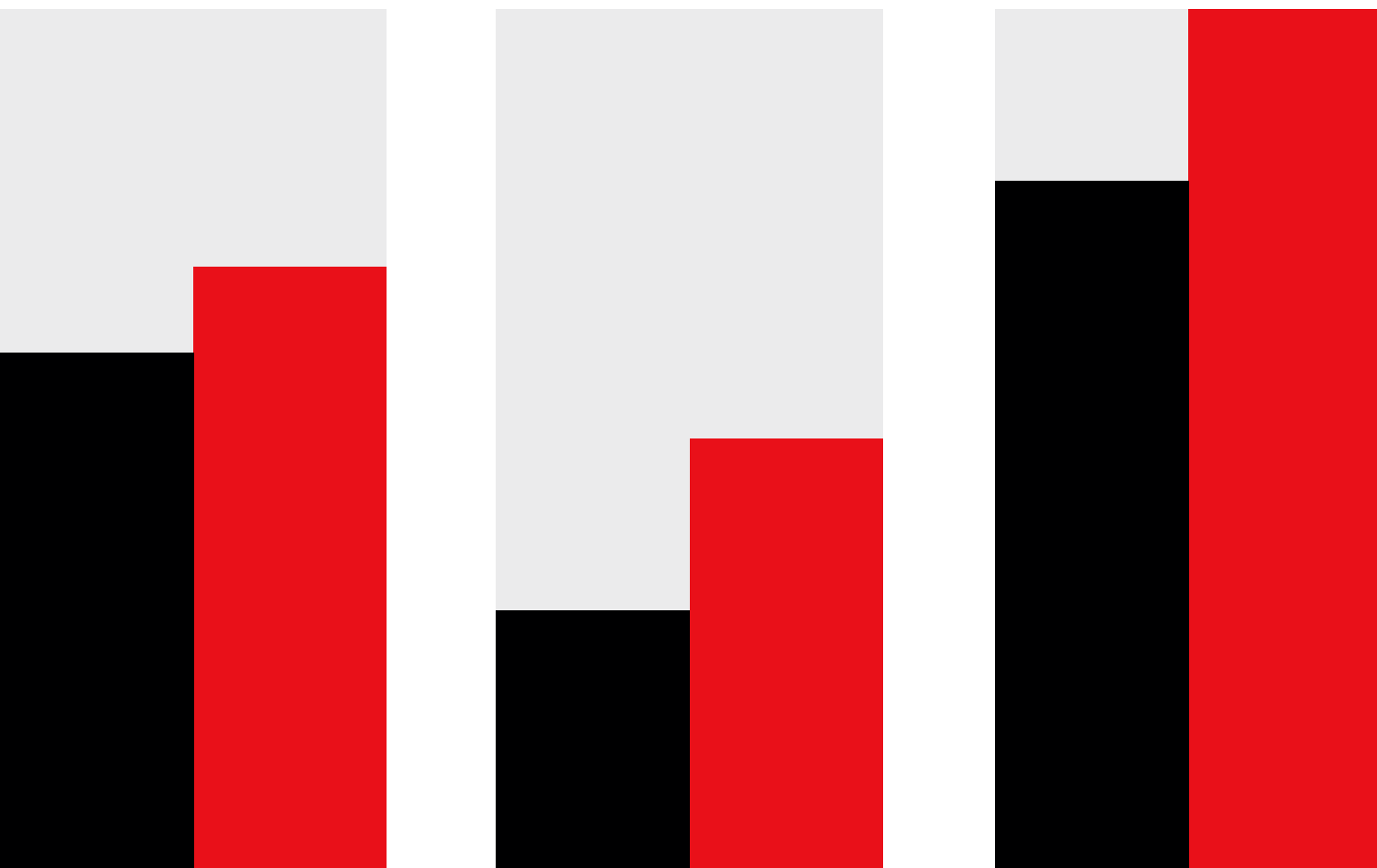


Affiliate Marketing 2024

As Google Shifts, a Schism Forms Between Data Haves
and Have-Nots

Contributors: Rahul Chadha, Vladimir de Leon, Kyndall Krist, Evelyn Mitchell-Wolf, Peter Newman, Penelope Lin, Tracy Tang, Emman Velasco, Yoram Wurmser



Contents

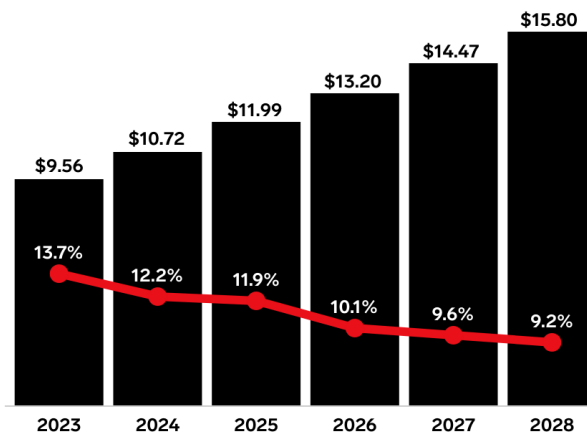
Executive Summary	3
Why affiliate marketing is more visible than ever	4
Affiliate marketing continues to insinuate itself into more corners of media	4
Affiliate marketing ad spend will grow by double digits this year	4
Some advertisers and publishers have gotten off to a rough start in 2024	4
Newer, smaller players are gathering real momentum	5
Newcomer affiliate publishers are finding traction quickly	5
Changes at Google and TikTok helped drive a shift among publishers	6
Some publishers are likely to go out of business	6
Subdomain coupon businesses have also been hit hard	7
Some publishers have grudgingly pivoted to offering paid campaigns	7
TikTok opened up access to its affiliate program to maintain TikTok Shop's momentum	7
Affiliate is entering a period of data stratification	8
Publishers are beginning to leverage their first-party data more aggressively	8
Advertisers and publishers need to improve their first-party data capabilities	8
More discerning shoppers are a challenge for advertisers and publishers	9
Consumers know that deals are out there	9
Retail media and commerce media loom as threats to incremental growth	10
EMARKETER Interviews	11
Read Next	12
Sources	12

Affiliate Marketing 2024

- Affiliate continues to inch past its reputation as a bottom-funnel, tactical marketing channel.** Advertisers can now leverage [affiliate marketing](#) in more places and for many use cases. That flexibility will help power double-digit ad spending growth in 2025 and 2026.
- Newer, smaller players are gathering real momentum.** The healthy advertising growth we forecast for the next couple of years will be partly driven by surges from smaller, relatively new category entrants.
- Moves by Google are helping this transition along.** Earlier this year, Google’s “Helpful Content Update” and its “Site Reputation Abuse” update to its spam policy resulted in a sharp decline in traffic to several properties. Today, some publishers remain badly behind their audience and revenue projections. Many of them are talking more seriously than ever about building a strategy less reliant on [search](#).
- Affiliate marketing is entering a period of data stratification.** A growing number of affiliate players can offer advertisers the ad targeting, personalization, and customization capabilities they’re accustomed to using [in other areas](#) of their media spending. While the success of those players could raise affiliate’s stature, it could also place greater pressure on publishers that cannot do the same.
- Consumers are getting smarter.** Is that a good thing? Sophisticated, choosy shoppers are, in some ways, the lifeblood of the affiliate marketing sector. Yet their increasing savvy is proving to be a double-edged sword that is cutting into advertisers’ and publishers’ margins.

US Affiliate Marketing Spending Will Exceed \$10 Billion for the First Time in 2024

billions in US affiliate marketing spending and % change, 2023-2028



■ Affiliate marketing spending ■ % change

Note: commissions paid by a site or app based on agreements in which published content from another site or app drives traffic to it in exchange for a share of the sales stemming from that traffic
 Source: EMARKETER Forecast, Aug 2024

Why affiliate marketing is more visible than ever

Done right, affiliate marketing can serve as connective tissue between many crucial kinds of media: creators and retail media networks; connected TV (CTV) and paid social; and upper- and lower-funnel channels. But this added potential is arriving when the ground beneath affiliate's feet is beginning to shift.

Affiliate marketing continues to insinuate itself into more corners of media

Affiliate agencies and publishers have spent years trying to push advertisers past the idea that affiliate marketing is a tactical lever. Its continual penetration into different parts of the media ecosystem will help buoy the channel as some publishers navigate challenges created by Google and growing advertiser interest in TikTok.

Affiliate marketing ad spend will grow by double digits this year

Advertisers and publishers will reap the rewards as retail ecommerce sales continue to climb. [US retail ecommerce sales](#) will reach nearly \$1.2 trillion in 2024, per our estimates, driven in large part by existing digital buyers spending more money online. We expect the average [retail sales per digital buyer](#) to increase 6.7% YoY in 2024, to more than \$5,400; that figure will surpass \$7,000 in 2027.

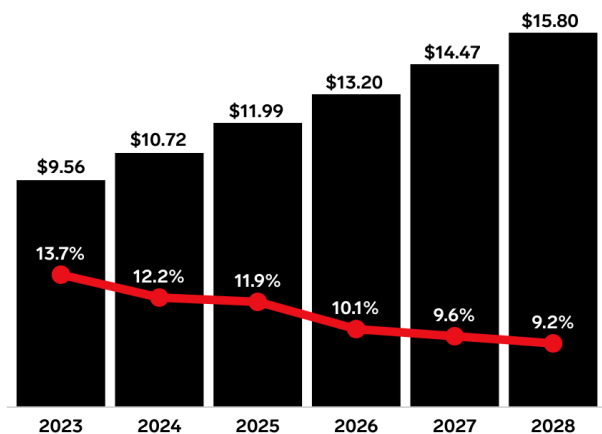
That steady rise will provide a foundation for affiliate marketing's growth—more online transactions mean more consumers doing more product research, seeking out new sources of inspiration, and hunting for more discounts and savings.

More advertisers are also growing comfortable using affiliate marketing to meet objectives outside the bottom of the funnel. "Overall, across all our verticals, we're seeing investment continue to increase," said Amalia Thomas, executive vice president of client development and network compliance at affiliate network CJ. "We are seeing a shift in where that investment is starting to move. We're seeing more of a desire for awareness-type tactics."

We estimate that US affiliate marketing spending will top \$10 billion for the first time this year and will exceed \$15 billion in 2028.

US Affiliate Marketing Spending Will Exceed \$10 Billion for the First Time in 2024

billions in US affiliate marketing spending and % change, 2023-2028



■ Affiliate marketing spending ■ % change

Note: commissions paid by a site or app based on agreements in which published content from another site or app drives traffic to it in exchange for a share of the sales stemming from that traffic
Source: EMARKETER Forecast, Aug 2024

351424

EMARKETER

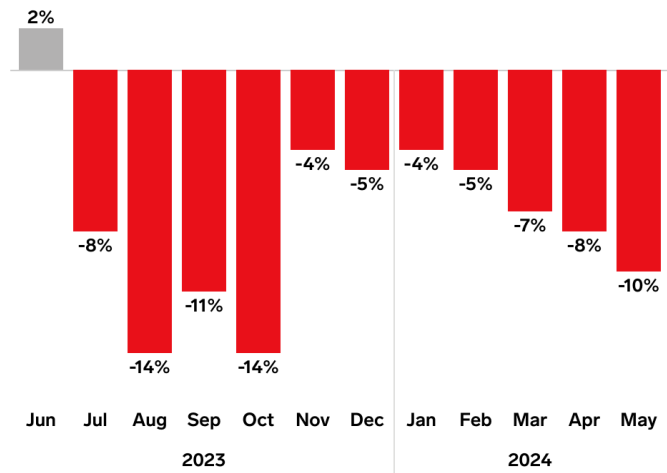
[Click here to view our full forecast for US affiliate marketing spending.](#)

Some advertisers and publishers have gotten off to a rough start in 2024

Revenue growth for some has not recovered after a tough end to 2023. Parts of the affiliate marketing ecosystem skidded to the finish line at the end of last year, as choosier consumers held out for better deals amid lingering inflation. That caution has persisted into 2024, according to data gathered from different affiliate networks. According to data from Partnerize's US Retail Affiliate Marketing Sales Index, retail affiliate marketing advertisers' gross revenues have declined YoY in each of the first five months of this year.

Advertisers' Affiliate Gross Revenue Growth Was Negative for 11 Months Straight

% change in US retail affiliate marketing gross revenues YoY, June 2023-May 2024



Note: data represents activity among about 700 advertisers across 10 categories on the Partnerize network; broader industry metrics may vary
Source: Partnerize, "U.S. Retail Affiliate Marketing Sales Index," May 31, 2024

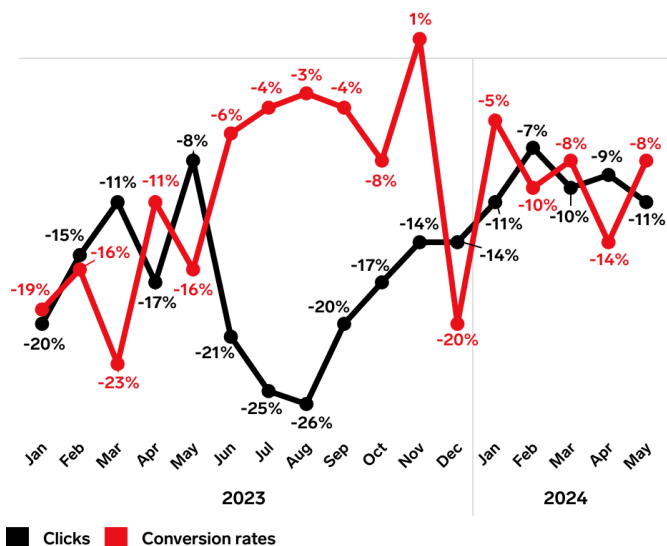
351421

EMARKETER

Partnerize also found that both clicks and conversion rates for advertisers included in its index had declined YoY, every month of this year through May.

Clicks and Conversion Rates Were Down for Most of 2023 and H1 2024

% change in US retail affiliate marketing clicks and conversion rates YoY, Jan 2023-May 2024



Note: data represents activity among about 700 advertisers across 10 categories on the Partnerize network; broader industry metrics may vary
Source: Partnerize, "U.S. Retail Affiliate Marketing Sales Index," May 31, 2024

351422

EMARKETER

Because each affiliate network's portfolio of advertisers is different, Partnerize's numbers cannot represent the sector as a whole. But publicly released data from other networks paints a similar picture:

- **Average affiliate sales, revenues, clicks, and conversion rates were all down YoY in H1 2024, according to Awin data.** Because advertisers do not necessarily have campaigns running all the time, it is sometimes difficult to compare results from year to year at networks. But even when controlling for that, average performance declined across the board: sales (down 2.0%), revenues (down 0.8%), clicks (down 0.7%), and conversion rates (down 1.5%).
- **US Q4 2023 revenues were flat or down for 10 of the 16 advertiser categories CJ tracks.** Beauty was down 3% YoY, as was food and drinks (down 32% YoY), gifts and flowers (down 8% YoY), and recreation and leisure (down 56% YoY); 2023 marked the second consecutive decline in YoY Q4 revenues for all those categories.

Newer, smaller players are gathering real momentum

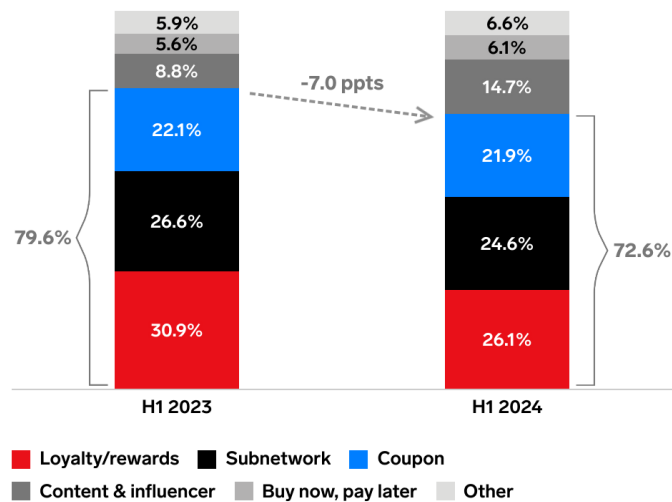
Affiliate marketing spending growth will be driven, in part, at the margins. Technology partners such as buy now, pay later (BNPL) platforms will drive some of that growth. And both financial services' card-linked offers and CTV will power more spending in novel areas. Advertisers will continue to invest in affiliate campaigns with creators, aided by a growing number of KPIs. Growth in affiliate is also being helped along by younger consumers' spending more time—and more money—on social platforms.

Newcomer affiliate publishers are finding traction quickly

Advertisers are funneling budgets toward these newer players. The affiliate channel has historically been dominated by loyalty, coupon, and cash-back players due partly to the industry's reliance on last-click attribution and those publishers' proximity to conversion. But new technologies—along with generational differences in where consumers spend time online—are beginning to eat away at their positions.

The 3 Largest Sources of Affiliate Actions Lost Share From H1 2023 to H1 2024

% of total affiliate actions worldwide, by publisher type, H1 2023 & H1 2024



Note: represents activity on the Acceleration Partners platform; broader industry metrics may vary; numbers may not add up to 100% due to rounding
Source: Acceleration Partners, "H1 2024 Performance Insights," Aug 2024

351425

EMARKETER

- Creators continue to take up more oxygen.** For the most part, creators and influencers are not yet capable of driving the same volume of conversions that media companies are. Yet their sheer numbers are forcing agencies and advertisers to pay more attention to them. For example, at least 70% of the publishers added to Partnerize's Ascend platform this year have been creators.
- Technology partners are helping advertisers push affiliate campaigns into new areas.** tvScientific is barely two years into a bet that it could use affiliate metrics and partnerships to power CTV campaigns. It now has some clients spending upwards of \$1 million per month to put affiliate ads on TV, according to Vikki Danielsen, the company's director of growth and partnerships.
- Financial service providers continue to raise their profile as publishers.** While not a new category entrant, the success of publishers such as Capital One Shopping have encouraged more financial services players to lean in. Savings-hungry customers have responded: In H1 2024, affiliate advertiser revenues generated by card-linked offers on Acceleration Partners' network grew more than 300% YoY.

- Generational differences are forcing some advertisers to change their tactics.** Although media companies account for most of the revenues in this channel, advertisers that want to reach younger consumers have to orient their affiliate strategy at least partly around social networks: Less than half of millennials and Gen Zers have even noticed affiliate marketing on websites, let alone engaged with it, according to our research.

To learn more about consumer attitudes toward affiliate marketing, read our July 2024 report: "[Affiliate Marketing Consumer Attitudes 2024.](#)"

Changes at Google and TikTok helped drive a shift among publishers

In the spring, Google rolled out two updates to its search algorithms that dramatically dropped traffic to some sites and sent shockwaves through the affiliate marketing world. The effects of those changes were felt unevenly, and many advertisers and agencies mitigated their impact by adapting their partnership mix. But the worst-hit remain panicked, even amid recent signs of improvement after an update in August.

Some publishers are likely to go out of business

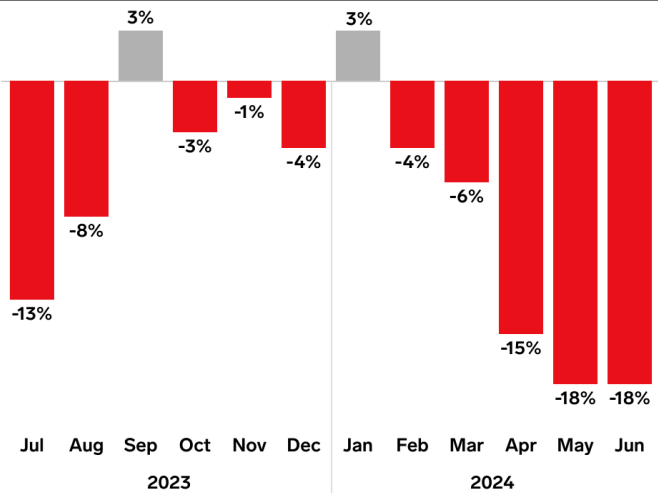
Google's biggest change was a Helpful Content Update intended to penalize sites that were generating content at scale, purely to rank highly in search results. Some sites lost 90% of their traffic.

In the abstract, this should have been a welcome development. Many publishers have groused about having to compete with sites churning out content using generative AI. And a few independent sites have complained that larger publishers are using so-called "swarming" tactics to crowd out smaller competitors.

But Google's update harmed many sites that produce all of their content the old-fashioned way. The results were catastrophic for content publishers' affiliate revenues, especially in Q2 2024, according to Partnerize.

Content Publishers' Affiliate Revenues Fell at Double-Digit Rates in Q2 2024

% change in US content publisher retail affiliate marketing revenues YoY, July 2023-June 2024



Note: data represents activity among about 700 advertisers across 10 categories on the Partnerize network; broader industry metrics may vary
Source: Partnerize, "U.S. Retail Affiliate Marketing Sales Index," May 31, 2024

351431

EMARKETER

The Helpful Content Update was disruptive in and of itself. But because it arrived at a time when many publishers already had their hands full with other changes, including Google's AI Overviews, the update feels like it could be fatal for many of them. "There will definitely be some extinction," said Chris George, president of Sovrn.

Subdomain coupon businesses have also been hit hard

A separate change Google made to its spam policy kneecapped coupon subdomain businesses. Coupon subdomains had been million-dollar sources of revenues for many large content publishers, such as USA Today and Business Insider. While Google has held a dim view of coupons on subdomains for quite a while, the latest move seems to be the final blow.

Without subdomains claiming top spots in the search results, competitors have seen their traffic shoot up. For example, within a week of Google's Site Reputation Abuse update, traffic to USA Today's coupon subdomain had fallen 77.7%, while traffic to Coupons.com rose 38.1%.

Some publishers have grudgingly pivoted to offering paid campaigns

Lacking organic traffic, several publishers have moved to offer paid campaigns in the form of search engine marketing or trademark plus campaigns—when a publisher works with a brand to create content that uses keywords the advertiser wants to rank highly on. That has concentrated more power in the hands of agencies. "A lot of content publishers don't understand performance," said Jade Mayberry, head of affiliate and performance partnerships at Dentsu. "We come in and say, 'We will guide you on the paid media side.'"

TikTok opened up access to its affiliate program to maintain TikTok Shop's momentum

TikTok's affiliate program for TikTok Shop has become an essential component for advertisers hoping to reach younger consumers. In May, TikTok dropped the number of followers users had to have in order to participate in its affiliate program to 1,000, down from 5,000.

That move was one of many that have turned TikTok into a much more prominent part of some advertisers' affiliate strategies. Larger retailers are reluctant to invest in affiliate programs that lead to transactions on social platforms.

But many D2C brands are now weighing the pros and cons of putting some of their goods on TikTok Shop and using affiliate marketing to drive sales. "For products that are \$100 and under, you see the affiliate budget slowly start to go that way," Mayberry said. "Do we keep this off dot-com and only go to TikTok Shop?"

Affiliate is entering a period of data stratification

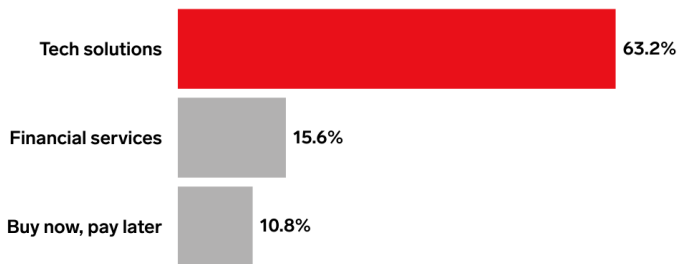
Advertisers have found that a growing number of affiliate players now offer targeting, personalization, and customization capabilities. Access to these capabilities could do a lot to raise affiliate marketing's stature among advertisers—but could also put publishers that lack them under even greater pressure.

Publishers are beginning to leverage their first-party data more aggressively

Over the past year, signs that advertisers are interested in leveraging publishers' first-party data have started to crop up. And publishers are looking to take advantage. For example, some of the publishers that sit on rich amounts of first-party data, such as tech solutions, are seeing unusually strong lifts in conversion rate YoY, according to Rakuten Advertising data.

Data-Rich Publishers Are Seeing Significant Boosts in Affiliate Marketing Conversion Rates

% change in US affiliate marketing conversion rate YoY, by publisher type, H1 2024



Note: data represents activity on Rakuten's platform; broader industry metrics may vary
Source: Rakuten Advertising, Aug 6, 2024

351423

EM | EMARKETER

At the individual publisher level, a number of other affiliate publishers are experimenting with ways to leverage the data they have about their audiences for advertisers:

- **This fall, Rakuten will launch Rakuten+**, an invite-only, premium rewards program offering a guaranteed 10% cash back on items from luxury brands. Rakuten will aim its outreach at users who have a history of buying luxury goods through its rewards platform. It also chose the brands partly by using data about which ones its biggest-spending customers showed the greatest interest in.
- **The Crazy Coupon Lady is using its first-party data to help a national drugstore chain avoid coupon abusers.** It's using the data to craft offers that avoid non-incremental customers.
- **Chase Media Solutions is using customer purchase data to determine which affiliate deals to put in front of its cardholders.** Chase is eager to position itself as a commerce media network. But it essentially operates an affiliate business inside its app, where it targets coupons and deals to customers based on their purchases.

Advertisers and publishers need to improve their first-party data capabilities

Publishers have yet to fully marshal the first-party data they do have. But they also have to accept that many advertisers, which often sequester their own affiliate teams, don't necessarily know how to use that data effectively. Wildfire Systems, which operates over 50,000 merchant affiliate programs used by financial services products such as Citi Shop, said that less than 20% of their advertisers currently have the ability to work with first-party data on campaigns.

More discerning shoppers are a challenge for advertisers and publishers

Sophisticated shoppers have long been the lifeblood of the affiliate marketing industry. But as affiliate marketing has grown more visible, many of those shoppers have gotten choosier about the kinds of deals they take, squeezing the margins of both advertisers and publishers.

Consumers know that deals are out there

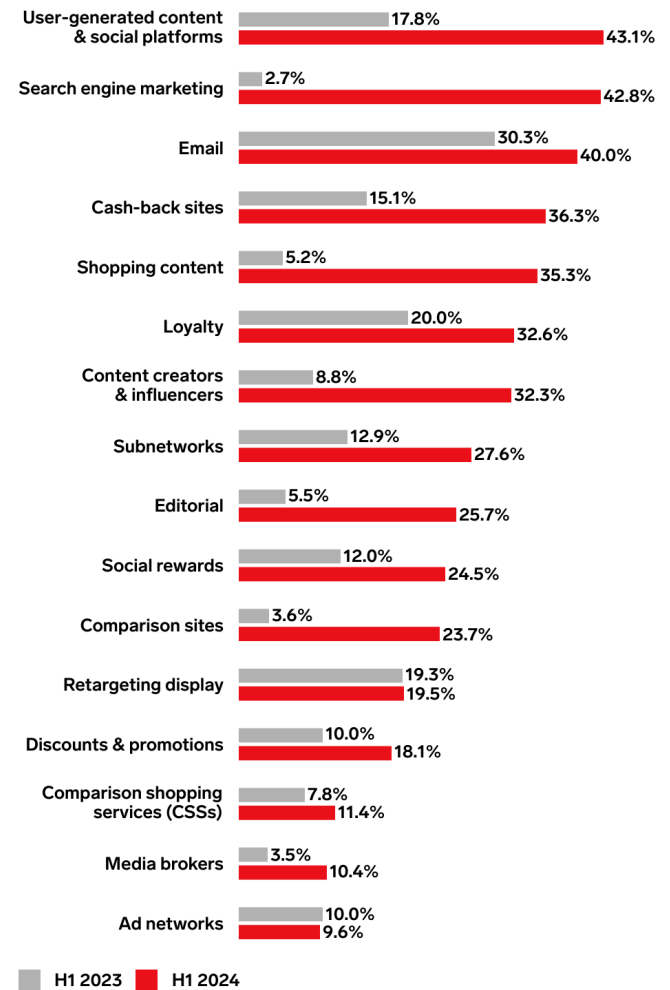
Affiliate marketing is among the most noticed kinds of advertising found online, according to our research conducted earlier this year. The share of respondents who had noticed affiliate ads on websites in the past 12 months—54.0%—was about 10 percentage points higher than the share who had noticed ads on search engines.

That has also led to shoppers becoming more discriminating. Rather than buying something purely because it has been recommended by a trusted creator or publisher, consumers are shopping around. “People are thinking twice about buying,” said Carl Kalapesi, senior vice president of sales and revenue at Rakuten Rewards. “What we’re seeing is increased consideration of multiple brands rather than loyalty to one retailer.”

(Almost) all publishers feel compelled to sweeten the deal. Consumers are also holding out for discounts, deals, and other kinds of additional savings. For example, the percentage of influencer affiliate conversions that included a coupon was 32.3% in H1 2024, up from 8.8% a year earlier, according to Awin data.

Coupons Are Driving a Bigger Share of Affiliate Sales for Every Publisher Type, Except One

% of US affiliate sales including a coupon, by publisher type, H1 2023 & H1 2024



Note: data represents activity on the Awin network; broader industry metrics may vary
Source: Awin, Aug 22, 2024

351432

EM | EMARKETER

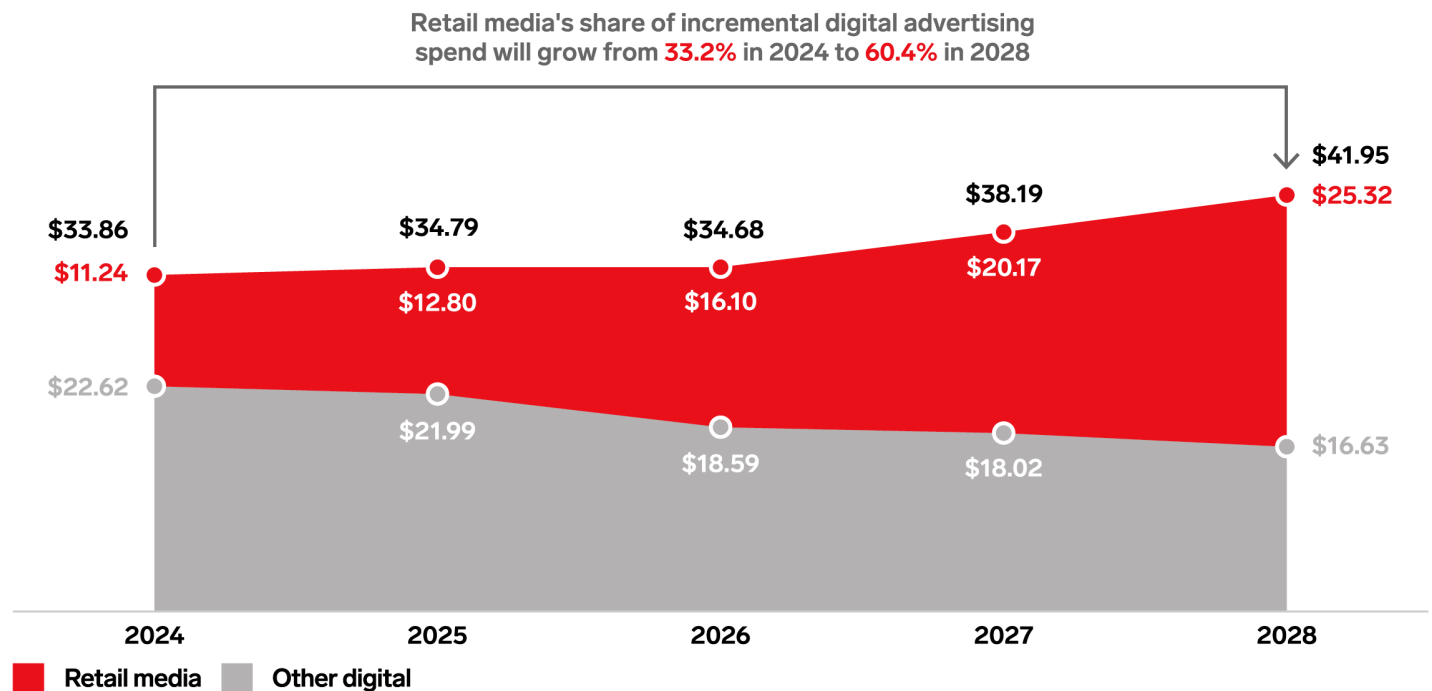
Retail media and commerce media loom as threats to incremental growth

From one vantage point, retail media and commerce media represent a tremendous opportunity for affiliate marketing. Both offer advertisers the opportunity to show ads that drive measurable sales, a dynamic that also exists in affiliate marketing. A CMO looking for other places where they might find a similar dynamic could find themselves looking at affiliate marketing with fresh eyes.

But viewed from another perspective, the two might be regarded as a threat—one that could take the marketing budget that affiliate advertisers and publishers hope to attract. “It’s going to be up to us if we can embrace it,” said Tricia Meyer, executive director of The Performance Marketing Association. “If not, we’re going to start losing money to them. The brands are going to see the ROI in retail media, and there’s only so much money to go around.”

Retail Media Is the Growth Engine of Digital Advertising

billions in US incremental digital ad spending, 2024-2028



Note: retail media ad spending includes digital advertising that appears on websites or apps that are primarily engaged in retail ecommerce or is bought through a retailer’s media network or demand-side platform (DSP); examples of websites or apps primarily engaged in retail ecommerce include Amazon, Walmart, and eBay; examples of retail media networks include Amazon’s DSP and Etsy’s Offsite Ads; includes ads purchased through retail media networks that may not appear on ecommerce sites or apps; digital ad spending includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; incremental digital ad spending numbers are derived using calculations based on our March 2024 US retail media ad spending and US digital ad spending forecasts; numbers may not add up to total due to rounding

Source: EMARKETER Analysis; EMARKETER Forecast, March 2024

EMARKETER Interviews

EMARKETER research is based on the idea that multiple sources and a variety of perspectives lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size, and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions in a report.

Tristan Barnum

CMO

Wildfire Systems

Interviewed August 2, 2024

Vikki Danielson

Director, Growth and Partnerships

tvScientific

Interviewed July 22, 2024

Chris George

President

Sovrn

Interviewed July 18, 2024

Matt Gilbert

CEO

Partnerize

Interviewed August 12, 2024

Stephanie Harris

CEO

PartnerCentric

Interviewed August 6, 2024

Carl Kalapesi

Senior Vice President, Sales and Revenue

Rakuten Rewards

Interviewed July 31, 2024

Patricia Marange

Head of Affiliate Marketing and Partnerships

Mindshare

Interviewed August 6, 2024

Jade Mayberry

Head of Affiliate and Performance Partnerships, North America

Dentsu

Interviewed July 24, 2024

Michael McNerney

Publisher

Martech Record

Interviewed July 19, 2024

Tricia Meyer

Executive Director

The Performance Marketing Association

Interviewed July 17, 2024

Kristi O'Brien

General Manager, Brand Platform

LTK

Interviewed August 5, 2024

Rob Schab

Co-Founder and CMO

Levanta

Interviewed August 7, 2024

Amalia Thomas

Executive Vice President, Client Development, North America and Network Compliance

CJ

Interviewed August 5, 2024

Lacie Thompson

Chief Growth Officer

New Engen

Interviewed July 15, 2024

Heather Wheeler

Co-Founder and Co-CEO

The Crazy Coupon Lady

Interviewed August 8, 2024

Charles Wolrich

Co-Founder and COO

Bullwhip

Interviewed July 24, 2024

David Yovanno

CEO

Impact.com

Interviewed July 11, 2024

Read Next

[Affiliate Marketing Consumer Attitudes 2024](#)

[Consumer Approaches Toward Social Commerce](#)

Sources

[Acceleration Partners](#)

[Awin](#)

[CJ](#)

[Partnerize](#)

[Rakuten](#)

Power your next move with clear and credible insights.



Your morning coffee

Never fall behind the biggest trends and executive-level decisions shaping your industry with our Industry Briefings—they're timely subscriber-only newsletters delivered straight to your email.

[Learn More](#)



Get the bigger picture

Your organization is affected by diverse industries, geographies, and ideas. Tap into these influencing factors to avoid information silos and see a more complete picture.

[Explore related content](#)



Empower your colleagues

Confidently share reliable and accurate research with your subscribing team members to strategize around our information.

[Send to my colleagues](#)

Your account team is here to help.

Contact accounts@insiderintelligence.com or 1-866-345-3864 for answers to any research- and account-related questions.

To learn about advertising and sponsorship opportunities, contact advertising@insiderintelligence.com.