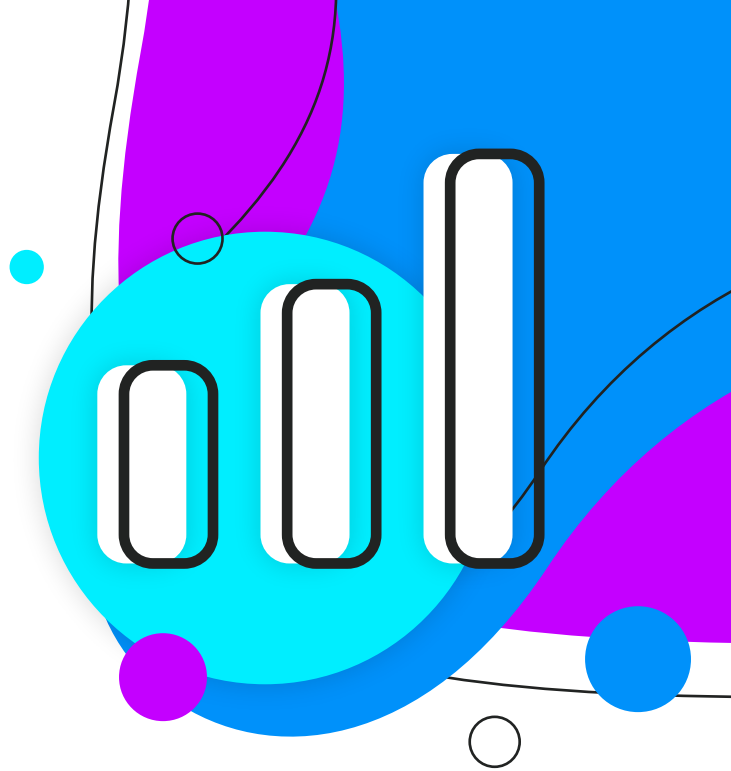




Incrementality and partnerships: Measure affiliate success on your own terms



More than [half](#) of US consumers trust affiliate marketing—an encouraging statistic for marketers working to instill confidence in their digital experiences amidst uneasiness of safety, privacy and validity of promotions or content. Research conducted by Partnerize in partnership with Forrester Consulting revealed that senior marketing executives harbor concerns about leaning into the channel, including:

What is holding partner marketing back?

“Which of the following concerns do you have about affiliate marketing in particular?”

Rank 1 Rank 2 Rank 3

Key stakeholders don't understand affiliate marketing's value or potential



We don't think we have the skills or expertise to manage a program



We don't know how to measure the incremental impact on revenue



We don't have the time to dedicate to affiliate marketing



Other channels have historically taken priority



Affiliate only drives end-of-the-funnel activities



Inability to reach customers through that channel with scale



According to the survey, there are two standout issues raised by marketers regarding the affiliate channel, one of which is an incomprehension of the channel's key benefits and potential. But, more importantly, there is a lack of understanding for how to measure incremental impact on overall revenue.

What is incrementality?

Incrementality does not have a universal characterization, varying greatly from brand to brand. True incrementality depends on which metrics help attain a brands' key performance indicators (KPIs). Meaning, that incrementality can be defined differently by each brand.

For example, revenue, traffic, transactions, views and engagement can all be considered drivers of incremental value in the affiliate channel depending on a brands' broader business goals. A brand may consider incremental value to be channel-driven revenue above their average basket size, in-cart products that have a long-term impact on customer lifetime value, or email signups that signal prospective new customers. Or, traffic can be incremental—think: a prospective customer or first-time site visitor that was driven by a social campaign or featured exposure on a partner site.



"The lift in the desired outcome provided by a marketing activity"



"Increasing AOV"



"Driving new customers"



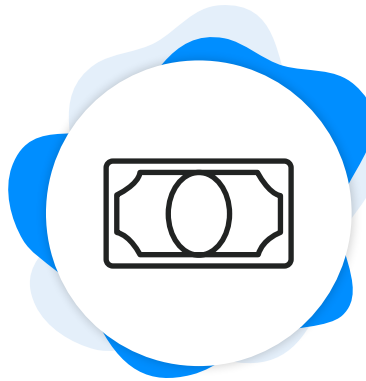
"Benefit generated per unit of action taken"

Why is incrementality important?

Incrementality is an important consideration when it comes to developing and executing your strategy as it allows you to:



Understand and gauge the impact of a marketing activity and ensures that your investments are driving above what native demand would be.



Determine where to invest marketing dollars by identifying which partners, opportunities or channels are driving incremental value.



Think critically about outcomes, specifically, if results driven by your paid initiatives would have occurred organically.

Breaking down data silos for better partnership channel analysis

Although marketers have access to industry-leading reporting and analytics within Partnerize, evaluating partnership results exclusively within the confines of the channel silos data and limits visibility into the true impact of the channel.

As a solution to data black boxes, marketers need appropriate measurement tools and reporting consistency that enables them to accurately calculate the incrementality of the partnership channel—a simplified means to pipe their affiliate data into their reporting source of truth. By integrating affiliate program data into their existing analytics and attribution provider, sophisticated marketers gain the visibility necessary to make data-driven decisions that fuel incrementality in the partnership channel and gain a better understanding of the scale it provides.

How do I determine what key performance indicators (KPIs) are important for my brand where incrementality is concerned?

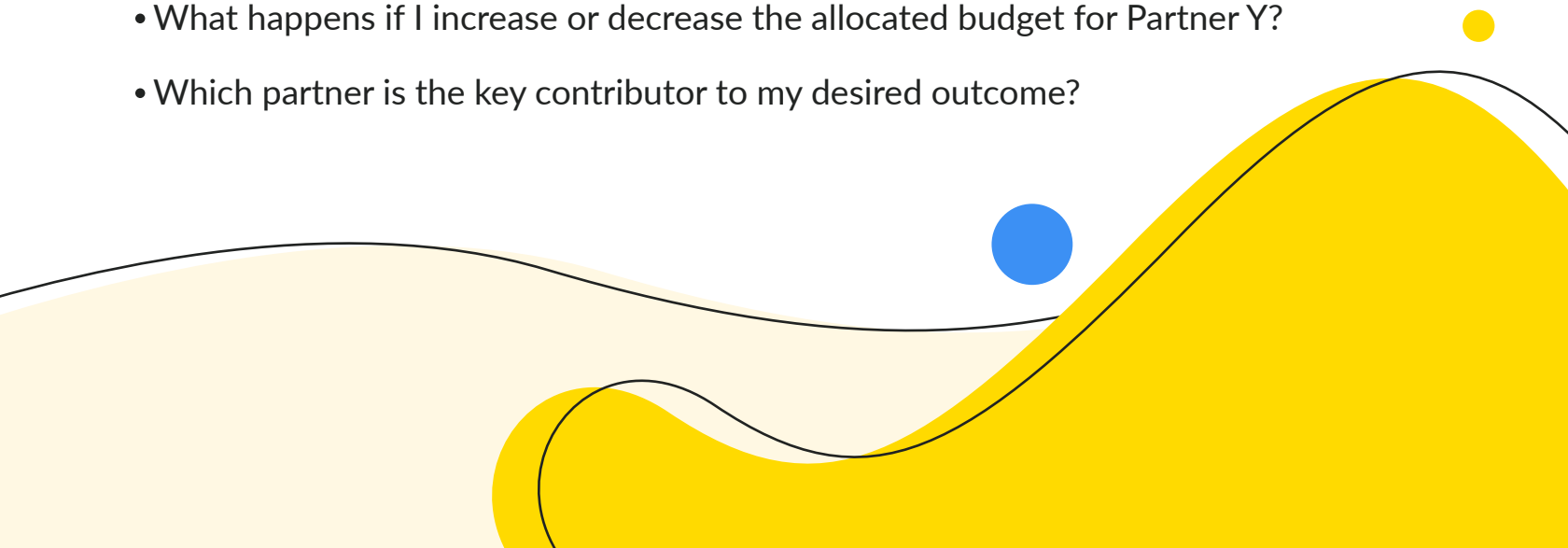
To determine the key performance indicators (KPIs) essential for your brand when assessing incrementality, start by identifying your primary business goals, such as increasing revenue, expanding customer base, or improving customer retention. Analyze historical data to understand current performance levels and establish benchmarks. Key measurement milestones might include conversion rate, average order value, customer acquisition cost, lifetime value, and return on ad spend. Additionally, consider the context of your industry and competitive landscape to ensure relevance. Regularly review and adjust these KPIs to align with evolving business objectives and market conditions, ensuring they accurately measure the incremental impact of your initiatives.

Determining an incrementality measurement approach.

Measuring incrementality is not a one-size-fits-all approach. And, establishing measurement methodologies looks different for brands that are exclusively using their affiliate program for analytics vs. those that have implemented a third-party attribution and analytics solution:

For advertisers measuring exclusively in the affiliate channel, consider these questions that will help you to surface key benefits of the channel and/or individual partnerships:

- What will happen if I end my relationship with Partner X today?
- What happens if I increase or decrease the allocated budget for Partner Y?
- Which partner is the key contributor to my desired outcome?



Advertisers that integrate their partnership channel data into an analytics and attribution provider can measure incrementality by evaluating:



A channel's ability to deliver more traffic. Is there more traffic being driven to the site than would otherwise be received? If the channel is driving the traffic, it's the site's job to convert that traffic.



Presence of an affiliate click in the buyer journey. Does a touchpoint from a publisher partner increase the consumer's propensity to convert? Are new customer rates higher in the partner channel in comparison to the overall digital mix?



Speed to conversion when an affiliate click is present in the path. Do consumers feel an increased urgency to purchase when influenced by a publisher partner? Is the time between site visit and conversion shorter in the partner channel than other digital channels?



Total basket size driven by publisher partners. Is the dollar amount for partnership channel transactions higher than the ecommerce average? If so, how many incremental dollars are driven per order?



Increased lifetime value. To what extent do partnerships play a role in driving higher lifetime value, brand loyalty and repeat customers against other channels? How frequently are customers returning to purchase through the partnership channel?



Above average earned media value. Is the partnership channel driving a stronger earned media value (EMV) than traditional sales and marketing channels? To evaluate, brands can calculate the number of impressions received multiplied by the market rate for cost per thousand impressions (CPM) in paid media. The outcome will give you transparency into the incremental return the partnership channel delivers.

Advertisers that integrate their partnership channel data into an analytics and attribution provider can measure incrementality by evaluating:

Key takeaways

Begin optimizing your partnerships to drive incrementality by:

1. Defining incrementality based on the key performance indicators most relevant to your brand.
2. Establish a measurement plan by leveraging your affiliate channel reporting and/or integration with an analytics and attribution measurement provider.
3. Incorporate innovation by tapping your partner marketing provider's software to implement dynamic payment models that support your incrementality goals.
4. Measure success and course correct by testing incrementality methodologies and dynamic payment models, and iterating your strategy to achieve your desired outcomes.

Learn more about how Partnerize supports advertisers in driving incrementality by getting in touch at contact@partnerize.com.

