

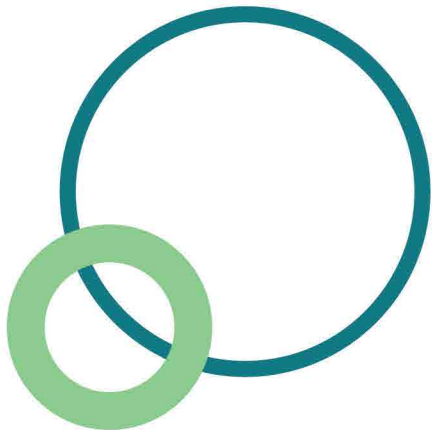
pepperjam®



In affiliate marketing, content is king.



September 2020



To say the swell in content partner performance in affiliate marketing is a trend, doesn't even come close to the truth. It's been a steady rise for content partners—so much so that working with content partners and influencers has become the number one to-do on many CMO's checklist.

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On Pepperjam's Ascend™ Affiliate Cloud platform, content partners have demonstrated material year-over-year growth throughout 2020—unprecedented performance that validates the emergence of content partners as key contributors in the affiliate channel. For too long, content creators were hindered from effectively generating meaningful revenue streams from the affiliate channel because of its last-click attribution model and a subsequent overreliance on correlative publisher types. With sophisticated commission allocation tools, content publishers can earn credit and compensation for their role in the conversion path that were previously unavailable in the category. Diversified partner makeup—including content—is the here, now and future of affiliate marketing.

Pepperjam observed significant growth trends for content publishers in 2020, across several key performance indicators (KPIs) that signal an unseating of the long-held coupon and loyalty partner mainstays.

Year to date, content partners:



Drove the **largest share of click activity of all partner types** across the Ascend™ platform at 52%.



Experienced revenue surges with an average year-over-year (YoY) revenue **growth rate of 78%** for with the week of 8/22, comparing at 62% YoY.

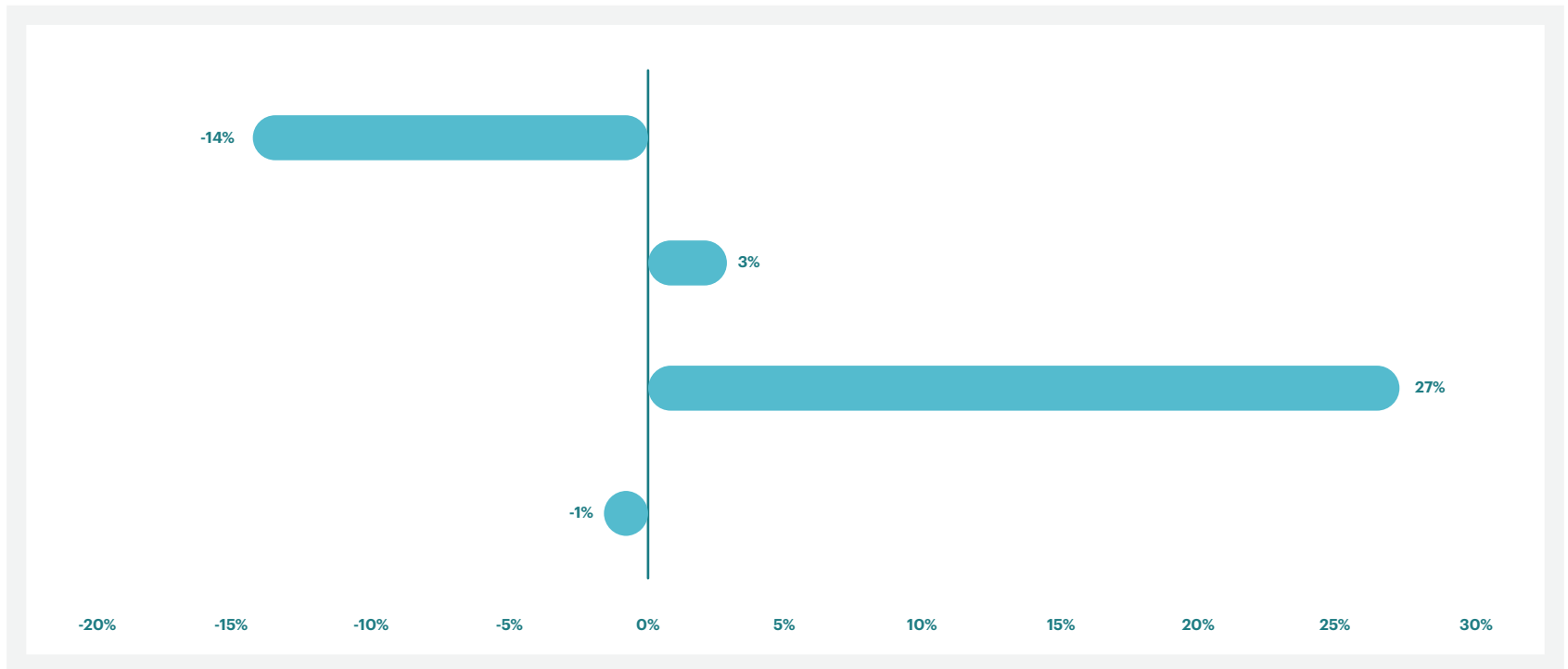


Powered customer acquisition with **new-to-file (NTF) customer rate averaging 52%**, with the week of 8/22 finishing at a 55% NTF rate.

Partner revenue trends for H1 2019 vs H1 2020

Content is the fastest growing partner type on Ascend™, experiencing 64% gains YoY.

Partner revenue share YoY growth



This revenue growth is not just organic upside, there is an active shift of revenue from traditional partner types to content creators. Specifically, loyalty is experiencing 14% declines in its share of the revenue pie, while content gains 27%. This is an important point to highlight because it is indicative of the shifting affiliate landscape—brands desire to derive more value from content, and rely less-so on traditionally known last-click partners. It is also important in considering the revenue shifts within your own affiliate program.

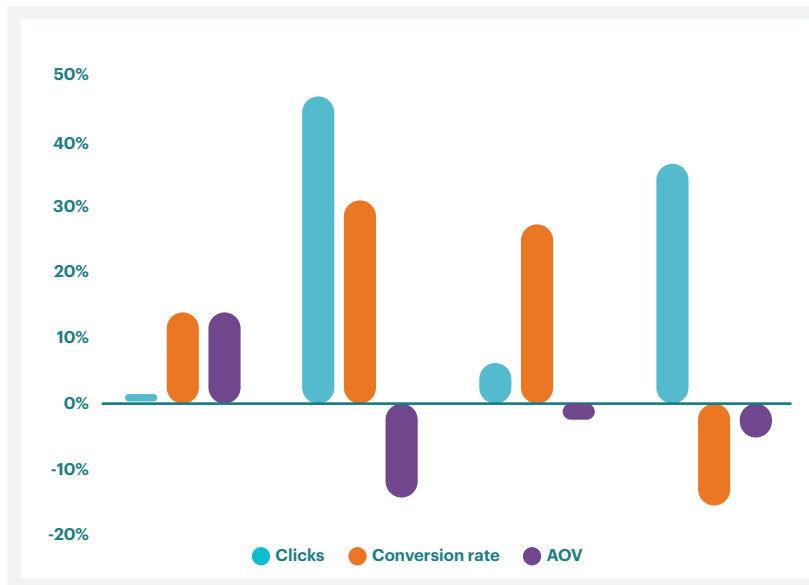
Why is content experiencing such significant revenue growth?

We need to examine the underlying contributors to revenue to understand what is driving the growth. By using the simple equation of $\text{Revenue} = \text{Clicks} * \text{Average Order Value} * \text{Conversion Rate}$, we can dig into what is driving the revenue increases by partner category. Below we observe that content outpaces all the other partner categories in click and conversion rate growth.

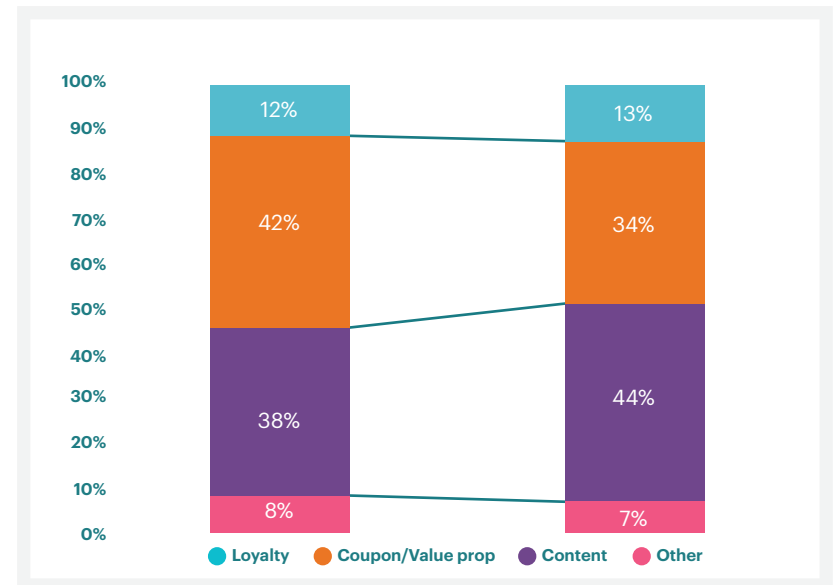
The conversion rate growth is a sign that content partner messaging is resonating with consumers. Content partners are often viewed as trusted sources of information for product recommendations which is reflected in this conversion rate growth.

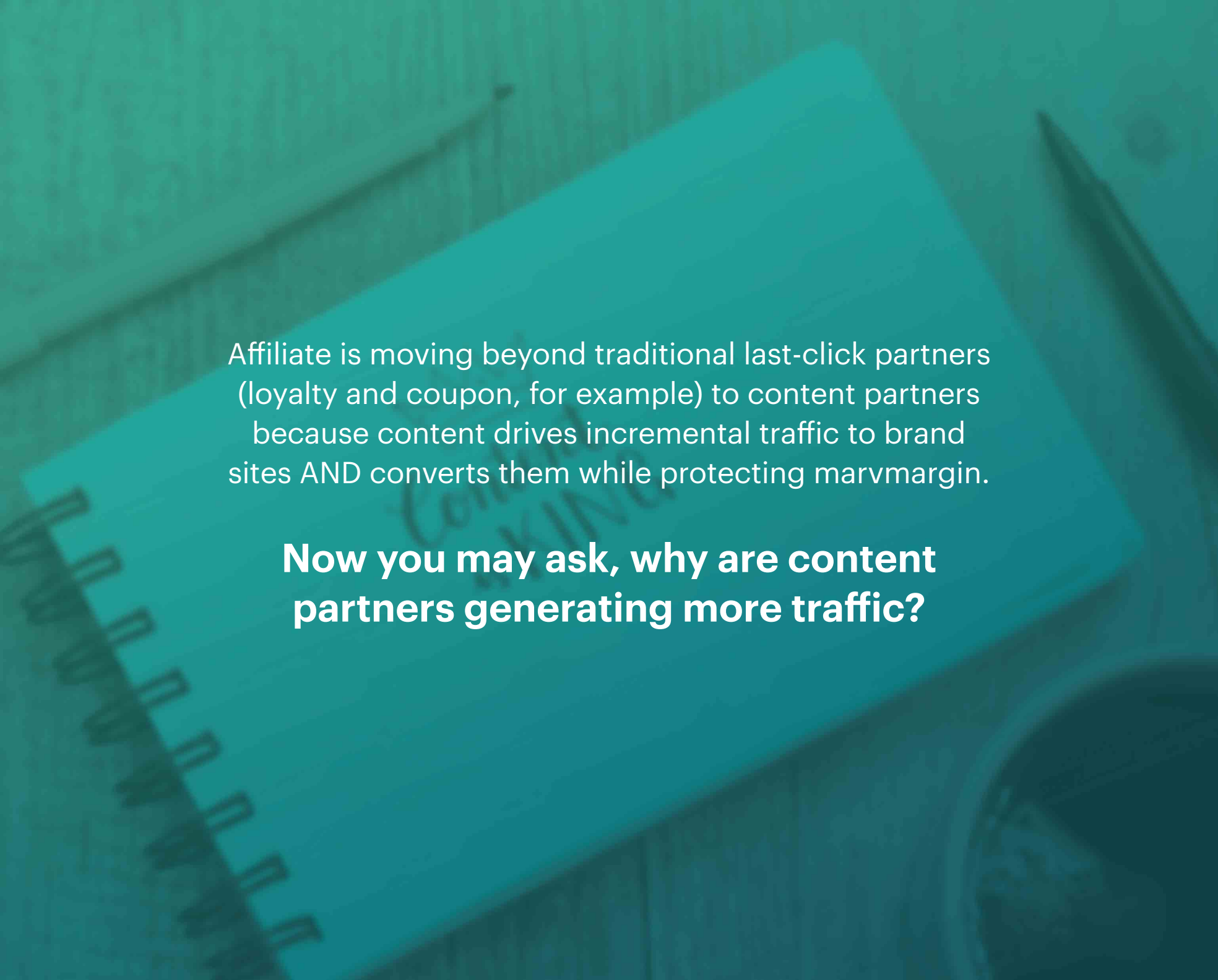
The growth in share of clicks for content from 28% to 44% in H1 2020 is both indicative of increased traffic for existing content partners as well as the introduction of new content partners to the platform.

Clicks, Conversion rate, and AOV: H1 2019 vs 2020 growth



Share of clicks by partner category: H1 2019 vs 2020





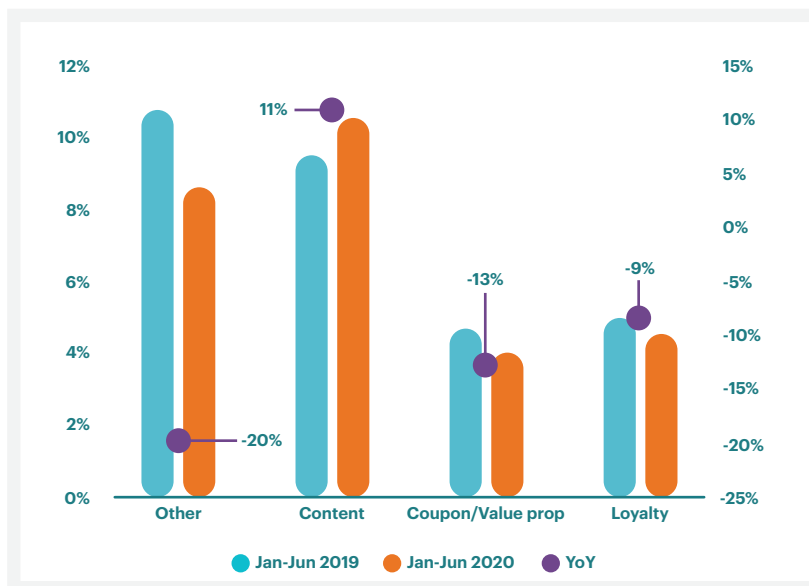
Affiliate is moving beyond traditional last-click partners (loyalty and coupon, for example) to content partners because content drives incremental traffic to brand sites AND converts them while protecting marvmargin.

Now you may ask, why are content partners generating more traffic?

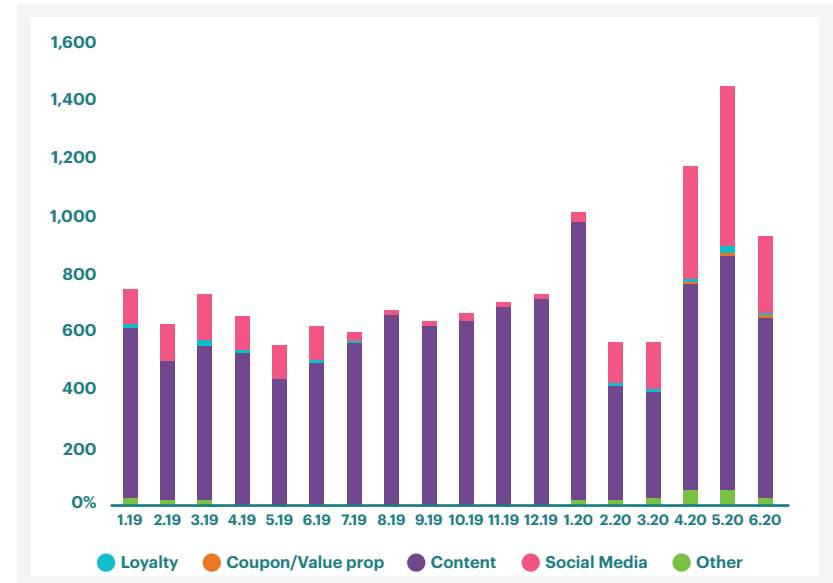
Presumably, traffic increases can be attributed to more time spent online as consumers shelter in place throughout 2020. However, other datapoints shed light on trends helping content partner traffic growth. What we find is the **Supply/Demand concept**.

Specifically, there is an increase in the number of content and social media partners signing up to Pepperjam's Ascend™ platform. **Supply is present.**

Variable commission rate by partner category group: H1 2019 vs 2020



New active partners by category



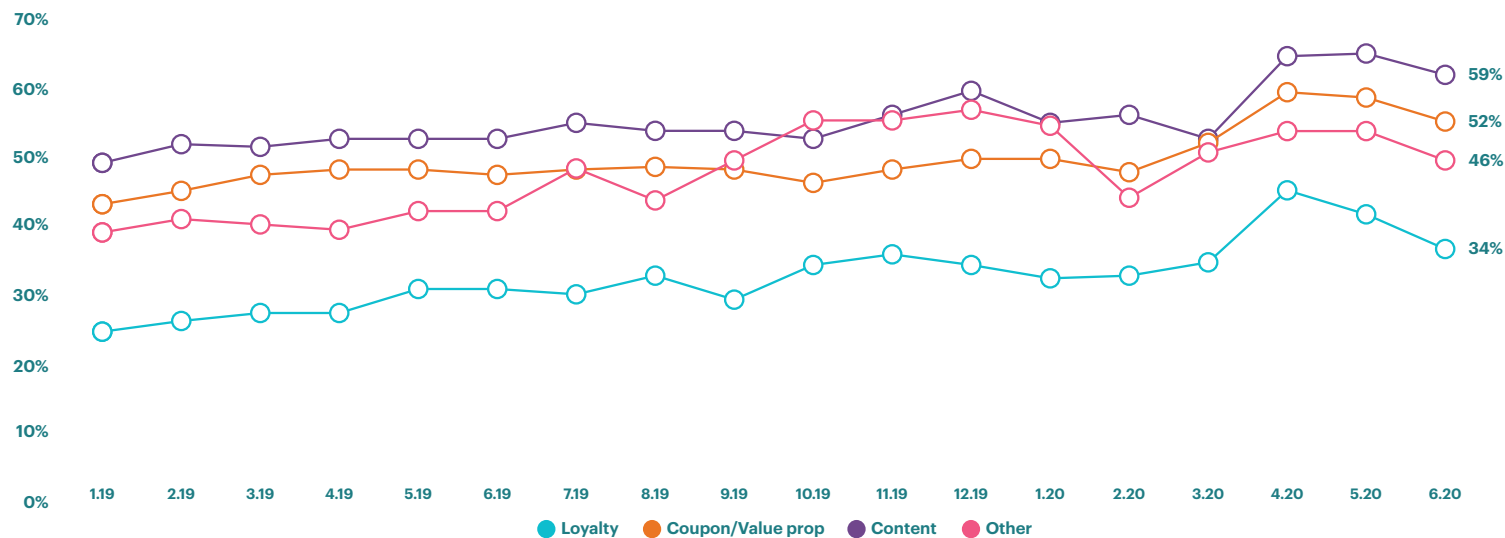
With content partner supply UP, and marketers realizing the gains in revenue and traffic from this partner category, they are responding by allocating increased spend to content partners. YoY commission rates are down for all categories EXCEPT content, which is up 11%. **Demand is rising.**

Why are marketers willing to invest more with content publishers?

Brands need marketing channels that drive new customers to their site. Content partners bring in significantly more revenue from new customers compared to other partner categories – in June 2020, content publishers brought in 59% of revenue from new customers.

Content partners also typically convert customers at a higher profit margin compared to other partner categories due to reduced usage of coupons.

% of Revenue from new customers



Takeaways

So, how can you be like the multitude of smart marketers who are wise to the momentum of content partners and capitalize on the opportunity this publisher type provides?

Here are five fast and actionable takeaways to get you on the road to working with content partners in no time.

Define success.

Content partners offer marketers a unique opportunity to connect with engaged audiences through their custom-curated content. While traditional affiliate partnerships are typically deemed successful based on the revenue they drive in shorter durations, the value that content partners provide has an even broader scope—awareness, post engagement and brand advocacy, just to name a few. Consider alternative or unique KPIs for your content partners that have long-tail benefits aside from what you would do with traditional partner types.



Consider out-of-the-box rewards.

Depending on the size of the content partner (Think: is it a micro influencer, macro influencer, or something in between?), there are varying requirements they may have to work with brands. While some content partners are willing to work in exchange for product to include in their post, those with a larger audience may require flat-fee payments per post. Come to the negotiation with opportunities that coincide with the needs for the size of the influencer, including co-marketing opportunities that support them in growing a following, product for styled posts, giveaway opportunities for their audience, increased commission or flat fees.



Choose relevant partnerships.

Casting a broad net with content partners may not have as powerful of an effect as choosing a smaller group that caters to your specific demographic. When choosing content creators to partner with, check out their demographic, nature of their content (including if they promote to your competitors), post frequency and social channels utilized to ensure that they are a good fit.



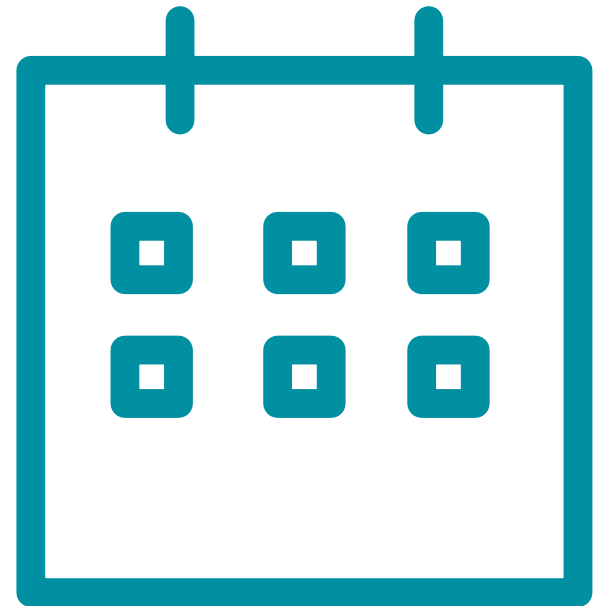
Make a connection.

Reach out about a potential partnership with specifics—reasons you like their content, your audience demographic is similar and you know they'd be a great fit, you want to negotiate a collaboration for their gift guides, etc. Creating a personalized connection with the content partner ensures a smooth collaboration that could lead to a long-term partnership.



Establish a long-term plan.

Working with content partners should be a long-term relationship, not a one-time engagement. An initial collaboration will introduce your brand to their audience but may take future plugs for your brand to acquire them as customers. Consider increasing commission during sale periods or ask about their marketing opportunities to stay connected.



Already on Pepperjam's Ascend™ platform? We make it really easy for you to identify, recruit and optimize content partners.

5 Steps to optimize content partners

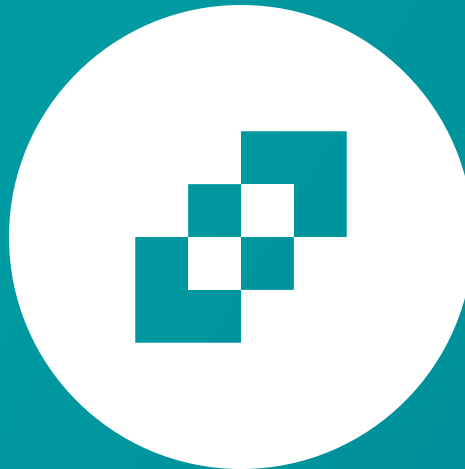
01
Find and activate partners
in **Discover**

02
Uncover performance insights
within **Track**'s reporting suite

03
Optimize with
Dynamic Commissioning

04
Leverage **Actionable Attribution**
features to reward top of funnel
partners!

05
Repeat steps 1-4!



Not using Pepperjam's Ascend™?
Learn more about our affiliate cloud platform and follow up [here](#).