

Google's algorithm and savvy consumers: Navigating affiliate marketing's challenges

Article

Spend on affiliate marketing will surpass \$10 billion in the US for the first time this year, and will increase 47.4% by 2028, according to EMARKETER's latest forecast. However, with

traffic from [Google](#) declining and consumers becoming more discerning, both publishers and advertisers are grappling with shrinking margins and rising competition.

Publishers who once relied heavily on Google's traffic are now seeing a significant drop, while advertisers face consumers who demand bigger discounts and better deals, said our analyst Max Willens.

The challenge: Google's algorithm

Google's spring updates to its search algorithm have limited the traffic it sends to publishers who rely on affiliate marketing. "Google has started dramatically rewriting the rules... pinching and constraining the amount of traffic it's sending to publishers," Willens said. In June 2024, US retail affiliate marketing revenues for publishers dropped by 18% YoY, per our forecast.

In May 2024, clicks and conversions declined by 11% and 8% YoY, respectively, according to Partnerize data. "The click and conversion declines are real, and that's making things really tough for publishers," Willens said. This shift means publishers must find new ways to drive traffic and reduce their dependence on Google.

The challenge: Savvy consumers

[Consumers are getting smarter](#). They know where to find good deals and understand when a discount is truly worth it. More than half (55.1%) of consumers say they trust affiliate ads at least "sometimes," a July 2024 EMARKETER survey found.

"Consumers are fundamentally just getting savvier and smarter," Willens said. This means that advertisers are now offering [bigger discounts](#), while publishers are accepting smaller commissions to stay competitive.

Advertisers are caught in the middle, needing to offer deeper discounts to attract customers, while publishers see their margins shrink. "The publisher has to offer its readers like a 10% to 15% discount, [and] that comes out of the commission they were getting," Willens said.

What publishers can do

Publishers need to diversify their traffic sources. Google is no longer the reliable traffic driver it once was, and relying too heavily on search can be risky. Finding alternative ways to bring in readers, whether through social media platforms like [TikTok](#) and Instagram, [email marketing](#), or direct partnerships with advertisers, is critical.

Another option is personalization. By using first-party affiliate data to better understand their audience's shopping habits, publishers can offer targeted deals that resonate more with their readers, Willens said.

What advertisers can do

The key is to connect with today's more discerning consumer. Offering one-size-fits-all discounts won't work anymore, Willens said. Instead, offering personalized discounts based on purchase behavior is becoming more effective.

Advertisers should also invest in understanding their own first-party data. As the competition for consumer attention grows, brands that can leverage their customer data to deliver targeted and relevant offers will stand out. Collaborating with data-driven publishers and offering flexible, strategic discounts will help cut through the noise.

Learn more in [The Affiliate Marketing Opportunity](#) report.

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