

# The pandemic gave way to a boom for affiliate marketing

Article



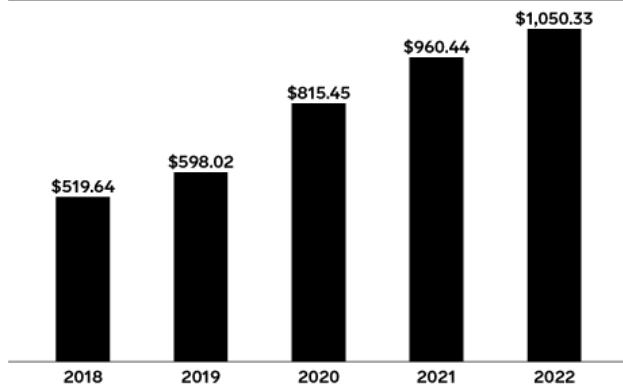
The surge in consumer time and money spent online because of the pandemic led to a significant boom in the affiliate marketing ecosystem. Much of the increase in ecommerce activity was facilitated by affiliates across a range of channels—from established formats such as coupons and loyalty programs to emerging ones like influencers and BNPL providers.

Publicly available data does not map precisely to the start of the pandemic, but according to research by The Performance Marketing Association (PMA) and PwC, US affiliate marketing grew from \$6.2 billion in 2018 to \$9.1 billion in 2021. While industry observers do not regularly measure or forecast the affiliate marketing ecosystem, these figures were comfortably ahead of projections made in 2016, when the Rakuten Marketing and Forrester Consulting study forecast that affiliate marketing would grow to \$6.82 billion by 2020. That same report estimated that spend would reach \$5.94 billion in 2018.

But the report could not have foreseen the significant uptick in ecommerce activity spurred by the pandemic. US retail ecommerce sales rose 84.8% between 2018 and 2021, to **\$960.44 billion**, according to our estimates.

### US Retail Ecommerce Sales, 2018-2022

billions



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales  
Source: eMarketer, June 2022

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And, to be sure, affiliate was not the only digital ad market in the US to benefit from these changes:

- Between 2019 and 2021, spending on retail media more than doubled. We estimate that retail media spend grew from \$13.23 billion in 2019 (the year we began tracking this space) to more than \$31.06 billion in 2021.
- Search ad spending, a category whose budgets many affiliate marketers have coveted for years, grew 78.9%, rising from \$48.30 billion in 2018 to \$86.43 billion in 2021.
- Influencer marketing, an emergent category that figures to overlap with the affiliate space, more than doubled in spending over the same period, growing from \$1.91 billion in 2018 to

\$3.90 billion in 2021.

Amber Venz Box, co-founder and president of influencer shopping app LTK, said that between 2020 and 2021, there was a doubling of business collaborations between brands and influencers on the platform. It is difficult to compare the trajectories of these industries to affiliate marketing; The PMA did not publish estimates for future growth.

Investments Made Into Proven Value-Driven Tactics.

**Between 2019 and 2021, the investments in affiliate marketing flowed mostly to proven channels.** While affiliate marketing practitioners have been focused on content sites and their growing roles over the past couple years, brands spent 2020 and 2021 pouring resources into channels they knew to be effective.

In 2018, 41% of US affiliate marketing budgets went to either cash-back, loyalty, and rewards publishers (27%) or coupon, voucher, and rebate platforms (14%), according to PMA figures. By 2021, those two publishing channels accounted for about half (51%) of the dollars spent in the affiliate space, chiefly thanks to cash-back, loyalty, and rewards' share growing to 35%; coupon, voucher, and rebate rose to 16%.

Other channels that have grown significantly include:

- **Buy now, pay later**, which has piqued the interest of US consumers (and regulators) because as a point-of-sale installment loan, it allows people to spread out payments for goods over time
- **Other technology solutions**, such as RevLifter or UpSellit, which use automation and machine learning to target personalized offers to customers already on a merchant's website
- **Influencers**, who often work with advertisers using a mixture of upper-funnel and lower-funnel tactics, comprised 5% of all affiliate ad spending in 2021, per the PMA data

**Emerging channels could have significant implications for the perception of affiliate marketing among marketers.** Affiliate had been viewed as a way to drive sales among consumers who care more about price than brand. Many of the space's newest advertisers were brought into the fold by emerging channels, including influencers, whose endorsements can theoretically elevate a brand and its products more than a discount code or coupon does.

"Our category has really focused on diversifying the partner ecosystem, moving to content," said Matt Gilbert, CEO of Partnerize. "What does that look like as we move into the next year? Is there a regression to the coupon and cash-back behavior, the last-click behavior?"

