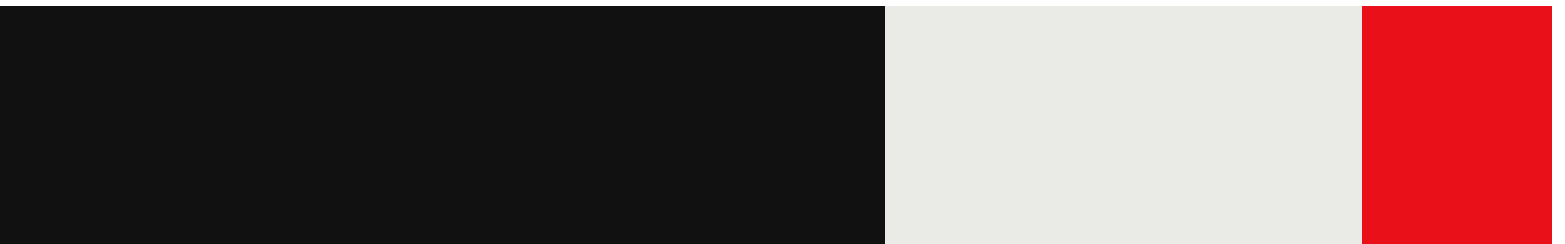


# The Daily: How Affiliate Helps Marketers Regain Control, Alexa Gets Chatty, and TikTok Shop Lands in the US

Audio



On today's podcast episode, we discuss how affiliate is helping marketers take back control of their ad spend. "In Other News," we talk about Amazon unveiling a smarter, more conversational, Alexa and TikTok Shop hitting the US. Tune in to the discussion with our analyst Max Willens and sponsored guest Alexandra Forsch, president of Awin Americas.

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## Episode Transcript:

Marcus Johnson:

This episode is made possible by Awin. Two-thirds of digital ad spend currently flows to the three big tech platforms, Google, Meta, and Amazon. But their auction-based ad models

favor their own bottom line and inflate costs at a time when every single marketing dollar counts. Awin's affiliate partnerships platform offers a real alternative to big tech and puts you back in control of your ad spend. Want to find out how? Visit [awin.com/emarketer](https://awin.com/emarketer) to learn more.

Alexandra Forsch:

A lot of them are seeking these one-on-one relationships to lessen that dependency on third parties. So, they want to have a relationship with the advertiser direct, because that seems just more secure. It seems like it forms a longer-term relationship and it still allows them to be authentic.

Marcus Johnson:

Hey, gang. It's Tuesday, September 26th. Alex, Max and listeners, welcome to the Behind The Numbers Daily, an eMarketer podcast made possible by Awin.

I'm Marcus. Today I'm joined by two people, let's meet them. We start with Alex Forsch, President of the Americas at Awin. Welcome to the show.

Alexandra Forsch:

Hi, everybody. Thanks for having me.

Marcus Johnson:

Of course, our pleasure. And then we're also joined by one of our senior analysts covering digital advertising and media, it's Max Willens.

Max Willens:

Yo.

Marcus Johnson:

There he is. As always.

Max Willens:

Got to stay on brand.

Marcus Johnson:

Someone's got to. Okay. So, we of course start with a speed intro. Let's get to know the folks who are on the episode a little bit more. And we do this for external guests, but Max, we're also going to include you in this as well, so don't feel left out, and we'll get to know Max a little better. So, four questions, let's do it.

Alex, I'll start with you. What do you do for your job, in a sentence?

Alexandra Forsch:

I'm overseeing our Americas division. And in North America specifically, I direct growth for both Awin and ShareASale.

Marcus Johnson:

Okay. Max?

Max Willens:

I analyze ad spending in a bunch of digital media categories.

Marcus Johnson:

Where are you based, Alex?

Alexandra Forsch:

I'm based on the West Coast. The pandemic allowed that, but our offices are in Baltimore and Chicago.

Marcus Johnson:

Very nice, very nice. Max?

Max Willens:

I'm in Chile.

Marcus Johnson:

And Max, if you could live anywhere else, where would it be?

Max Willens:

Golly. I lived in New York my entire life, I wouldn't mind going back. I'm going to say London though.

Marcus Johnson:

Oh?

Max Willens:

I love London.

Marcus Johnson:

That's the correct answer. That's what we were looking for. Well played. Very nice. Alex, how about you?

Alexandra Forsch:

I found my paradise, I love the West Coast. I am originally born and raised in Germany, so I've traveled quite a bit, and I just found my destination.

Marcus Johnson:

Oh, wow. Very nice. Max, the last piece of content you consumed? Movie, TV show, podcast, book?

Max Willens:

I'm not going to strictly answer your question. I'm going to plug-

Marcus Johnson:

Great. Thanks.

Max Willens:

... this show. That's right. Well, I watched Crimson Tide last night because I couldn't figure out what to watch, but I'm currently watching a show called Happily Married, which is this French-Canadian show about these two sets of parents who drop their kids off at summer camp and almost immediately get pulled into this life of crime and murder and violence.

Marcus Johnson:

Oh, goodness.

Max Willens:

And it's a comedy.

Marcus Johnson:

What kind of summer camp is this? Okay. It's a comedy, of course. Happily Married, will check it out. Alex, how about you?

Alexandra Forsch:

I just watched the latest episode of Murder in the Building. I know it's corny, but I love it. It helps me to sleep more than ... I sometimes find myself seeing the same show over and over, because I do fall asleep at the 10-minute marker. But it's just really good to just turn off everything and just enjoy it.

Marcus Johnson:

Yeah. Very nice. Very nice, folks. All right. Well, that's getting to know our two guests a little bit more. We of course we will kick things off with the fact of the day before we get into the episode.

Today's fact, this fact is horrific. Theoretically, the worldwide population, of about 7.8 billion people, so just under eight billion people; theoretically, all of those people could fit into a Texas-sized city if it was as dense as New York City, according to the blog Per Square Mile. So, if you imagine New York City and you just replicated that a bunch of times and it just covered the whole of Texas, you could fit everyone in the world in that space.

Max Willens:

Whoa.

Marcus Johnson:

That sounds like hell on earth.

Alexandra Forsch:

Yeah. Everyone but me.

Marcus Johnson:

Okay, Alex is out already. Me too. That sounds dreadful.

Max Willens:

If you think the subway in New York is terrible ...

Marcus Johnson:

No, you think it's bad now? Try eight billion people. Anyway, today's real topic, how affiliate is helping marketers take back control of their ad spend.

All right, folks. In the lead, we're going to be talking about affiliate marketing. And then for In Other News, we'll talk a bit about how Alexa is getting smarter and more conversational. And TikTok Shop is here in the US. What do we think?

We start, of course, with the lead. And we're talking about affiliate marketing. And so, open web programmatic advertising, it's an \$88 billion global market, just under \$90 billion market. And the ANA has done a study on this with some very interesting findings, indeed.

The first question I want to ask, Alex, we'll start with you. How is affiliate helping marketers really take back control of their ad spending?

Alexandra Forsch:

Yeah, I think we talked a little bit about this in the last episode, talking about the inefficiencies that exist and how marketers are looking to gain more control over their margins, and that's not necessarily existing with traditional digital media.

But affiliate can provide that, based on the pay-for-performance model. So, you can tie tactics directly to the outcomes while having the visibility, while having the one-on-one relationships. So, there's a lot of benefits to working with affiliates. But unfortunately, it's not well-known, so I appreciate that we're talking about it today.

Marcus Johnson:

Mm-hmm. Max, what do you make of this question?

Max Willens:



Well, I think what's so interesting about the ANA, along with a bunch of other headlines that have been cropping up, largely this year, is that they're symptomatic of a bigger issue, which is that brands over the last, let's call it 15 years, as they've poured more and more money and more and more attention into digital media, have become really preoccupied with scale, and frankly just tonnage. There's a certain gigantic number that every CMO feels they need to hit, in terms of the number of impressions that they achieve, the number of exposures of their advertising that they get.

And as that has gone on, there has also been this kind of growing awareness of all the monkey business and shady tactics and waste that crops up in the open web. And for a while, it was because the open web and consumption of content there was growing so quickly, it was really easy to wave it away and go, "Oh, okay, yeah, that's a problem, but we'll just kind of keep going."

But growth of consumption, and traffic inside the open web is now no longer growing fast enough to keep up with the realization that, from viewability, that you probably want the ads to be visible for them to count, or you probably want the ads to play all the way through for them to count. Or you probably don't want the ads to load in a pop-under that's sent to a different browser window that no one is looking at or able to hear.

And then there's also, more recently, the other set of headlines has to do with made-for-advertising websites. So, there's been this call to take a machete out and carve those out of everybody's media plans, or not send any ads or get SSPs to get rid of them. But if you were to just cut all those places out, then it would be very difficult for the CMOs to hit those magic numbers.

So, I think there's potential for a certain kind of media buyer to try to go all the way back to the beginning and go, "Okay, why are we spending this money? What is the purpose of this investment? What are we trying to achieve with it?" And going back to the very beginning and trying to orient around outcomes, like some people do, is one way to think about it. It requires a lot of autonomy and a lot of authority within an organization to do that, but I think that's one way that you could frame these headlines, in the context of affiliate as an opportunity.

Marcus Johnson:

Mm-hmm.

Alexandra Forsch:

Yeah, I think it's really hard. If consumers are not buying because their cost of livings are up, et cetera, it's going to be hard to justify return on ad spend. And so, finding that balance and being very comfortable where you invest, because you have certainty over your outcomes, is going to be increasingly important.

And everything you said that's wrong with programmatic is certainly an issue, especially if you compare that. The inefficiencies that were detected by the ANA, at \$20 billion, that's more than the total global affiliate revenue in total. And that's quite shocking, because there are means where you can work more effectively and have that control.

But what I find is interesting too, is we talked a lot about the diversity of the affiliate channel in our last episode, how it invites almost any marketing tactic. We also work with programmatic affiliates in this space too, and here I think the advantage is you can still take advantage of their ability to target and the ability to scale, but at least you have certainty around that outcome. Because you are not chasing a cheap CPM, you're chasing a CPA, and therefore, it's more aligned. And if you find a good partner that's willing to work with you closely and you have effective monitoring in place, then it can still serve a purpose.

Marcus Johnson:

Mm-hmm. Yeah, Max, you talked about tonnage and how, when things are going good, people ask fewer and fewer questions. But when growth slows down, you do start to see folks asking those tougher questions, more nuanced questions. They want to know the specifics about where dollars are going.

Do we see this as a problem exclusively focused on the programmatic world, or does it apply more broadly to the digital advertising space?

Max Willens:

I mean, I feel like you could point to, or look at any digital spending channel and you'll find shortcomings or challenges. There's all kinds of questions about spending in CTV right now and whether there's fraud there.

There's questions about, even if you think about ... And programmatic is kind of a funny word because, depending on how you're defining it, that could mean spending on Meta, for example, which we do include in our programmatic forecast. But some people think of it to

mean open web. But if you look at PMPs, a lot of them are filled with MFA garbage too. Maybe "garbage" isn't fair. I'm sure the MFA owners would dispute that characterization.

But even within affiliate, there was a long time where people had to fight back against the assertion that it had fraud, or that there were dummy clicks in there that had to be weeded out to assess the effectiveness of it. So, I think every digital channel fights this to a certain extent, but there are lots of interrelated problems that are knotted together in the open web that are very difficult to separate.

Marcus Johnson:

Mm-hmm. Alex, I see you nodding along. Agree?

Alexandra Forsch:

Yeah, yeah, I agree. And programmatic is part of many tactics, as you said. It's part of big tech, which is currently making up two-thirds of our ad spend. So, it is everywhere.

But in general, I think the problem is the dominance and controls that these big tech media companies hold. So, there's an imbalance there. And advertisers are being challenged by that. They see their costs going up, the margin is diminished.

And publishers are also really dependent. As the algorithm changes, there's less reliance on their content distribution, et cetera. So, it seems a bit of an unfair marketplace, and as such, it's really hard to get out of it what we're looking to do.

Marcus Johnson:

Mm-hmm. So, we talked about these challenges impacting brands. Publishers impacted as well, or are they more immune to these limitations?

Max Willens:

I would not say that publishers are immune to any of the challenges plaguing the digital media ecosystem. I mean, I think it's tough because brands have always kind of called the shots in this market, they're the ones with the money. And what's been really tough for publishers, I would say, particularly when you think mostly about the traditional spending models, is that one of the things that happened during the pandemic is it forced brands to act very cautiously with their money. Instead of saying, "Okay, we can talk about what we're going to do in six

months or nine months." Now it's more like, "Let's talk about what we're going to do in six weeks."

And if the plan is basically to make all your money by selling banners, that's suboptimal, but it's workable. But if you are a publisher and you are trying to move into different ways of making money, whether it's producing branded content or making custom videos or spinning up events where a brand can activate inside of, that crunch is just immensely challenging, because you have to marshal so many different moving parts and sit them all together at warp speed, and you have to do that every single quarter.

And so I would say, in a way, this added anxiety about the open web, and also this added choosiness and caution of the brands has been especially bad for publishers.

Marcus Johnson:

Mm-hmm. Alex, your thoughts here?

Alexandra Forsch:

Yeah, I mean, as I mentioned earlier, I think that there's a real anxiety. I think if you're a news outlet, it's hard to get your content distributed. As things change, right, you're dependent, as I said, on big tech, for instance, for the distribution and their algorithm changes.

But we also are talking to influencers, in particular, and creators, right? And there's such competition. It's really difficult, and there's real angst that exists in losing a following or not being featured and not making an income. We actually surveyed influencers, and eight out of 10 talked about creative burnout, right? Because they have that worry about not being able to make ends meet.

So, I feel like what we're seeing is an affiliate ... Because obviously, this is the position that they're representing, is a lot of them are seeking these one-on-one relationships to lessen that dependency on third parties. So, they want to have a relationship with the advertiser direct, because that seems just more secure, it seems like it forms a longer-term relationship. And it still allows them to be authentic, because everybody understands that that's the best opportunity and also convincing consumers.

So, I feel like there's a real trend. And we see that on our network as we ... Especially on the influencers' side. I think if we look at all of our joiners this year, 58% of those are now

influencers because they're chasing those brands and want that direct relationship, and lessen the dependency.

Max Willens:

It is really interesting to kind of consider the different nature of those relationships. When you think about the possibility of forming an alliance between a brand and a creator, I mean, if they're done right ... And obviously, scaling this is really hard. But if you can find something that really works, where you've got a brand that has made something that an influencer genuinely loves or genuinely loves caring for, then you've got this potential for sustained partnership that can stretch for months or even years.

That's kind of an unusual thing to find when it comes to traditional ad relationships. There's a lot more moving parts, both on the buy and the sell side in that way. But the kind of fit, I guess, that you can achieve in affiliate is kind of unusual, I think, in general ad spending environments. It does have a scale problem, obviously, but the possibility of crafting these relationships is unique.

Alexandra Forsch:

Yeah, and there's great visibility also. We have very sophisticated means to measure the impact and the value, and then you can shape compensation models accordingly to compensate for that value. And I think that plays into it.

So, it's not to say that a creator just needs to work on a pay-for-performance method only. You can justify a placement investment if you know that these creators are oftentimes part of the journey, which takes multiple influences or touch points. So, I think it becomes more of a value-based relationship, that can be far more rewarding and gives more control to each party.

Max Willens:

Alex, I had a question for you about the publisher piece of this. I mean, I think one of the things that's been so interesting about media over the last decade-plus is that it's kind of flattened everything. Where, once upon a time in the traditional days, if you wanted to get in front of the audience of the New York Times, you had to pay real, real money. And if you wanted to get in front of a bunch of people that read a free newspaper that's basically stacked up in piles on the floor of the subway station, you could just pay a lot less.

But the open web kind of enabled this ability to reach those audiences for a lot less, and it's flattened out the ... To a certain extent. Not totally, but to a certain extent.

Do you feel like an affiliate, where there are tons and tons of different kinds of publishers, is there a flatness there? Or is there sort of a differentiation between if I want to spend with an influencer versus with a content site, versus with a whoever, how do you see those relationships being broken out and defined?

Alexandra Forsch:

I think you're just more intelligent in the way you spend. You're just not putting it all in one bucket. You really need to look at what is that ideal mix, and we use a single view for that. It really helps you detect who you want on your team to score a sale.

So, I think it's all about understanding where consumers draw inspiration from, whether they research your brand, et cetera, and who ultimately pushes that conversion, and then putting that right mix together and finding a way to compensate accordingly in a way that works with your margins. I feel like that is the art today, just being more sophisticated, and who you want on your team and finding them.

And I think affiliate is destined. I mean, we have millions of partners, and not everybody's right for everybody, but there's certainly somebody who can actually move the needle. And it's about discovering that; monitoring that activity, understanding the value, and then forming really strong relationships with these partners.

Marcus Johnson:

Mm-hmm. That was maybe a great way to wrap it up, but I'll give you this chance anyway, Alex, for the last word to you. We're talking about how affiliates are helping marketers take back control of their ad spend. What to you is the main takeaway here for listeners, if they have to remember just the one thing from this episode?

Alexandra Forsch:

Yeah, I mean, if you don't find that you're getting what you need from your current traditional digital media space, I would like for you to take a look at affiliate, far more diverse than it's known to be. As I said, everybody brings different marketing tactics into the channels. If you want to manage creators, or content, commerce or peer performance, all of that can be done

through affiliate at this time. And you can do it on a performance basis, or even technology partners that can ingest a lot of marketing innovation.

So, I do believe you should take another look and not waste any money, as we see wasted. The \$20 billion is quite shocking. So, if you're on that boat, find different ways and explore affiliate as such.

Marcus Johnson:

Mm-hmm, yeah. \$20 billion, it's not pocket change. That's all we've got time for the lead. It's time now for the second half of the show today, In Other News. Amazon unveils a smarter, more conversational Alex, and TikTok Shop rolls out in the US.

Story one, Amazon unveils a smarter and more conversational Alexa amid the AI race. Halleluya Hadero of The Associated Press writes, noting Amazon recently demonstrated that the new Alexa can respond to prompts to write a poem, prep a text message, give ideas for a date night and provide a breakdown of a football game, Ms. Hadero explains that they're also working on letting Alexa exhibit human-like attributes such as laughter and phrases like, "Uh-huh" during conversations.

That's chilling. Max, what's your take on this story regarding Amazon unveiling a smarter, more conversational Alexa device?

Max Willens:

Sorry, I was busy digging a hole for the bunker that I'm going to live in after this rolled out. No, I'm just kidding. I mean, I think that this is ... It's so interesting that Alexa is, I think, six years old as a technology, something like that. And we're only now just kind of getting to the part that it was originally styled as.

People sort of ... When Amazon first brought these to market, it was, "You'll be able to talk with it about anything. It'll tell you jokes, it'll keep your kids entertained," and people rushed out and bought them and quickly realized, "Oh wait, you kind of can't do any of these things." Or you can, but in a way that's very stilted and not really actually that entertaining in a sustained way.

And consequently, a lot of interest in voice-based media started to dwindle. The sort of press briefings that lots of publishers invested in, they stopped doing. Lots of brands that were interested in developing Alexa Skills kind of tabled them.

But I think it's possible that, now that there's more possibility for true conversation, it could wind up sort of reviving a lot of that interest in a way that I think is really interesting. Because even though a lot of people bought those products, whether they were Alexa speakers or on the Google side, their home assistants, even though a lot of people maybe started using them less, nobody threw them out.

So, there's this gigantic footprint, and penetration, that's kind of in play already. And it just takes one critical mass of people going, "Let me give this a try again," to see if maybe that whole nascent sector of media could have a new lease on life.

Marcus Johnson:

Yeah. Once you ask the device a question and it says, "I'm sorry, I did not understand that." If you asked a human that and they responded that way, you'd be furious. And after three times, you kind of give up.

Alex, what do you make of this new advancement in the Alexa devices?

Alexandra Forsch:

Specifically to AI, I'm super excited. I think it can actually make our everyday lives easier. I use ChatGPT, as you probably do too, and we invest in this heavily, in putting forward better recommendations that are more meaningful from a partnership perspective, and we work with a lot of technology partners that leverage various levels of AI. So, I do believe in that.

Do I need it in an Alexa? I mean, I don't have one because my name is Alex, I just don't think it's going to work in my household. But also, I mean, I have my smartphone, I don't know if I need a secondary device.

Marcus Johnson:

Yeah. Yep.

Alexandra Forsch:

And I'm frustrated by it, because Siri talks to me when I don't want to talk to her. She just butts into team meetings, unprompted. And when I really ... She's actually now, I saw it just ...

Marcus Johnson:

She's like, "I will ruin your recording if you talk bad about me."



Alexandra Forsch:

But I also find when I really ask her deeper questions, outside of, "Give me the definition for X because my kids need to learn to spell a certain word," or something like that, or the weather, then it just points me to a website. It's not really a big time-saver, it just saved me from entering that into the search button.

So, I don't find it necessarily really, really smart. Do I want to have a full-on conversation with technology? Probably not. I mean, I have a family, I have kids and a dog I'd rather talk to. But I'm not the market. That was the number one lesson I learned in marketing: I'm not the market. I just also remember the hype about voice shopping; I've not seen it come through. But yeah, let's see if this will change it, right? [inaudible 00:22:45].

Marcus Johnson:

Yeah. You make a great point about the smartphone. Have Amazon already missed the boat? Because there's a line in this article from Ms. Hadero which says, "Consumers have also become more likely to use their smartphones to access voice assistants instead of smart speakers."

And we have some numbers on this: seven million more Americans use Apple Siri; 11 million more Americans use Google Assistant than use Alexa. And so, yeah, maybe they've already missed the boat on this, because people ... That habit of using your smartphone instead, it is pretty ingrained at this point.

Story two, the TikTok Shop has rolled out in the US. TikTok's new online marketplace means you can now buy things right in the app and TikTok itself will ship them to you, explains Wes Davis of the Verge. Brands and creators can now sell to you in their videos, and a new Shop tab can show you related items.

Mr. Davis also notes that, along with the marketplace, TikTok has a new affiliate program that lets creators get commissions on products they sell in both videos and livestreams, without needing to work out deals outside of TikTok itself. But Max, the TikTok Shop being rolled out in the US. What to you is the main take of the story?

Max Willens:

It's tough, because my first instant read on TikTok Shop after playing around with it a little is that it's a product that needs a lot of work. It just reads to me like a big, clogged sea of cheap

stuff that I don't want. But I'm also a guy who's pushing 40 and doesn't need joggers that cost \$2.99 for some reason.

But if you look at the sort of meteoric growth of things like Shein and Temu, there is definitely huge demand among younger consumers for a certain kind of product. And I think if they can fine-tune how they merchandise this stuff, how easy it is for the many creators on the platform to sort of plug what's in the shop, then it's potentially a really big game-changer.

Not just in e-com, but maybe even in affiliate. I mean, Amazon is kind of a huge, huge 800-pound gorilla thanks to Amazon Associates. And even though there's lots of categories that TikTok Shop doesn't have; I don't think you could buy a refrigerator on there, or a laptop. But there's a chance that they could make major, major inroads, I think, as a kind of affiliate partner. What do you think about TikTok Shop, Alex?

Alexandra Forsch:

Yeah, actually, I talked to a representative from TikTok earlier in the year and they said that they were going to do this and they're really interested in also replicating their live selling success in China. So, they're basically just translating a business model that worked somewhere else, to the US.

And I get why they're doing it, because they want to keep everything within their ecosystem, right? But what we need to see is, if they're going to be successful when others have failed, like Instagram, Pinterest tried to do the same thing and they lacked brand adoption, because brands want to control that customer experience. They don't want to hand it over to a Pinterest or TikTok. So, we need to see.

I think right now the offering is pretty slim, and I also, as I said before, I think creators are following brands. So, if you don't see the adoption there, then I think creators will continue to promote their affiliate, their Amazon, their liketoknow.it, et cetera. So, we need to see if they can create success when others fail.

But I do understand what they're trying to do, obviously. They're going to take on Amazon and liketoknow.it, et cetera.

Marcus Johnson:

That's all we've got time for this episode. Thank you so, so much to my guests. Thank you to Alex.

Alexandra Forsch:

Thank you, guys.

Marcus Johnson:

Thank you to Max.

Max Willens:

Thank you, Marcus.

Marcus Johnson:

Thank you to Victoria who edits the show, James who copy edits it, and Stuart who runs the team. And thanks to everyone for listening in to an eMarketer podcast made possible by Awin.

We've moved houses on TikTok. Sorry, no, that's not true. We're not on TikTok, but we have moved houses on Instagram. We now live @insiderintelligence, not @behindthenumbers\_podcast. So, head to Insider Intelligence on Instagram for more of our podcast content. There are pictures of what we look like, outtakes of when we messed up; there's lots of those. Some fascinatingly interesting charts. Or, you can just DM us if you want to.

You can tune in tomorrow to spend some time with Sarah Libo on the Reimagining Retail Show if you want, as she discusses the digitization of the store.