

JULY 2023

Incrementality Power Rankings

Insights from PartnerCentric's
Incrementality Index





Note from the Founder



“Over the years, we’ve all felt a little in the dark as to which online partners truly help grow our businesses. Those in the affiliate marketing industry have long felt this frustration. So in that light, we’ve decided to clear the fog for our teams and clients by launching our Incrementality Index.

In simple terms, the Incrementality Index is an intelligence tool that outlines which affiliate marketing partners are more helpful to growing your business. It takes a multi-pronged approach to analyzing and understanding incrementality in a way that makes practical sense, arming our industry with actionable insights that meet and exceed long-term growth goals. In the short time the Incrementality Index has been available, our clients have found these new insights invaluable.

To crystalize insights that will be delivered via this Index, we are excited to release our first benchmark report. It marks the beginning of a new and more transparent phase for online marketing. Here’s to a bright future.”

- **Stephanie Harris,**
CEO/Founder of PartnerCentric



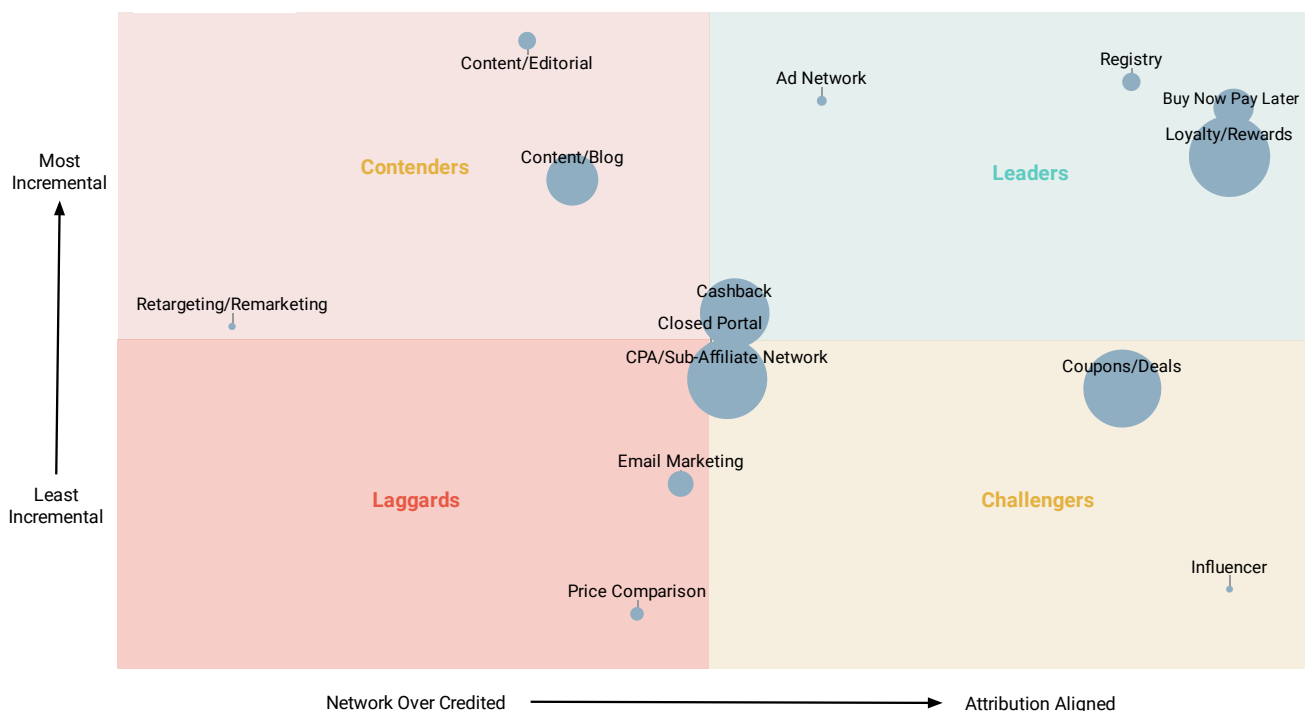


About PartnerCentric's Incrementality Index

PartnerCentric's Incrementality Index utilizes a company's marketing data, like Google Analytics, to generate session-level purchase path information and to attribute each session to a specific publisher and category. Distinguishing from other market solutions, such as standard affiliate network reporting or "black box" attribution solutions, this intelligence tool draws data directly from a company's most trusted source of marketing truth in order to guarantee transparency and alignment with its own internal data sources.

By pairing with PartnerCentric's FUSE technology, the Incrementality Index delivers enhanced visibility into publisher-level performance while automating commission payments based on partners' influence in the customer journey

Incrementality Index Map (Partner Category)



Annotations:
 This is a scatter plot of average incrementality score on the y-axis and discrepancy rate on the x-axis. The dimension applied to the plot is publisher type and each point represents a different publisher type. Bubble sizes on the scatter plot are set to the sum of GA sessions. Filtering is set to the last complete month (June 2023).

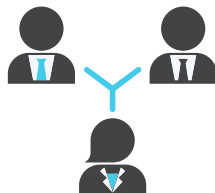


The Incrementality Index helps to:



IDENTIFY GROWTH OPPORTUNITIES:

The Incrementality Index allows marketers to experiment with new partners, testing their ability to generate unique customer interactions. It aids in incorporating new content partners and exploring long-tail growth opportunities.



DETERMINE PARTNER PRIORITIZATION:

Because the Incrementality Index draws from all available data sources at our disposal, we can compare partner incrementality to other measures such as overall traffic, sales and Return on Ad Spend. This ensures new strategies are grounded in what will move the needle.



SPOT HIDDEN GEMS:

The Incrementality Index creates unique views and reports to identify overlooked partners in affiliate network reporting, enabling the creation of unique focus, commission structures, and for-pay promotional strategies to boost value.

The Incrementality Index works harmoniously with PartnerCentric's patented technology¹, FUSE. Instead of adhering to the industry's prevalent network attribution, FUSE equips marketers with the capability to automatically calculate and distribute commissions based on each partner's actual contribution to a sale.

Employing a broader lens than typical affiliate network tracking, FUSE integrates seamlessly with a marketing analytics platform like Google Analytics. This holistic view enables FUSE to drastically minimize misattribution rates, with reductions reaching up to an impressive 91%².

¹ Harris, S. & Rathbone, T., 2018, US10733632B2

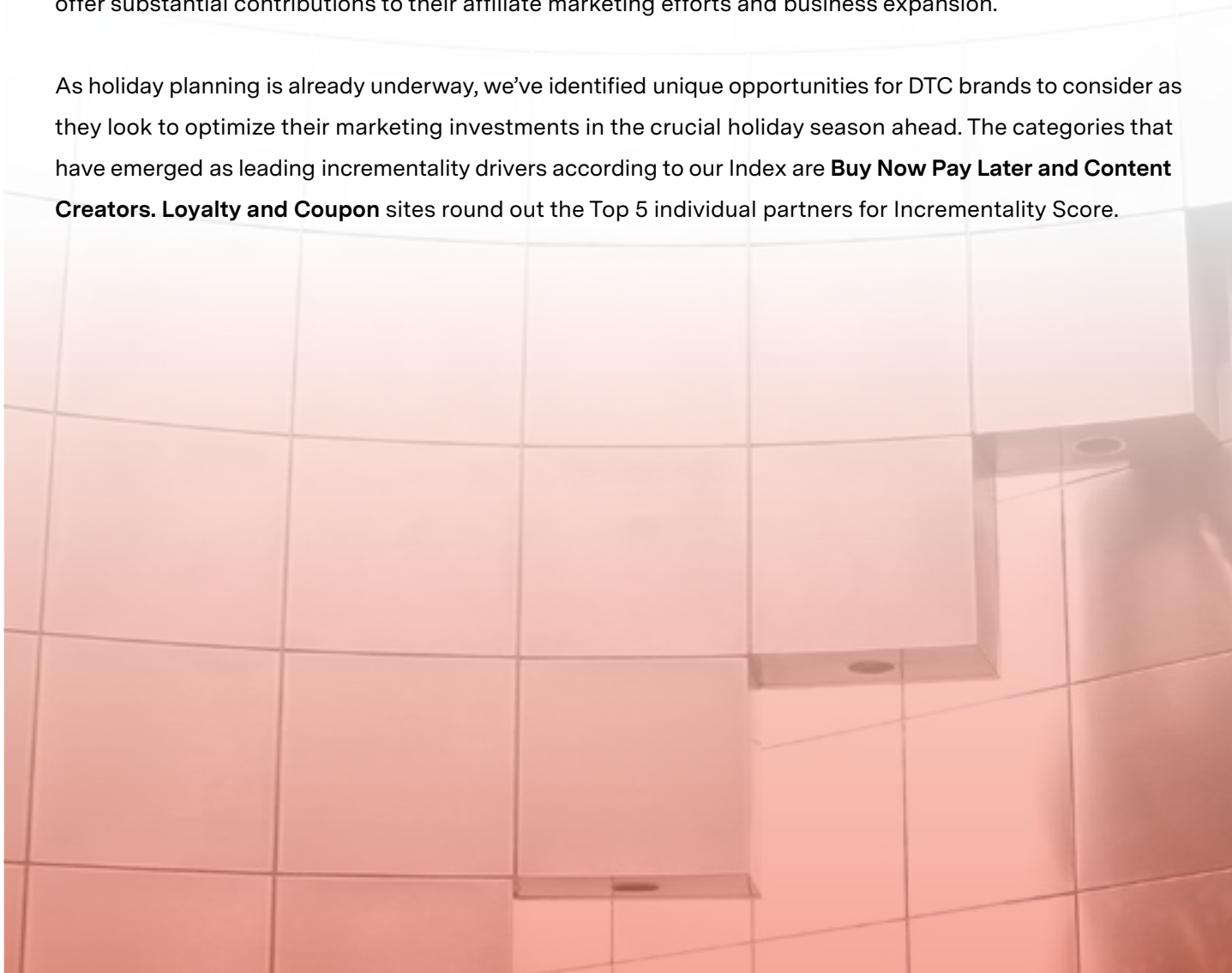
² PartnerCentric aggregated and averaged discrepancy rates across the FUSE platform customers before and after activation



Who Tops The PartnerCentric Power Rankings?

In the PartnerCentric Incrementality Power Ranking report, an in-depth assessment focuses on the Top 5 partner categories and partners by Incrementality Score. This evaluation tool serves as a valuable asset for both in-house and agency marketers, as it aids in discovering overlooked partners that could potentially offer substantial contributions to their affiliate marketing efforts and business expansion.

As holiday planning is already underway, we've identified unique opportunities for DTC brands to consider as they look to optimize their marketing investments in the crucial holiday season ahead. The categories that have emerged as leading incrementality drivers according to our Index are **Buy Now Pay Later** and **Content Creators**. **Loyalty and Coupon** sites round out the Top 5 individual partners for Incrementality Score.





Buy Now Pay Later Provides Results Today

The Buy Now Pay Later (BNPL), composed of firms such as Klarna, Afterpay, Affirm, and now Apple, has seen meteoric growth since its prominence. According to eMarketer, the industry is expected to fetch payment values of \$125B by 2027 in the US alone³. This industry prides itself on creating a more flexible payment mechanism for customers by breaking up payments for a product or service into multiple payments. In the current economic climate, BNPL is seeing even greater utilization in staple purchases, such as grocery⁴, and will likely see its audience grow in the short term.

Surprisingly, the BNPL category has emerged as a stealth powerhouse in the affiliate marketing landscape. Additionally, BNPL is seeing increased usage on smaller purchases creating an even bigger market for traffic and consumer utilization. Ranking highest in terms of the Incrementality Index Score (70%) among larger partner categories, BNPL providers represent an untapped goldmine that aligns with rising consumer trends.

Partner Power Rankings: BNPL



Publisher Type	Incrementality Score	Fuse Discrepancy Rate	Network Attribution Discrepancy Rate
Buy Now Pay Later	69.99%	0%	0%
Loyalty/Rewards	69.42%	0%	0%
Content/Blog	67.2%	0%	159.57%
Cashback	55.81%	0%	42.52%
CPA/Sub-Affiliate Network	50.91%	0%	47.15%
Coupons/Deals	50.24%	0%	1.84%

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Annotations:

This is a heatmap showing the following measures: sum of GA sessions, average incrementality score, discrepancy rate, discrepancy rate for clients active on Fuse and discrepancy rate for clients not active on Fuse.
 The dimension applied to the heatmap is publisher type grouping and each data row represents a different publisher type.
 Conditional coloring is set to increase in intensity as each measure increases in value.
 Filtering is set to the last complete month (June 2023) and publisher types with over 10,000 aggregated GA sessions.

³ <https://forecasts-na1.emarketer.com/60c2c83d05a6460578e47d5c/62a3a70405b2bf0b28be4aef>

⁴ <https://www.grocerydive.com/news/buy-now-pay-later-boom-grocery/649879>



Content Creators Fulfill Their Promise

Digital Content is another Incrementality Leader and is a growth category in its own right. According to Market Research Future, Digital Content will grow at an annual compound rate of 6.3% through 2030⁵. The rise of Generative AI will only increase the proliferation of content and create new environments for marketers to align with their products and services.

Marketers often court influencers and content creators such as topical blog creators, recognizing their unique capacity to create discovery of their products and services and align their brands to targeted audiences. However, status quo network attribution tends to miss audience value earlier in the purchase path and ultimately in creating new customers. As a category, content publishers score high in both Incrementality and Attribution Discrepancy rates. The data implies that not only are content partners solid sources of growth and new customers but their value in generating sales is understated. This understatement likely leads to less investment and reduces their growth potential. There is an unexplored opportunity to amplify content partnerships, venture into new content domains, and foster program expansion.

⁵<https://finance.yahoo.com/news/digital-content-market-size-worth-171300901.html#:~:text=In%202022%2C%20the%20global%20digital,USD%20282.3%20billion%20by%202032.>



Coupon and Loyalty Sites are Hidden Incrementality Gems

The incremental value of loyalty and coupon sites has been an ongoing quandary among CMOs. Some harbor concerns, both voiced and unvoiced, about whether these sites bring in new customers or merely diminish margins on existing customers. However, our initial findings are beginning to challenge this notion. A significant number of the top coupon, loyalty, and cash-back partners have made it to the top ten of the Partner Power Rankings. Linkbucks leads with an impressive Incrementality Score of 80 out of 100, while Rakuten (72%) and Cartera Commerce (71%), are hot on their heels.

Moreover, this category has demonstrated itself as the cornerstone of a robust partnership program, generating substantial transaction volume and Return on Ad Spend. This blend of new customer acquisition, high sales volume, and sustainable ROAS positions this category as a powerful tool for underwriting more innovative channels, such as content publishers and experimental test-and-learn initiatives.

Partner Power Rankings: Content



Publisher Type	Incrementality Score	Fuse Discrepancy Rate	Network Attribution Discrepancy Rate
Buy Now Pay Later	69.99%	0%	0%
Loyalty/Rewards	69.42%	0%	0%
Content/Blog	67.2%	0%	159.57%
Cashback	55.81%	0%	42.52%
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Insights and Actionable Takeaways

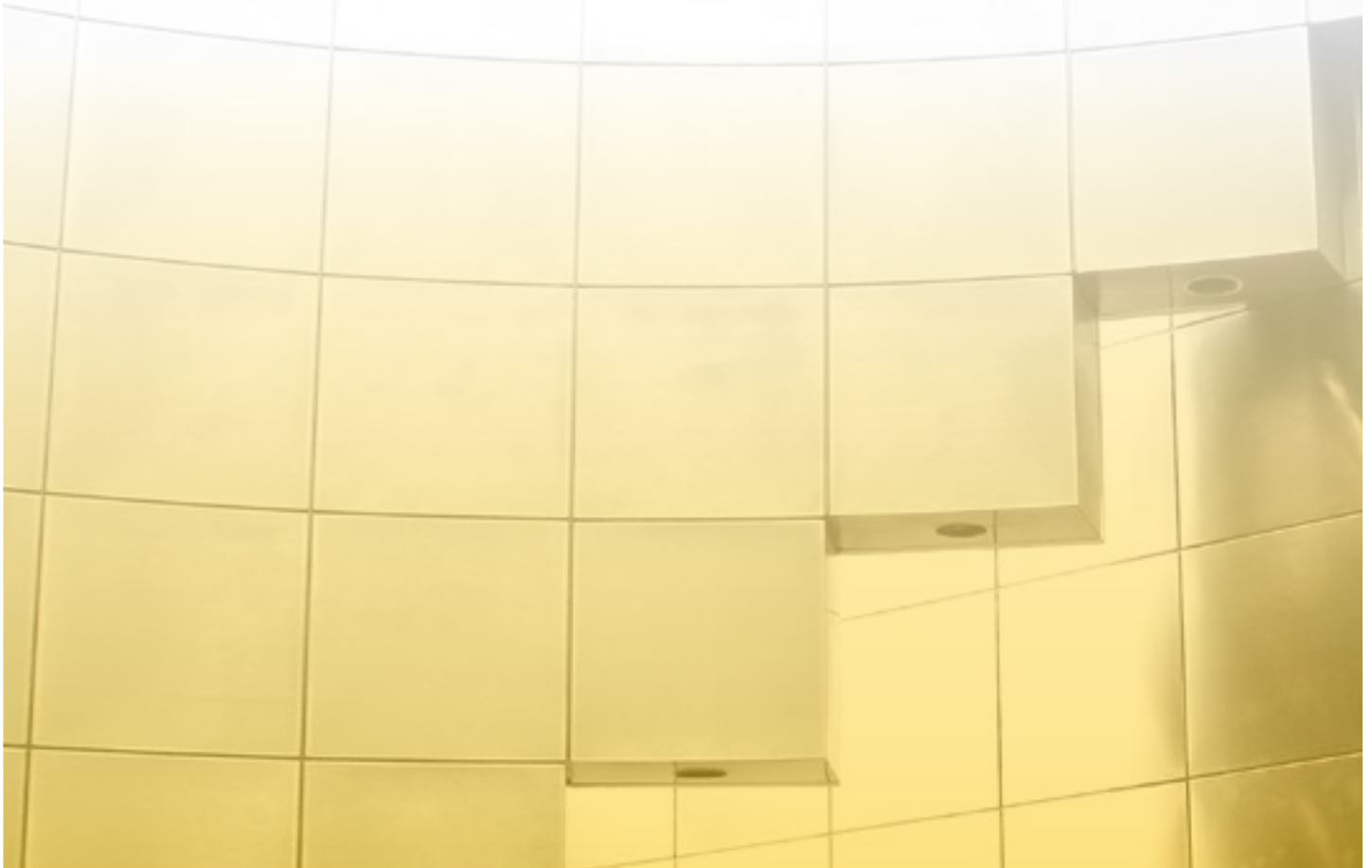
- ✔ Utilize Incrementality Index to “myth-bust” and create data-driven decisions on partner prioritization.
- ✔ Utilize Incrementality Index to identify partners that can subsidize emerging partner models and test-and-learn initiatives.



Incrementality Is A Rapidly Changing Measure. Plan Accordingly.

A New Ongoing Optimization Lever

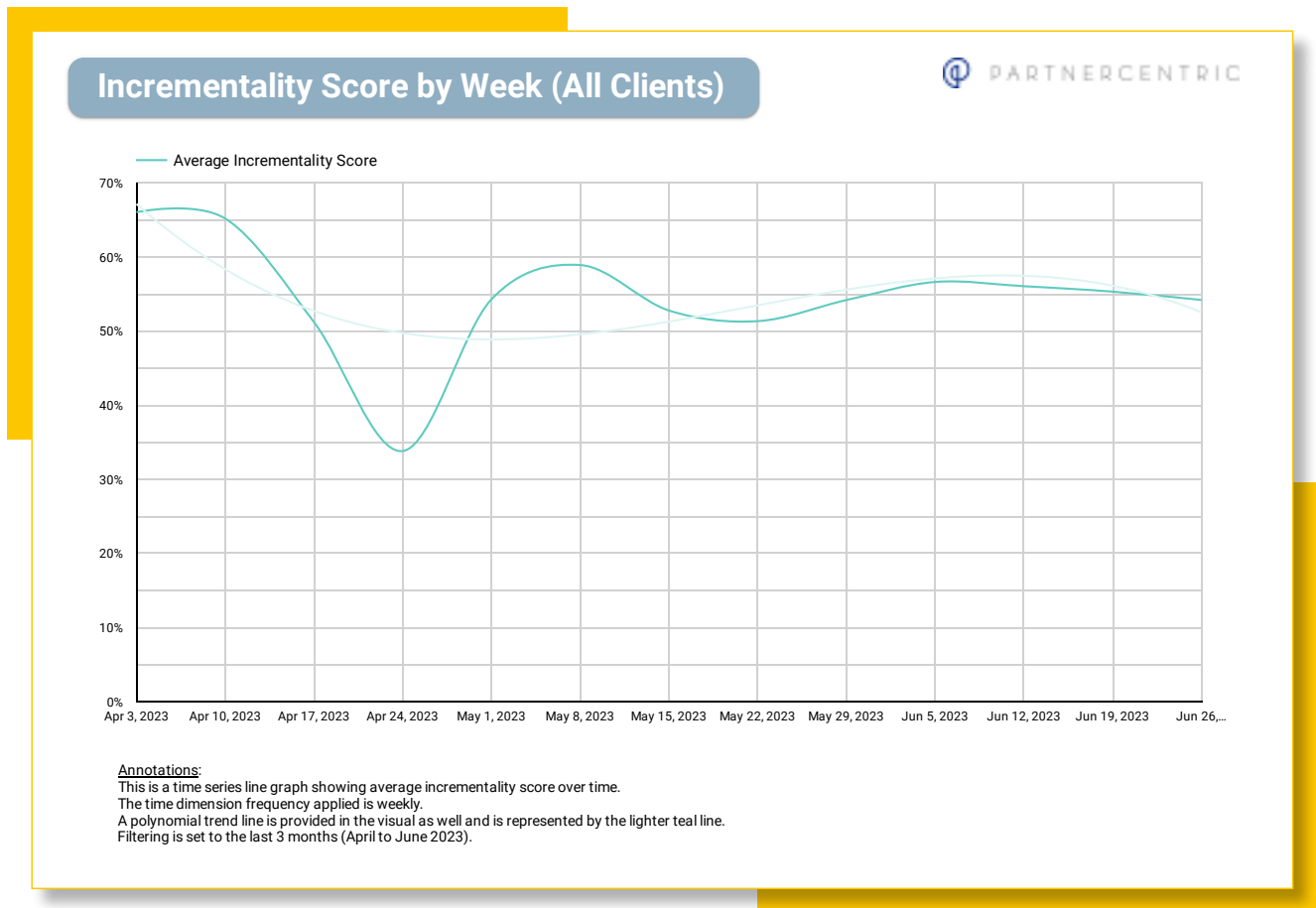
A key question that arises when using the Incrementality Index is how often it should be consulted and what steps marketers should take in response to its findings. An initial look into the data shows that incrementality is a measure that fluctuates considerably and is largely affected by other ongoing activities. Adjusting commission rates manually on a daily or weekly basis isn't practical, even though the Incrementality Score can shift dramatically in the short term.





When viewing partners over a calendar quarter, we see consequential fluctuation in their Incrementality Score. This makes sense because not only are direct optimizations taking place, such as creative updates, offer updates, surrounding placements, and commission rates. In addition, other factors in the marketing mix could be at play as well.

In this example, we can see that when looking at all clients across multiple verticals from April through June 2023, we see both periods of volatility and periods of stability. Over the timeframe, we see an Incrementality Score high point of 66% in early April with a floor of 34% in late April. We additionally see a smoother Incrementality Score trend persist from the beginning of May through the end of June. However, within that smoother timeframe, there is still a delta of almost 10%, leaving optimization opportunities on the table for the larger group. Most importantly, some clients see more than a 30% difference between highs and lows during the measurement timeframe.





Connecting Incrementality with Commission Strategy

Usually, Incrementality and Attribution Discrepancy go together. This problem has existed since the advent of last-click attribution - activities early in the purchase path often go unnoticed by affiliate network attribution. Thereby, commission strategy has always been impacted by attribution shortcomings. But by using FUSE, affiliate marketers can auto-adjust their commission payments based on the actual credit determined by their marketing analytics platform.

This approach combines the best of both worlds in affiliate marketing optimization. Firstly, the Incrementality Index can be used to identify and test potential partners using the Incrementality Score as a guide. Secondly, FUSE can be deployed to auto-adjust partner commissions in real-time based on their actual value, bypassing the often misleading affiliate network attribution.

Insights and Actionable Takeaways

- ✓ Incrementality Score analysis benefits regular and ongoing use to render maximum results and is a valuable tool to support test-and-learn initiatives.
- ✓ Utilizing FUSE mitigates the need for manual commission adjustments to match Incrementality Score fluctuations.



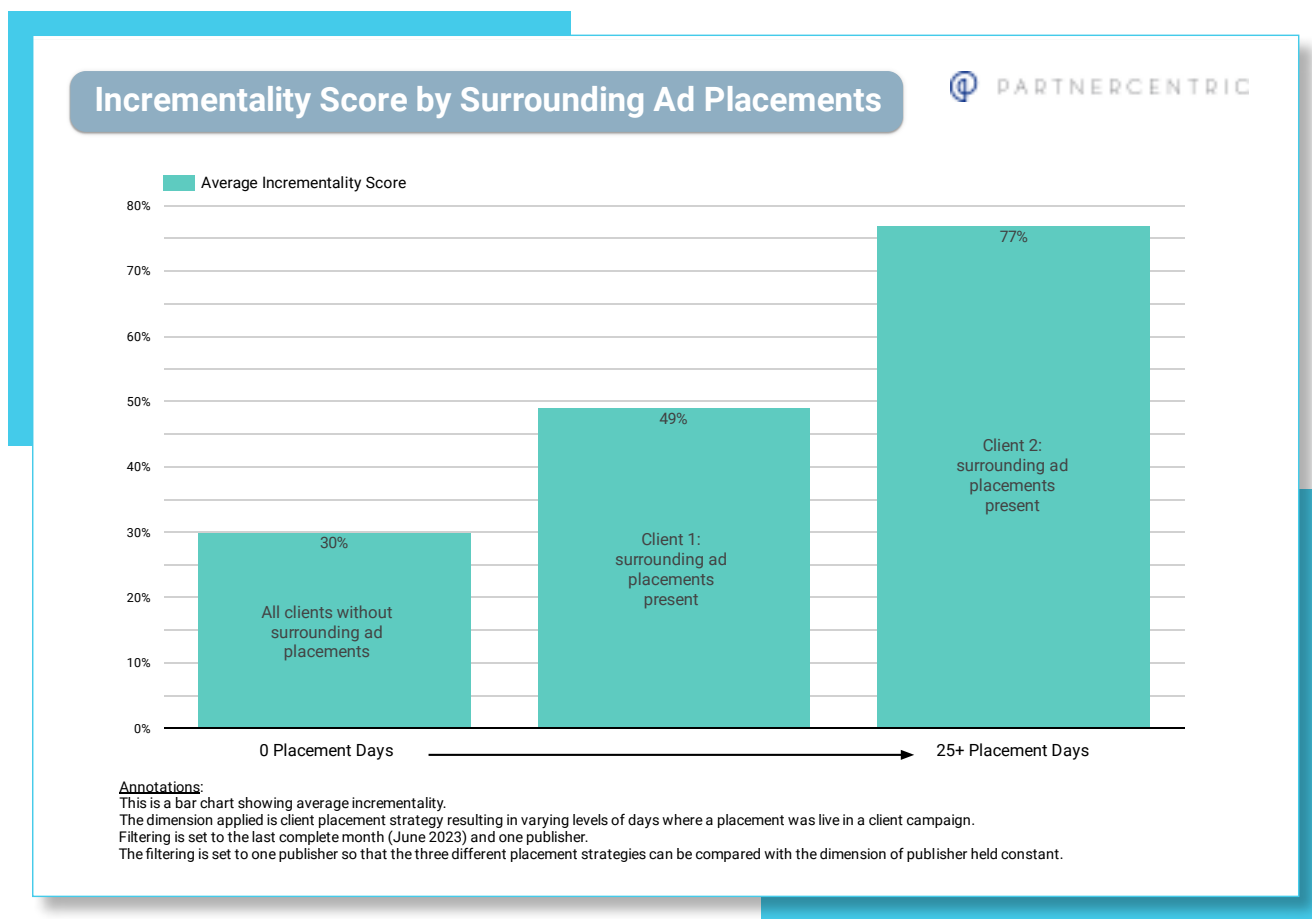
Incrementality Index Crystallizes “1+1=3”

Some people have traditionally viewed affiliate marketing separately from other media channels. Despite the ever-changing landscape of digital marketing, affiliate marketing has remained a constant component since the dawn of the digital age. In marketing, CMOs constantly seek “1+1=3” opportunities where the combination of activities achieves something greater than their individual contributions.

One unexpected yet captivating finding is when cross-referencing Incrementality Index data with paid placements. When analyzing the velocity of supporting media placements and the length of time in which they ran, we discovered the Incrementality Score improves with more supporting ads on a partner site and the length of time they were present on the partner site. For instance, on a large cash-back site, the average Incrementality Score is 30% for clients not utilizing supporting media placements. For clients that leveraged supporting media, the lowest Incrementality Score for the period was 49%, and the highest Incrementality Score for the period was 77%. Interestingly, the number increased based on the total number of supporting ad placements and how long those supporting ad placements were live.



This suggests that when media support is present and additional reach and frequency are created, the Incrementality Score outperforms the average. This realization highlights not only the power of a comprehensive marketing strategy but also the potential impact of investing in paid placements to boost the overall performance and growth of an affiliate marketing program. Investing in surrounding media placements could spark a domino effect that enhances business growth.



Insights and Actionable Takeaways

- ✔ Utilize Incrementality Index as a supporting measure to evaluate the ripple effect of supporting media placements.
- ✔ Utilize FUSE to eliminate duplicate commission payments between performance-based and flat-fee placements.



Summary

The findings from this inaugural Incrementality Power Rankings Report highlight the immense potential and dynamic opportunities available in affiliate marketing. The insights gleaned underscore the necessity of regular analysis of affiliate partnerships using an adaptable approach that can account for evolving market conditions and changes in consumer behaviors.

The emergence of the BNPL sector as a significant player in affiliate marketing underscores how the field is constantly evolving and offers promising avenues for growth. In particular, content publishers and loyalty and coupon sites, which are traditionally undervalued, actually present substantial opportunities for incremental growth.

Moreover, the connection between affiliate marketing and other marketing channels reveals that a well-integrated strategy can significantly amplify the impact of affiliate programs. Specifically, the

potential correlation between the frequency of marketing placements and a higher Incrementality Score, which underlines the benefits of a holistic, multi-channel approach.

The dynamic nature of incrementality necessitates an ongoing examination and recalibration of marketing efforts. PartnerCentric recommends a constant vigil of incrementality measurement that will help tie insights directly to test-and-learn initiatives, and will consistently improve efficiency and scale through applied dynamic commissions.

Ultimately, it is readily apparent that there are actionable insights and untapped potential within the affiliate marketing sphere that can provide marketers with powerful tools to refine their strategies and make the most of their investments. As we advance, the Incrementality Index will undoubtedly be a key asset in navigating the complexities and possibilities of affiliate marketing.



References

ABOUT PARTNERCENTRIC

Founded in 2017 by industry veteran Stephanie Harris, PartnerCentric is the largest independent partnership marketing agency in the US. Rooted in transparency, fierce independence and award-winning technology, PartnerCentric is a new breed of agency.

We are boundary-pushing strategists combining bespoke tactical efficiency with tech-empowered services that are purpose-built on two decades of affiliate experience to solve marketers' most prominent pain points. Not settling for the status quo, PartnerCentric's Control Suite is a revenue and outcome-focused platform of proprietary and

patented technologies putting the power back in the hands of disruptive brands.

PartnerCentric creates speed to value and drives growth for some of the world's most respected businesses and innovative brands, such as Lemonade, VSP Vision Plans, DTLR, and HIMS/HERS. Globally recognized by CLUTCH as the top affiliate marketing agency to work with for consecutive years, discover how PartnerCentric's award-winning technology can drive your business forward. **Visit www.PartnerCentric.com and follow us on LinkedIn and Twitter.**

GLOSSARY OF TERMS

INCREMENTALITY INDEX SCORE: This is a quantified and weighted measure of a partner's capacity to generate incremental contributions to client purchase paths. The Incrementality Index Score is an unweighted average of three unique sub-measures. The Incrementality Index Score is calculated as a percentage with 100% equating to perfect scores across all three sub-measures.

Elements of the Incrementality Index Score include:

FUNNEL POSITION: This represents the partner's ability to influence the initial stages of client purchase paths.

CUSTOMER ACQUISITION: This measures the partner's ability to generate new customer interactions.

CUSTOMER REACTIVATION: This assesses the partner's ability to revive inactive customer purchase paths.

ATTRIBUTION DISCREPANCY RATE: This delta between affiliate network measures such as revenue, sales, or return on ad spend and their corresponding measure in a marketing analytics platform such as Google Analytics. A positive discrepancy rate means the affiliate network or platform is over-attributing or seeing more revenue than the marketing analytics platform. An example of how this occurs is an affiliate network missing a marketing touchpoint, like paid search, organic search or paid social that occurs after an affiliate partner interaction.