



affiliate **window**
part of the zanox group

FASHION'S
FOCUS

MARCH 2016

A WHITEPAPER FROM
AFFILIATE WINDOW

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INTRODUCTION

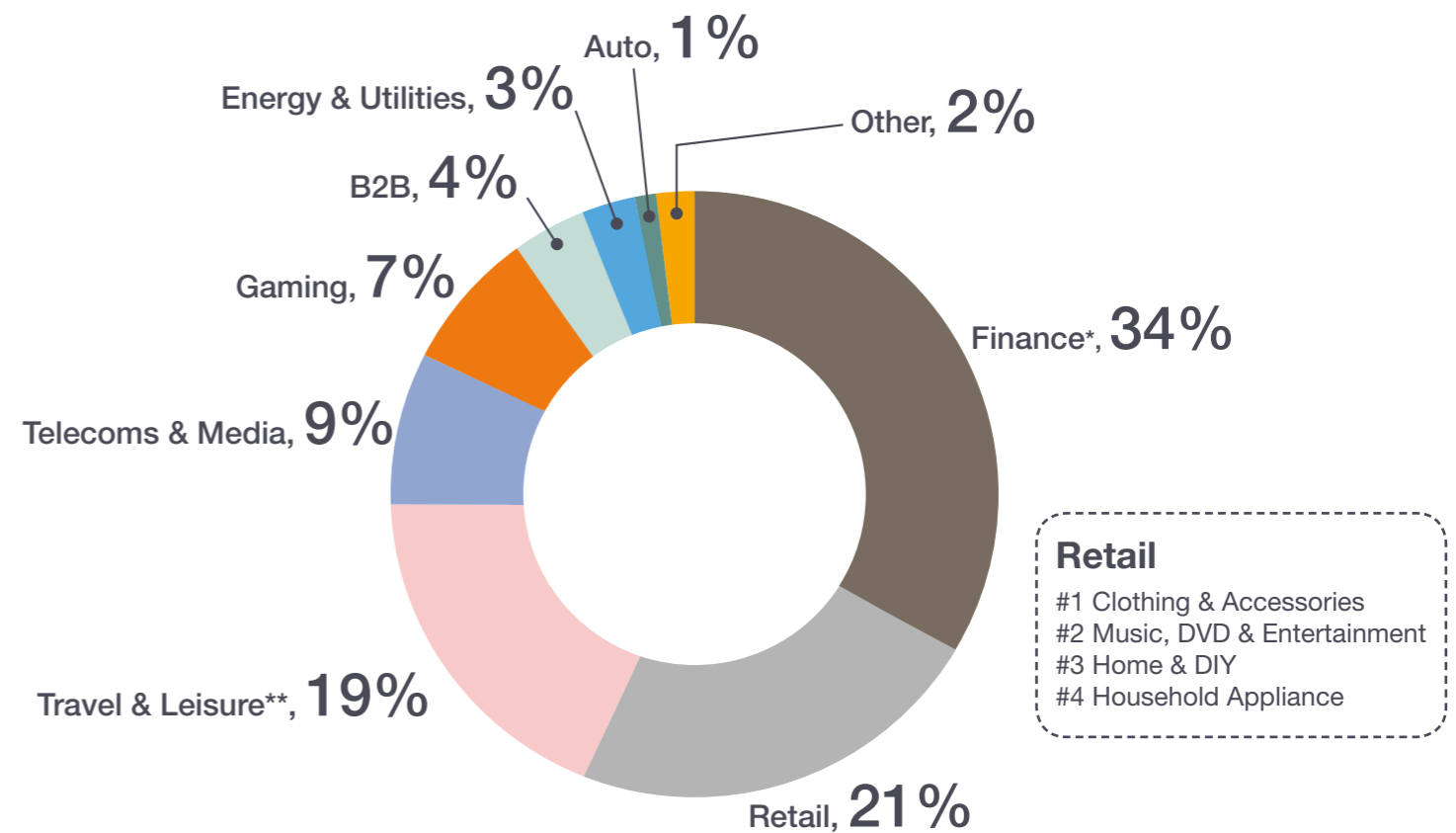
Online fashion is booming. According to Verdict £1 in every £5 is now spent online establishing a £10bn industry.

The UK leads the world in online retail and clothing is no different. From high street fast fashion to luxury brands, British fashion has never been in more demand. The affiliate channel is a core part of that success, offering advertisers an array of promotional opportunities to drive sales across multiple devices.

Here we'll explore some of the key trends and insights that are helping to shape fashion in the affiliate channel in 2016 and touch on some of the latest tactics that brands are tapping into to drive their campaigns onwards and upwards.

AFFILIATE FASHION GROWTH

The retail sector within affiliate marketing has experienced double-digit growth over the past five years and the latest figures from the Internet Advertising Bureau show the clothing and fashion industry accounts for the largest amount of sales:

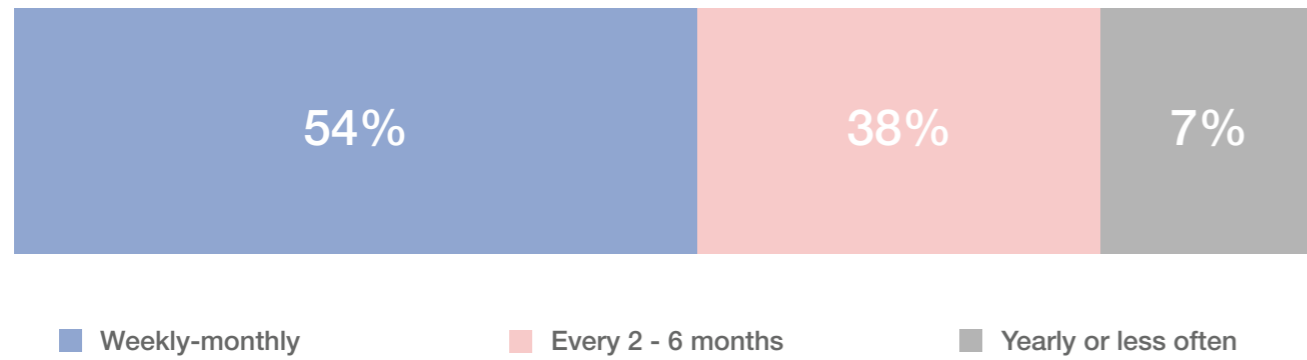


* c.90% of Finance revenue relates to price comparison sites

** c.60% of Travel relates to major travel aggregators

The Value of Online Performance Marketing in the UK // Full Year 2014 // IAB UK and PwC

The study also shows huge awareness of affiliate marketing models among consumers, with more than half visiting a blogger, content or subject expert website at least once a month, and more than 90% at least twice a year.



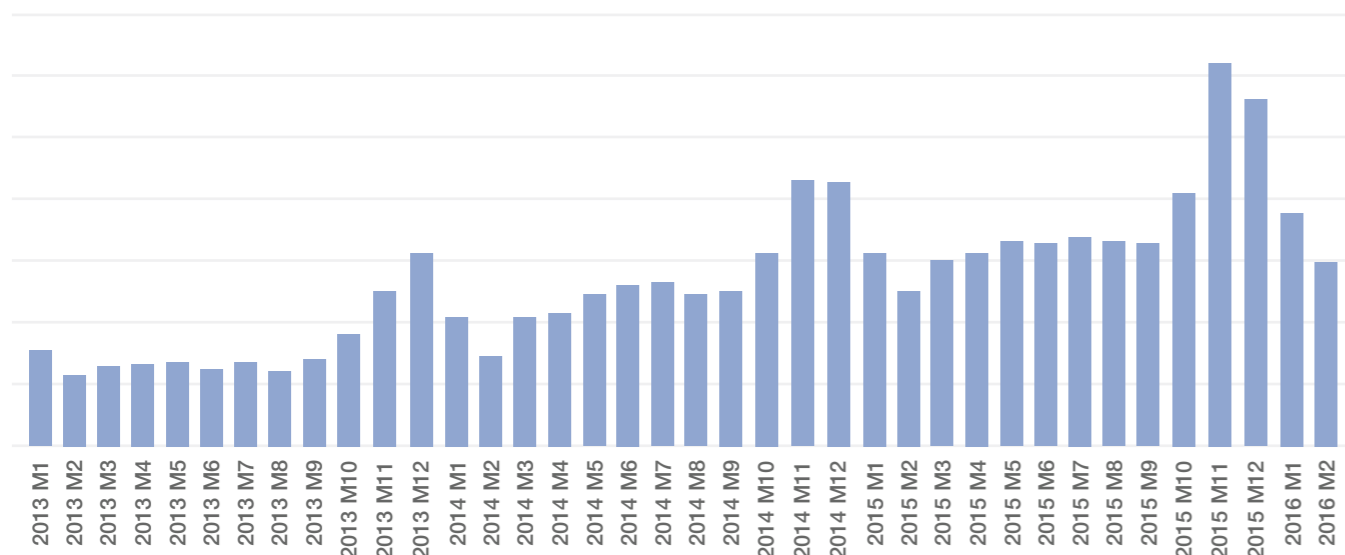
With new advertisers entering the sector, coupled with an increasing demand for their products, it is an area that has experienced strong year-on-year growth on the Affiliate Window network as well.

The chart below considers all advertisers within the fashion and clothing sector, combining both men's and womenswear into this data set.

The noticeable peaks have fallen in line with the key trading period of Christmas, fuelled by Cyber Weekend (covered later in this document) and seasonal peaks to coincide with the latest product ranges and sales' periods.

“
The volume of sales in 2014 nearly doubled from 2013.
”

Clothing Sector

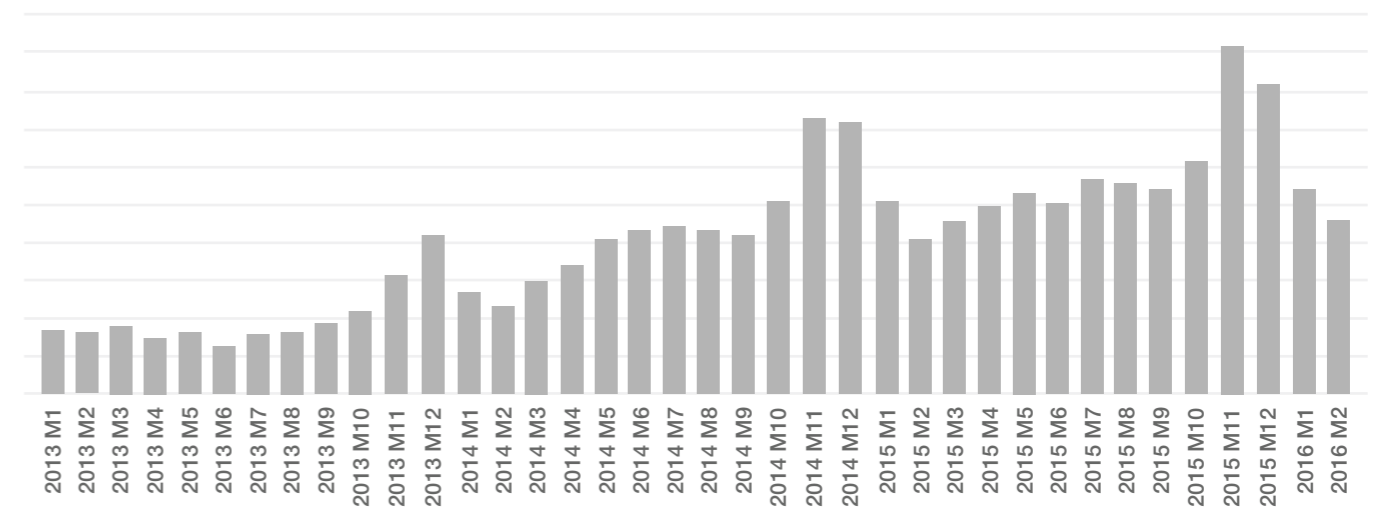


Breaking this down further we have considered the growth of the sector from a 'fast fashion' perspective, as well as looking at some higher end high-street brands. Consumer behaviour and device trends driving this growth are also considered when splitting out the overall section.

The volume of sales in 2014 nearly doubled from 2013. With growing demand for fast fashion brands, typically driven by a significant rise in mobile commerce, 2015 saw more impressive growth.

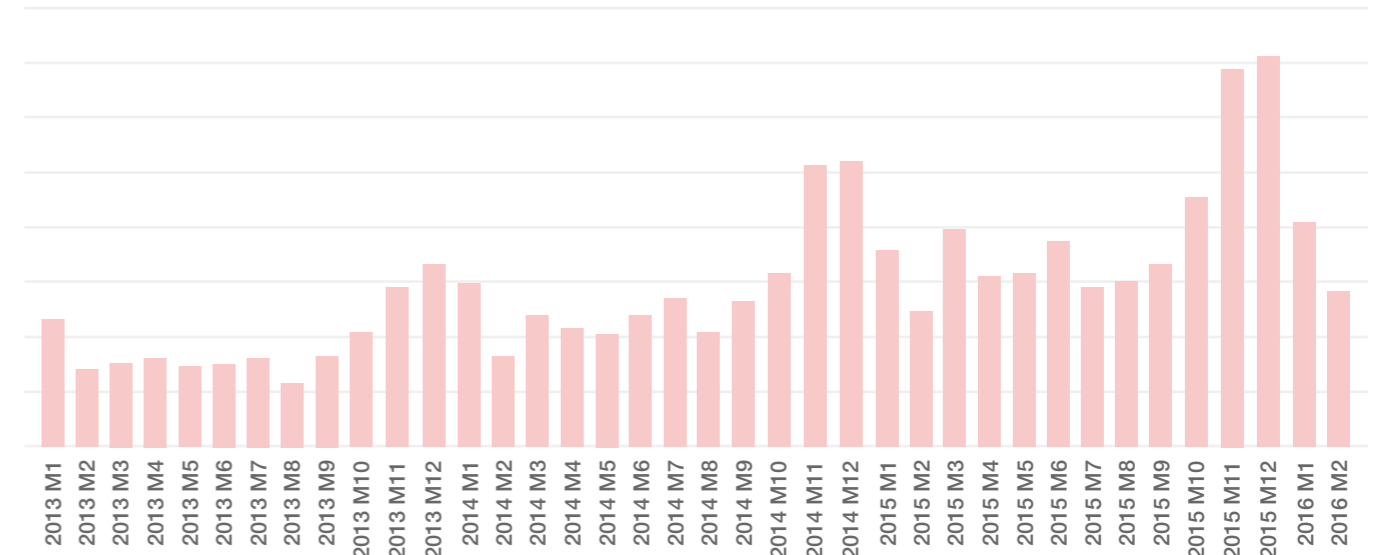
November now seems to be the peak month as Black Friday deals bought Christmas ever earlier.

Fast Fashion



Considering the higher end high-street fashion brands across the network, growth hasn't been as strong over the past few years as we have seen for fast fashion but the key trading periods are again evident.

Mid - High End Fashion



MOBILE ACTIVITY DRIVING GROWTH

Where the data becomes increasingly interesting is understanding the differences in how mobile devices have driven growth.

The chart below considers the share of mobile traffic and sales for both higher end and fast fashion, plotted against the network average. It compares what we saw back in January 2013 and how this has increased over the past three years.

Both sectors over index in terms of traffic and sales when compared against what we see across the network – with fast fashion in particular lending itself to mobile devices.



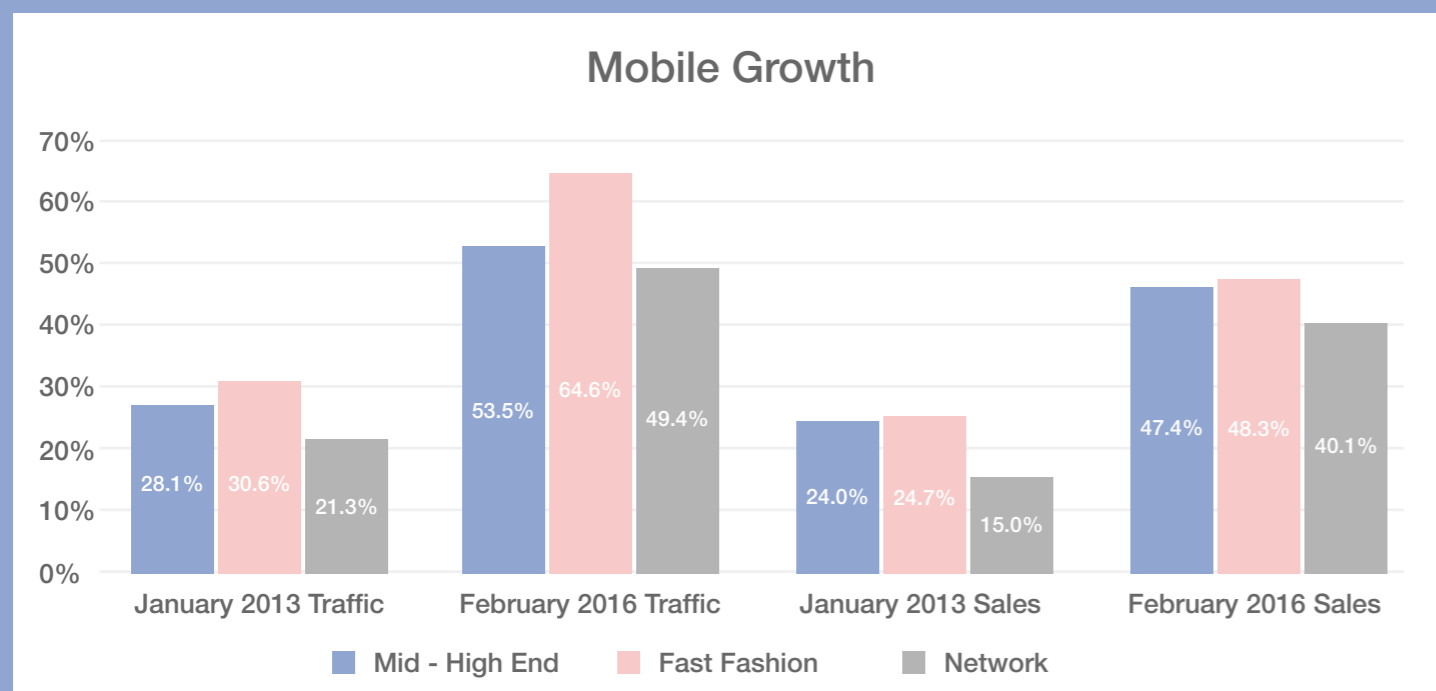
ALMOST TWO THIRDS OF FASHION TRAFFIC IS NOW

MOBILE



WHILE NEARLY HALF OF ALL TRANSACTIONS TAKE PLACE ON

MOBILE

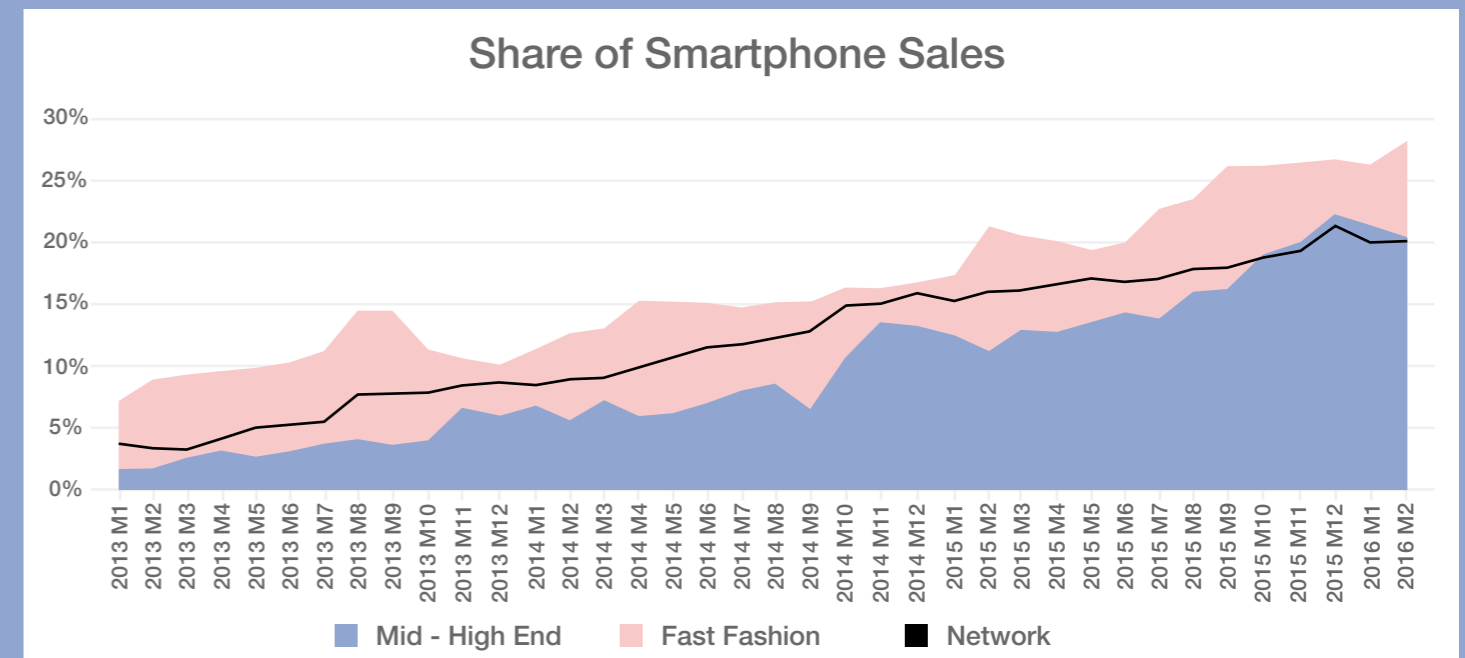


While it is evident the fashion sector over indexes in terms of mobile activity, the different demographics for fast fashion and high end fashion has seen different devices driving this growth.

Take fast fashion - typically having a younger demographic and lower basket values it is a sector that lends itself to mobile handsets. With a younger audience, these brands benefit from shoppers that have grown up with mobile commerce and feel comfortable purchasing through handsets.

The chart below outlines the growth of sales through smartphones for fast fashion versus high end fashion and compared against the network average.

Fast fashion over indexes against both high end fashion and the network average for smartphones. Higher end fashion also overtook the network average for smartphone sales in Q4 2015 and has continued to do so at the start of 2016.



Higher end fashion by contrast sees tablet devices driving growth. With the audience of these brands typically having a higher disposable income and differing demographic, it is perhaps not a surprise to see them turn to a tablet, namely the iPad, as their device of choice. There is a clear trend that conversion rates for high end fashion are significantly higher than we see for fast fashion. Plotted over 2015, tablet conversion rates were often more than double for high end fashion than fast fashion.



Finally, here is our list of mobile champions in February 2016: the brands registering significant proportions of their sales through tablets and smartphones. The distinction between the different retail audience and the device is particularly noticeable:

AID	SMARTPHONE	AID	TABLET	AID	SMARTPHONE + TABLET
6270	Pink Boutique	2692	Phase Eight	6270	Pink Boutique
6638	Miss Pap	2419	Wallis	1496	La Redoute
5577	Pretty Little Thing	1283	Joules	3030	Fashion World
2872	Missguided	2364	Laura Ashley	2872	Missguided
6604	Zee and Co	5463	Fat Face	6604	Zee and Co
5379	Offspring	2805	Coast	4244	Tessuti
2832	Footasylum	1669	Boden	5577	Pretty Little Thing
6343	Public Desire	1320	Hotter Shoes	4393	Little Mistress
1496	La Redoute	3535	Regattaoutlet.co.uk	6638	Miss Pap
4244	Tessuti	3461	Bonmarché	2832	Footasylum
2417	Miss Selfridge	1496	La Redoute	2805	Coast

The fashion sector is one that truly lends itself to mobile commerce. The affiliate channel can be harnessed to take advantage of consumers that are increasingly turning to mobile devices not only to research, but also to purchase.

A HIGH END FASHION BRAND RECORDED

1 in 3
TABLET SALES
With an AOV OF
£84.25

VS.

A FAST FASHION BRAND RECORDED

1 in 6
TABLET SALES
With an AOV OF
£40.51



A FAST FASHION BRAND RECORDED ALMOST

1 in 2
SMARTPHONE SALES
With an AOV OF
£37.97

vs.

FOR A HIGH END FASHION BRAND

1 in 6
SMARTPHONE SALES
With an AOV OF
£78.00

CELEBRATING THE NEW INFLUENCERS

One of the reasons affiliate marketing remains so popular is because it drives conversions.

Think about how the best known affiliates, the cashback, loyalty and reward as well as the voucher sites have done so well at pushing customers to claim an incentive in return for buying from them.

This has helped boost their conversion rates, often well into double figures. Clearly affiliate marketers have to be expert converters; if they're not they can't build sustainable businesses.

What has become apparent in recent years is the affiliates that advertisers crave the most often record poor click to sales rates with an obvious impact on their earning potential.

One way you can measure this is to compare the amount of sales an affiliate 'influences' but doesn't convert. This information, available for all affiliate programmes, is found in the Affiliate Window dashboard.

It typically shows what is happening within just the affiliate channel (in other words how affiliate traffic influences other affiliate traffic), but some advertisers are also tracking other channels they use (such as Email, Display or Paid Search) and this information can be seen in the 'Assisted Other Channels' column of the dashboard.

By tracking this additional data Affiliate Window is able to provide further insights and build a wider understanding of how affiliates influence outside of the affiliate channel.

We looked at a major fashion advertiser on the network who is tracking other channels and assessed how good they are at converting their own traffic. In other words, a figure of 100% would mean that whenever a sale occurred they were rewarded for every single one they were involved in. A figure of 50% would mean half of all sales they registered a click for didn't lead to a conversion pay-out as another affiliate, or indeed channel, claimed it.

What is important to consider is an affiliate's position in the purchase funnel.

Typically we see many poor converting affiliates are influencers with exploratory traffic, much of it driven by mobile handsets.

14 OF **20**
BEST CONVERTING AFFILIATES WERE
CASHBACK OR LOYALTY SITES

16 OF **20**
WORST CONVERTING AFFILIATES WERE
EDITORIAL OR COMPARISON SITES

BEST CONVERTING
CLOSED
90%
OF SALES

THE WORST WAS JUST
16%

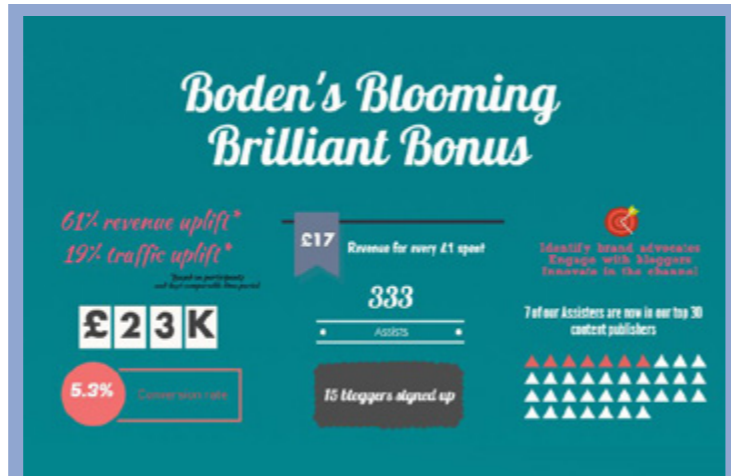
Therefore we need to be clear that while the traffic may convert poorly, it is not poor quality, simply it does a different job in providing consumers with information earlier in the purchase cycle.

Taking this as a starting point Affiliate Window has introduced top-up payments for affiliates who influence yet don't convert. These allow brands to reward affiliates who are able to drive initial interest and create awareness of different products.

In the second half of 2015 Affiliate Window launched a number of initiatives with key fashion retailers across the network.



Here's one from Schuh who paid out an extra £1 per assist and £50 for their best affiliates.



Boden also ran a campaign with some impressive results that saw both conversions lift as well as revenue and traffic.

Paying these influencers for brand advocacy is just the first step in working out how to engage with the longtail and reward them for their contribution. We welcome innovative and interesting suggestions and hope other creative examples will ultimately lead to stronger affiliate partnerships.

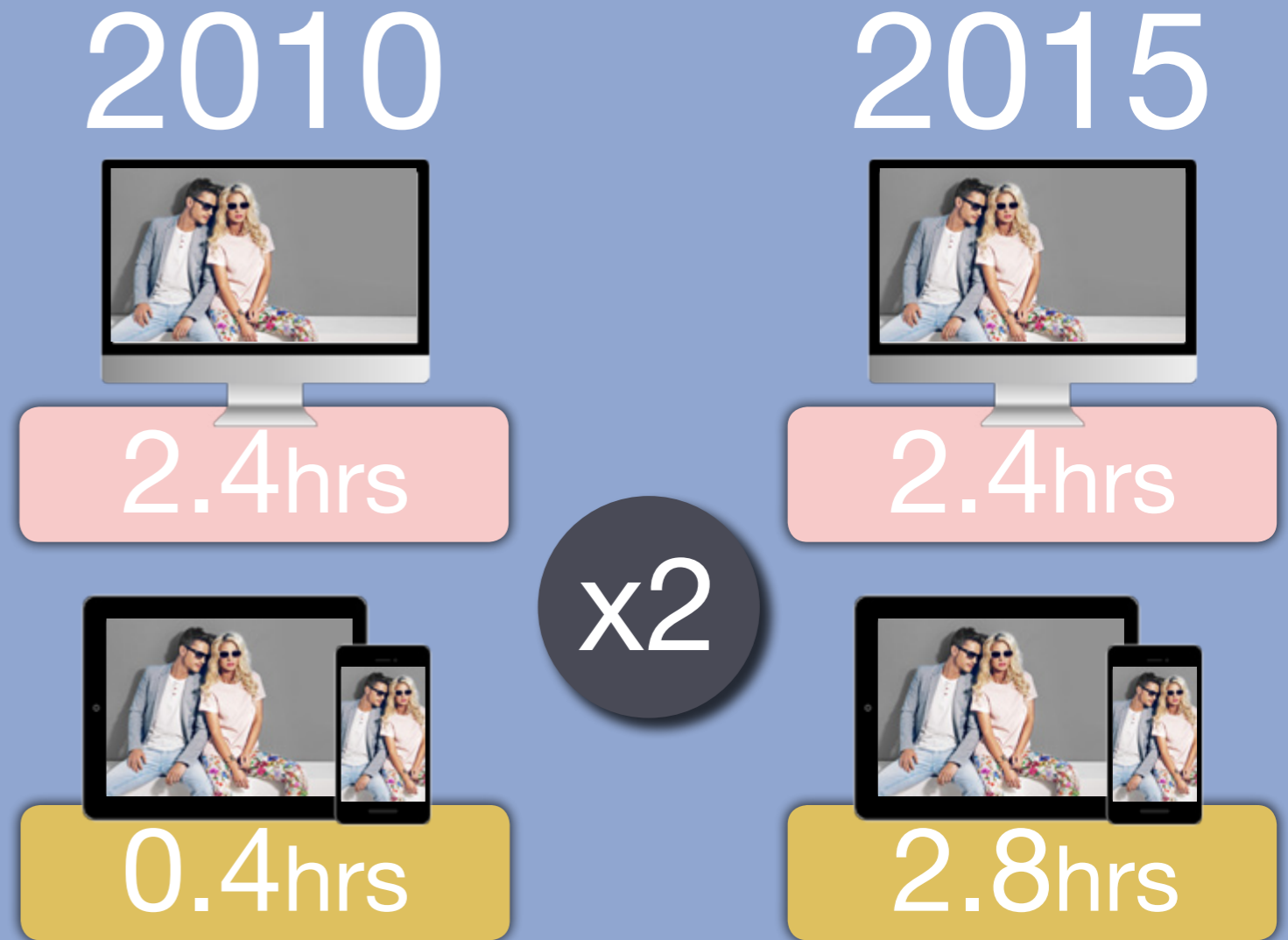
If you're an advertiser:

- Ask your account contact for your programme's key influencers.
- Ask your account contact about other influencers who may not be on your programme.
- Consider what you want an influencer payment campaign to achieve. New customers, reach, clicks, impressions, product focus or just branding?
- Set a payment top-up that sits within your ROI target. Consider reallocating budgets from elsewhere if you don't have additional marketing spend. Remember daily payment caps can be set to control budgets.
- Approach the affiliates you want to work with and be clear about what you want to achieve.
- Digest the results, measure and use this to feed into future campaigns. Alternatively run influencer payments as a standard part of your affiliate campaign. Remember targeting these affiliates should be a central part of your longtail strategy.

AFFILIATE MARKETING IN THE MOBILE AGE

According to Google as many as two in every three sales involve consumers switching between different devices and platforms to research and then make their purchase. We only need to think about how we shop to appreciate how we often use a mobile device when first researching a service or product, possibly on the move or with a view to finding out more later on in the day, or completing the purchase in a more relaxing setting later on.

Amount of time consumers spent online on different devices, 2010 compared to 2015



Average time spent per day with Major Media by US adults - eMarketer April 2015

Technology may have made this process seamless, but from a marketing point of view tracking these interactions presents an obvious headache.

The desire to understand how these journeys have developed within the affiliate channel was a key motivation for Affiliate Window's big product release of 2015: cross-device tracking.

We felt that if retailers could understand increasingly complex consumer journeys and how affiliates contribute at different stages, across different platforms, this would shape how we work with affiliates. If for example the data shows an influential blogger is able to generate initial interest in a product range to certain consumers on a smartphone that ultimately drives them to purchase on a desktop later at work or tablet at home, then we can work more intelligently with that affiliate.

The technology is built using email addresses that are encrypted by advertisers.

When a user logs in on a device we create a digital footprint that identifies the consumer based on their encrypted email address. We store that and then match that footprint when the same consumer logs in elsewhere. Over time we build up a picture of that consumer

through completely anonymised data. That information allows us to stitch their journeys together from initial interest to purchase. At no point does Affiliate Window capture any personally identifiable information.

One of the benefits of Affiliate Window's position in the market is that by working with so many advertisers large and small, we can build a significant database of anonymised profiles. Since cross-device launched the network has tracked 9 million users in the UK.

It's worth stating that Affiliate Window does this in order to attribute commissions more fairly. None of the information is used for marketing purposes although the data does allow us to understand who is influencing a sale with information not previously available. We are also able to see some other interesting trends.

Affiliate cookies are typically set at 30 days (meaning a click recorded at the start of the month could still trigger a sale at the end of it) but when we look at the data we're used to seeing for affiliate programmes across one device, we see more than three-quarters of sales occurring within a few hours of the click being recorded. This information has been used to cut cookie periods in the past. In fact the Amazon affiliate programme uses a 24-hour cookie window.

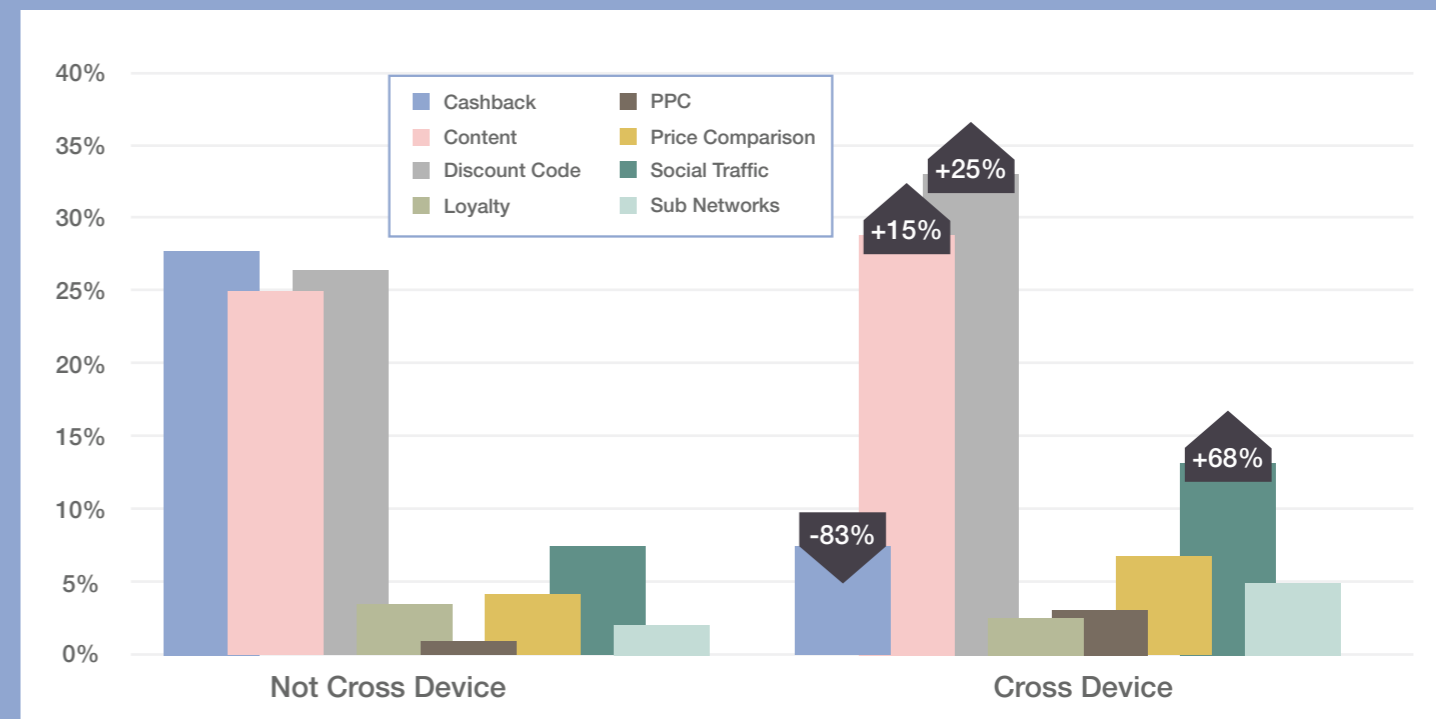
MORE THAN **50%** OF MULTI-DEVICE SALES OCCUR **1 WEEK** AFTER COOKIE IS DROPPED

Those affiliates who are starting to see a majority of their clicks coming from smartphones are also seeing a higher proportion of sales that track across multiple devices. We think this is because a big chunk of their traffic is focused on the early stages of a sale, when consumers are checking their content for new products, exploring the ranges available and generally working out what they might buy next.

As we've stated we know smartphones are a typical device to do this on. Therefore it makes sense that bloggers, content and longtail affiliates are driving interest for multi-device sales that previously wouldn't have been tracked via the affiliate channel.

By enabling cross-device tracking, not only are we beginning to get a better understanding of this, but we are also seeing how mobile first companies can make an impact on the affiliate channel; something that hasn't necessarily happened before now.

This chart shows the *split of sales by affiliate type* for a retail programme on the network looking at both the sales we see when we track sales on one device and across multiple-devices:



Clearly the composition of an affiliate programme can change dramatically.

Understanding why voucher codes sites increase their share is an interesting project for the future.

If you're an advertiser:

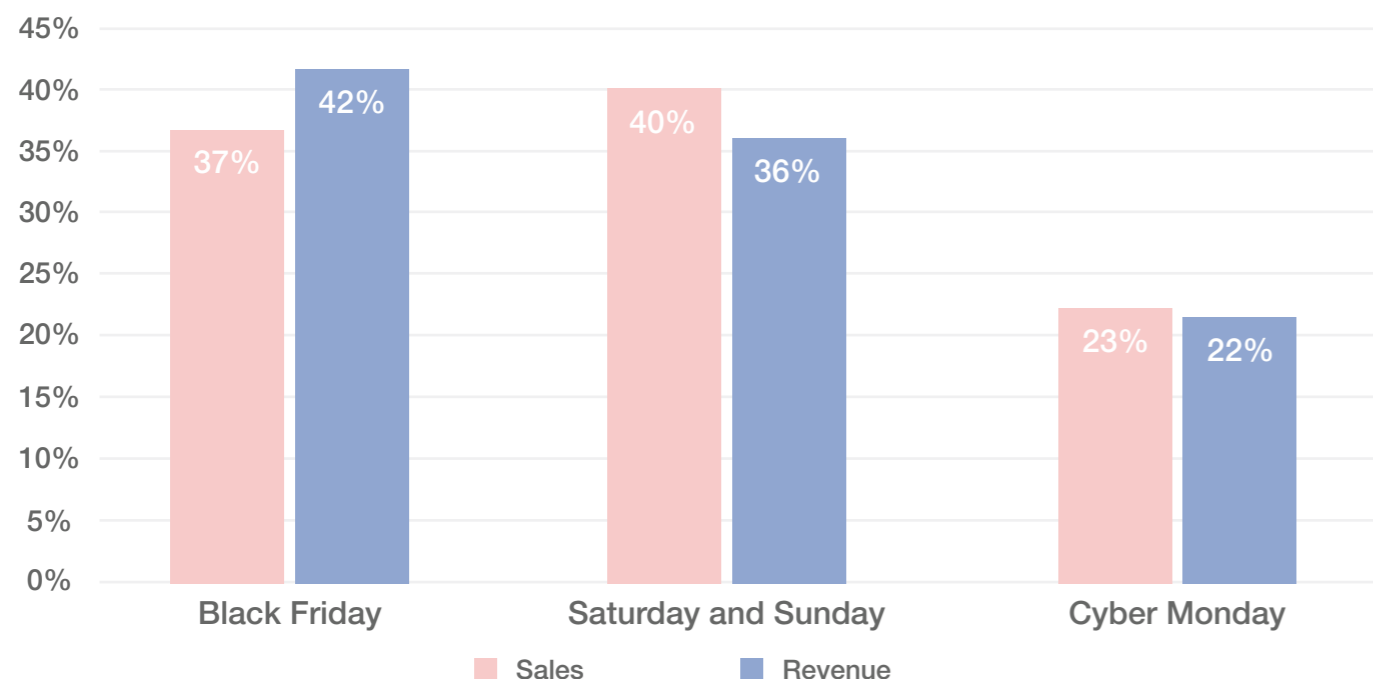
- **Speak to us about cross-device.** Affiliate Window plans on rolling out the technology to more than half of the network's advertisers in 2016.
- **Understanding which affiliates will see a boost in cross-device sales will help show who is helping to influence sales earlier in the sale journey.**
- **Ask your account contact which affiliates are over-indexing for cross-device sales.**
- **Remember to think about a sensible de-duplication policy.**

THE BLACK FRIDAY JUGGERNAUT

Black Friday has become a huge retail event that Brits have made their own.

This chart shows the split of sales we recorded across the network for the 'four day weekend' bookended by Black Friday and Cyber Monday:

Sales and Revenue across the Black Friday weekend



Not only did consumers shun the high street to shop online in 2015, but they also dug deeper and splashed more cash. The average basket was a full £7.50 higher at just over £93 compared to last year, making it one of the highest ever posted. Compare this to an average Friday on the network when we would expect to see an average of £71.

With the UK spending around £800 more per capita online than our American counterparts, the UK has been primed and ready to transform Black Friday into an online event for several years. If we take IMRG's UK estimate of £1.1bn and Adobe's US figure of \$2.7bn spent online on Black Friday, British consumers splurged more than three times as much than their US counterparts.

And even if retailers don't want to offer discounts on Black Friday or Cyber Monday, consider attention grabbing or value-add propositions. Every indication suggests that there is far more general online traffic as well as half of consumers looking for products for themselves.

If you're an advertiser:

- Read the [ten trends](#) we saw on Black Friday and Cyber Monday.
- Consider what has happened in the past. Speak to your account contact to understand what advertisers have run via the affiliate channel.
- Be aware that many affiliates plan Black Friday and Cyber Monday activity well in advance. Don't be afraid of sharing sensitive plans; consider an NDA if necessary.

If you'd like to read more insights from Affiliate Window then why not take a look at our [Strategy Hub](#). Or you can sign up to our monthly [Strategy Newsletter](#) for the latest news and research.





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