Prospects for the Indian Affiliate Marketing Industry: Growth of Affiliate Programs and Channels

Anil Sharma, Hiren Harsora, Medha Sharma

Abstract: This paper discusses affiliate marketing, in which the seller or service provider is a rewarding and fulfilling agent so-called affiliate for each visitor, which through its way to attract a dealer there, who performed some action, either directly make purchases, register to subscribe to a newsletter, or simply browse the site. Affiliate marketing drives 16% of ecommerce sales in the U.S. and Canada. Amazon's affiliate programme, Amazon Associates, has the greatest market share among affiliate networks (46.15 percent). Affiliate marketing is one of the most effective forms of digital advertising. Increasing Internet usage worldwide is propelling the affiliate marketing industry, particularly in India. Tata Strategic Management Group titled "Affiliate Marketing in India – The Next Frontier". There are 75 highest-paying top affiliate programmes in India for 2020, organised by niche. Affiliate marketing involves three parties: the advertiser, the publisher, and the consumer. According to STATISTICA, 84 percent of U.S. Publishers and Advertisers use affiliate marketing. Adoptability and future potential of affiliate marketing in Indian enterprises is the focus of this study paper.

Keywords: Affiliate Marketing, Success Factors, Affiliate Programmes in India

I. INTRODUCTION

Affiliated marketing is a kind of internet marketing in which a publisher promotes a company by placing an advertising on their website. If a visitor or customer makes a purchase as a result of the advertisement, the business will pay a commission to the publisher, who is known as an affiliate [28], rectification is not possible. According to research, the affiliate marketing sector in India is projected to reach $835 million by 2025, up from $96 million in 2016. According to research, the affiliate marketing sector in India is projected to reach $835 million by 2025, up from $96 million in 2016. According to a white paper by the Tata Strategic Management Group (TSMG) titled "Affiliate Marketing in India – The Next Frontier," the growth of affiliate marketing expenditures will be driven by increasing digital marketing expenditures, the adoption of affiliate marketing by new industries beyond e-commerce, and an improved ecosystem for affiliate marketing on mobile platforms. Affiliate marketing is the practise of merchants working with affiliates such as publishers, bloggers, companies, and organisations to promote their brands, discounts, and sales. It was highlighted that affiliate marketing represents for less than 10% of digital marketing expenditures in India, compared to 15% in some established markets. According to the survey, conventional businesses such as banking, financial services, and insurance, cars, and real estate are anticipated to invest more in affiliate marketing. Affiliate marketing is currently predominantly utilised by product categories that are purchased or consumed online. It has been challenging for offline categories to maximise the possibilities of affiliate marketing. "However, the increasing use of affiliate marketing for persuasion and the convergence of online and physical channels would compel such businesses to engage more in affiliate marketing programmes. Thus, established businesses such as BFSI, automobiles, and real estate would spend more funds to affiliate marketing programmes, according to the report.

II. OBJECTIVES

- To study about affiliate marketing and it’s working in Indian e-commerce based companies.
- To study about recent trends of compensation in affiliate marketing.
- To study the impact of factors affecting affiliate marketing and its future in India. Author (s) can send paper in the given email address of the journal. There are two email address. It is compulsory to send paper in both email address.

III. RESEARCH METHODOLOGY

This paper aims to review existing studies on affiliate marketing (i.e., web-based affiliate marketing) to understand the overall development in this area of research. The search results on affiliate marketing and related terminologies found a total of 24 studies on this topic. This study is subjected in context to the critical review of digital marketing in reference to the Indian market.

IV. AFFILIATE MARKETING IN INDIA HAS A BRIGHT FUTURE

Affiliate marketing is a highly efficient method for increasing internet sales.
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Today, it accounts for around 15 to 20 percent of all online purchases. IAMAI (Internet and Mobile Association of India) has estimated that by 2025[32], the affiliate marketing sector in India would surpass $835 million. According to 2019 research conducted by NASSCOM (The National Association of Software and Service Companies), India has the third-largest startup environment in the world. Recent development in the number of internet businesses in India augurs well for the future of affiliate marketing in the country. People are purchasing a variety of goods and services online. More than ever, businesses are focusing on affiliate marketing in order to attract more customers and sell them their products. It is the ideal time to start experimenting with affiliate marketing. Utilize your passion and expertise to generate additional income. Examine the 75 highest-paying top affiliate programmes in India for 2020, organised by niche, and select the one that best suits you.

V. THE DEMAND FOR AFFILIATE MARKETING

Affiliate marketing accounts for 15% of the digital media industry's revenue, according to Business Insider. As an example of performance-based marketing, affiliates are compensated by a business for each visitor or customer that they bring in as a result of the affiliate's promotional efforts. While there are several affiliate programmes available, many brands avoid this channel because they are unsure of how it operates or whether the effort is worthwhile. However, affiliate marketing can be a highly efficient means of acquiring new consumers and expanding your brand. Here are my four justifications:

- Affiliate marketing is an efficient method of acquiring new clients.
- It can help you reach new audiences you might not be able to reach otherwise.
- Affiliate marketing can enhance other marketing channels such as email marketing and paid advertising.
- Affiliate marketing can give you with insightful information about your consumers' purchasing patterns.

VI. LITERATURE REVIEW

Affiliate marketing, in which the seller or service provider is a financially rewarding partner or so-called affiliate for each visitor, which through its website to attract a dealer there, who performed some action, either directly purchase products, register to subscribe to a newsletter, or simply browse the website. In this paper, the author attempts to define affiliate marketing, the individual entities of affiliate marketing such as merchant, affiliate, network owner, and affiliate network, briefly describe the history of affiliate marketing, and illustrate its application through the use of Pinterest as an example [11]. Affiliate marketing is becoming an important distribution channel for travel and tourist products, and the discipline is evolving with the development of affiliate networks and the rising complexity of both merchants and affiliates [4]. Affiliate marketing, which is a performance-based internet marketing strategy, has increased competition in the online selling sector. [12]. Affiliate marketing is a significant and current kind of performance-based Internet marketing. In this type of marketing, a firm rewards affiliates for each customer brought by the marketing efforts of the affiliate. [5]. Affiliate marketing is the most successful technique to offer advertising space to advertisers, surpassing traditional media in terms of being easy and exact to measure advertising responses, adaptable, used to produce cash, and able to reach a wider variety of clients. [9]. Performance marketing is sometimes used to describe affiliate marketing. Affiliate marketing involves the advertiser, the publisher, and the customer. Advertisers could be any online company that sells electronics, books, clothes, airline tickets, insurance, etc. On its website or blog, Publisher promotes ads. [23]. A company may boost its pricing and profits when its clients shop on the websites of competing companies. An examination of customer surplus and total welfare reveals that such techniques may have negative consequences. [1]. Affiliate marketing network, a form of online marketing that provides businesses the option to increase their visibility at relatively little cost. Using the affiliate marketing model, prominent media like blogs, coupon code sites, and price comparison sites collaborate. [19]

A. What is Affiliate Marketing and How Does It Function?

An affiliate joins a platform and receives a unique link for each product displayed on their blog or website. This link's clicks can be tracked using cookies to determine if the person who clicked the link ultimately makes a purchase. The affiliate earns a predetermined commission for completing the task within a predetermined time frame. Each platform has different commission rates. [7]

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Fig 1: Affiliate Marketing Process

B. Types of Marketing Affiliates

According to STATISTICA, 84 percent of U.S. Publishers and Advertisers use affiliate marketing. In recent years, affiliate marketing operations have exploded as a low-cost method of internet marketing.
It is the company's affiliates who advertise the company's products via blogs, video, and podcasts, and not the affiliated companies. The affiliate marketing model can be broken down into three categories. Now, let's delve a bit more into these advertising models. [30]

**Unaffiliated** - In the unaffiliated business model, the affiliate marketer has nothing to do with the product or service they are selling. They don't know enough about the product or have enough authority in its field to make any promises about how it will be used. Most of the time, a non-affiliated affiliate will run PPC (pay-per-click) marketing campaigns using an affiliate link in the hopes that shoppers will click it and buy something on their own. Even though unattached affiliate marketing may seem appealing because it requires no commitment, it is usually used by people who want to make money without investing in the product or the relationship with the customer [10].

**Linked** - Affiliate marketing for those who are related to the niche audience but do not necessarily use the product or service is a good medium between unaffiliated and involved. These affiliates typically have considerable influence in the niche and a large following, and can therefore provide some authority. For instance, you may be promoting a clothing brand you've never used before, but you have a large audience due to your fashion blog or YouTube channel. You would be deemed a linked affiliate marketer in this instance. The advantage of this sort of affiliate marketing is that the affiliate has the experience to generate traffic; but, they risk losing the confidence of their audience if they advocate a poor product or service if they have never actually utilised it. [2]. As its name implies, involved affiliate marketing refers to those who have a close relationship with the product or service they are promoting. The affiliate has utilised the product and feels it will provide a favourable experience, therefore he or she is qualified to make claims about its usefulness. Affiliate marketers leverage their own experiences with the product in their marketing efforts instead of depending on pay-per-click, and buyers may trust them as reliable information sources. Obviously, building trust with this kind of affiliate marketing takes more work and time, but the long-term advantages are likely to be greater. [3]

**C. Marketing affiliate in India**

The Indian market has grown significantly over the past five years, and its future is anticipated to be very bright. The increasing demand of consumers makes it a lucrative market in India and around the world.

Affiliate marketing offers the lowest risk and most potential for profit of any market in the country. [25] Due to the low level of competition, it is advantageous for both affiliates and brands to perfect their talents and earn a substantial amount of money in the future. [8]. Affiliate marketing is becoming increasingly popular worldwide, and India is no exception. Due to the particular cultural landscape and purchasing behaviours of Indian consumers, affiliate marketing may be the ideal strategy for your organisation. It is a potent instrument for expanding your reach and selling more products and services. [12] Businesses may design a successful affiliate marketing plan that will help them gain brand recognition and increase their return on investment by gaining an understanding of the local culture and purchasing habits. [21]

**D. Common Affiliate Marketing Channel Types**

The majority of affiliates use a set of regular methods in order to guarantee that the audience they are trying to reach is interested in and receptive to acquiring the items that are offered to them. However, not all affiliates promote their items in the same manner. In reality, they can utilise a number of different marketing methods. [11].

- **Influencers.**

  A content provider with the ability to affect the purchasing decisions of a substantial portion of the population is an influencer. This individual is well-positioned to profit from affiliate marketing. Through social media posts, blogs, and other interactions with their followers, it is simple for them to guide consumers to the seller's products. The influencers are then compensated with a portion of the earnings they helped generate. [15]. The use of influencer marketing is increasingly common on social media platforms like Instagram and TikTok, which allow marketers to negotiate deals with content creators known as "influencers" and considered to be experts or authorities in their respective fields. Depending on the terms of the arrangement, a campaign can include a series of product reviews with photographs, account takeovers, or live broadcasts. [20]. While an influencer may have their own branding and aesthetic, it is essential to include components that correspond with your brand to achieve brand identification and recall. Using tools such as Instasize, you can instantly change and customise your campaign's creatives with a single tap.

- **Bloggers.**

  Bloggers excel at increasing a seller's conversions with content marketing due to their ability to rank organically in search engine results. The blogger samples the product or service and then publishes an in-depth review that persuasively supports the brand and drives traffic to the seller's website. [28] The blogger is compensated for his or her impact in spreading the word about the product's value, hence boosting the seller's sales.

- **Search-focused microsites**

  Microsite construction and monetization helps boost affiliate earnings. Partner sites or sponsored SERPs promote these websites. Separate from the main webpage. Microsites boost conversions by targeting and personalising content for a specific audience. [13]

- **Email lists.**

  Despite its age, email marketing is a viable affiliate marketing income stream. Some affiliates can utilise their email lists to promote the seller's items. Others may use email newsletters that contain product links to earn a commission when a consumer purchases a product. [26] Another option is for the affiliate to gradually construct an email list. They employ their numerous campaigns to capture email addresses in bulk, then send emails marketing their products.
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- Significant media websites
  These websites are focused on amassing an audience of millions and are designed to generate constant volumes of visitors. Utilizing banners and contextual affiliate links, these websites market their items to their enormous audience. This strategy provides improved visibility and increases conversion rates, resulting in high-quality revenue for both the vendor and the affiliate. [9] Amazon's affiliate programme, Amazon Associates, is one of the most well-known websites and has the greatest market share among affiliate networks (46.15 percent). Other well-known affiliate programmes include: AvantLink, LinkConnector, CJ Affiliate, Affiliate Future, ClickBank, ShareASale, and FlexOffers.

Table 1: Top Affiliate Programs by Online Retailing Companies

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Affiliate Platforms</th>
<th>Signing Amount</th>
<th>Cookie Duration</th>
<th>Minimum Payment Threshold</th>
<th>Average commission rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amazon Associates</td>
<td>None</td>
<td>24 hours</td>
<td>INR 2500</td>
<td>1% to 10%</td>
</tr>
<tr>
<td>2</td>
<td>Awin</td>
<td>INR 380 approx. (only refunded if you’re approved)</td>
<td>Variable (directed by the advertisers)</td>
<td>INR 1500 approx</td>
<td>NA</td>
</tr>
<tr>
<td>3</td>
<td>Flipkart Affiliate</td>
<td>None</td>
<td>24 hours</td>
<td>INR 25,000</td>
<td>6% to 20%</td>
</tr>
<tr>
<td>4</td>
<td>Reseller Club</td>
<td>None</td>
<td>24 hours</td>
<td>INR 50</td>
<td>NA</td>
</tr>
<tr>
<td>5</td>
<td>BigRock Affiliate</td>
<td>None</td>
<td>60 days</td>
<td>INR 3200 up to 30% of each sale</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>ClickBank</td>
<td>None</td>
<td>60 days</td>
<td>Allows you to choose from INR 750 onwards</td>
<td>50% to 90%</td>
</tr>
<tr>
<td>7</td>
<td>Optimise</td>
<td>None</td>
<td>30-40 days</td>
<td>Depends on advertisers</td>
<td>NA</td>
</tr>
<tr>
<td>8</td>
<td>Cooldowns</td>
<td>None</td>
<td>7 days</td>
<td>INR 500</td>
<td>NA</td>
</tr>
<tr>
<td>9</td>
<td>vCommission</td>
<td>None</td>
<td>Depends on the product</td>
<td>INR 5,000</td>
<td>$65 till 5 sales and increases to $125 for 21 sales</td>
</tr>
<tr>
<td>10</td>
<td>Hostgator Affiliate</td>
<td>None</td>
<td>60 days</td>
<td>INR 3200</td>
<td>60% to $125 per sale or a flat rate</td>
</tr>
</tbody>
</table>

B. Eight of ten brands have an affiliate marketing programme.

Ninety percent of merchants and advertisers believe that affiliate marketing is an important part of their overall marketing strategy, according to the findings of a survey that was conducted in 2016. A strategy known as affiliate marketing is used by more than eighty percent of respondents with the goal of boosting website traffic and revenues. Additionally, around ten percent of an advertiser's total marketing budget is allocated to affiliate marketing by more than eighty percent of those advertisers. [27] Establishing an affiliate marketing programme can result in increased brand awareness, improved lead generation, and more sales without requiring a substantial advertising budget. However, a successful affiliate marketing programme depends on various factors, including the selection of brand affiliates who target the same consumer profile or operate in the same sector. [17] Thus, the brand is able to reach its target customers more quickly and uncover new markets for its products and services.

C. Affiliate marketing drives 16% of eCommerce sales in the United States and Canada.

Affiliate marketing is responsible for around 15 percent of the revenue generated by digital marketing channels. It is now one of the most successful kinds of digital advertising, surpassing email marketing, sponsored search, and social media marketing [24].

D. The majority of publishers gain additional revenue through affiliate marketing.

The percentage of publishers that take part in affiliate marketing exceeds 84 percent. The majority of publishers, 94%, take part in two or more affiliate programmes, whereas just 39% and 20% of publishers, respectively, use three or more and five affiliate marketing programmes. Publishers have the option of collaborating directly with firms or becoming members of affiliate networks such as Amazon Associates, AWIN, or the eBay Partner Network (EPN). In addition to linking businesses and newspapers, affiliate networks offer account administration, commission disbursements, and reporting. [6]

E. The fashion and wellness industries are the most lucrative markets.

A quarter of all affiliate programme accounts are in the fashion business, which includes apparel, footwear, jewellery, handbags, and other accessories. [14] However, health and wellness, valued over $4 trillion, emerge as the most lucrative industry. Fitness, diet trends, alternative medicine, and organic foods and beverages are some niches in the health and wellness sector. Other lucrative affiliate marketing niches include: hobbies, travel, gaming, technology, beauty, luxury items, personal finance, movies and music, and pet care.

F. Cost-per-action or pay-per-lead is the most prevalent payment strategy.

In this approach, the merchant or advertiser pays a specified amount to the publisher for each action performed by a user.
VIII. CONCLUSION

Focusing on medicine and health marketing can be an excellent way to get additional revenue. This industry produces health and hygiene products, vitamins, medications, supplements, masks, and face shields, among other items. [16]. People have been working from home for some time, and as a result, their social contacts have diminished. Isolation from the outer world has caused numerous mental difficulties. In recent months, the demand for online mental health services has increased, and this trend will continue in the near future. More time spent on electronic devices for work or school has raised the demand for peripherals such as tablets, keyboards, headphones, etc. Affiliate marketing for firms that offer these tools and products will continue to be successful in 2021. As individuals have been and will continue to be at home for the next few months, the popularity of streaming services and online gaming has exploded. [29] This is a fantastic opportunity for affiliates to promote their items alongside entertainment channels.

Increasing Internet usage worldwide is propelling the affiliate marketing industry, particularly in countries like India. [18]. Affiliate marketing is a field where one can quickly find a new job path with the aid of proper programmes.

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AUTHORS PROFILE

Dr. Anil Sharma is a competent professional with 12 years of teaching experience in the BBA & MBA programs in teaching, training and mentoring management students. He holds Ph.D. degree in Marketing Management, Post Graduate Degree in Business Administration and Bachelor’s degree in Computer Science. He has 23 Publications across Scopus, UGC, Peer-Reviewed, and ISBN/ISSN-Conference proceedings. He has attended and presented more than 22 research papers at various reputed International and national level journals/conferences across India. He is recipient of best paper awards at International Conference. Dr. Sharma is Member Board of Studies, Chairman for question paper setting panels, and evaluator at the university level. He has sound knowledge of the NAAC and NBA accreditation process. He has Proficient knowledge of the Statistical software SPSS. His area of interest is Marketing, General Management and Statistics. Over the course of his 11 years in the workforce,

Dr. Hiren Harsora, (BBA, M.Com. M.Phil., Ph.D.) has held positions in the corporate world, academic institutions, and research institutions. In the realm of marketing, some of the topics that particularly pique his attention include marketing management, service marketing, and consumer behavior. He has participated in a variety of national and international conferences, including those at which he was invited to give presentations on many occasions. Dr. Harsora has been the Institutes’ go-to person for organizing a variety of FDPs and international conferences. Additionally, he has taken part in a great number of FDPs for research writing, improving research, improving teaching pedagogy, and other similar topics. In addition to that, the Indian Accounting Association has granted him life-time membership. He has relationships with a variety of academic organizations across the country.

Ms. Medha Sharma with her passion ranging from books to wildlife she is a curious human. She completed her masters with English literature and works in the education sector as well as a freelancer. She considers life as a gift and enjoys the little things the most. With her right brain more active, she is a creative person with special corner to painting and crafts. She has worked with various prestigious educational institutions as assistant professor, academic associate, and visiting faculty. She has published research papers in journals. And is currently co-authoring a book for English language learning. She has been the managing director of her mother's school since the last four years.