



Analyzing Consumer Behavior Through Affiliated Marketing Factor Exploration

Gourav Doomra

Research Scholar

Desh Bhagat University

Mandi Gobindgarh, Punjab

Rajni Saluja

Professor-Director

Department of Business management and
Commerce

Desh Bhagat University

Mandi Gobindgarh, Punjab

ABSTRACT

Affiliate marketing is defined as a performance-based marketing strategy where advertisers offer payment in exchange for quantifiable results. In the realm of affiliate marketing, publishers, marketers, affiliate networks, and customers are the main participants. Publishers use commercials to actively engage people in the process, advertisers grant publishers permission to use their content, customers click on ads to complete purchases, and affiliate networks monitor and facilitate transactions involving payment. This study looks into several types of Internet advertising compensation models, such as pay-per-lead, pay-per-sale, and pay-per-click. During the data analysis stage, the research employed quantitative and qualitative techniques to gain a thorough understanding of affiliate marketing. Moreover, various statistical techniques were applied to examine the dataset thoroughly. The results were displayed in a tabular style and included significant variables including pricing impacts and trustworthiness. The study looked at how affiliate marketing affected the behavior of online shoppers, with a focus on differentiating between affiliate programs. Success in the field of affiliate marketing depends on the tactical coordination of various models with organizational goals and the seamless integration of these models. Conducting a comprehensive analysis of consumers, commodities, and networks is vital to enable efficient planning.

Keywords: Affiliate Marketing; Pay-Per Click; Pay-Per Lead; Pay-Per Sale; Consumer Behavior.

INTRODUCTION

An organization that uses affiliate marketing pays external publications money for driving traffic or leads to its wide range of goods and services. This type of marketing is known as affiliate marketing. a publisher who does not participate directly in the development or manufacturing of the content they distribute. In light of the commission fees that they incur, affiliates are encouraged to investigate methods that could increase the amount of traffic that originates from their connections. Businesses that operate online and want to reach a wider audience of potential customers may choose to work with affiliate marketers. This could make it easier for them to achieve their goals. An affiliate is a person who possesses a significant amount of websites or email marketing lists (Ghosal et al., 2021). This makes it possible for people to grow their network in direct proportion to the number of websites or email addresses they hold. The affiliate will then go ahead and use their network to spread the word about the products that are offered on the e-commerce site. The member accomplishes this through email communication with its customer base or by using traditional adverts, textual advertisements, or hyperlinks on any of its various owned websites. The primary goal of advertisements is to draw in a specific audience by showcasing a particular service or product in a variety of formats, including articles, videos, or photos. Businesses utilize advertisements for many different things. Customers are redirected to the web page of the online company that the affiliated entity serves when they engage with any of those hyperlinks or adverts. Every time a customer buys an item or service, the e-commerce company credits the associate's account with the predetermined compensation. The cost usually ranges from five to ten percent of the final transaction price of the promoted items, according to Dwivedi (2017). An affiliate or publisher uses their own online channels, including websites,

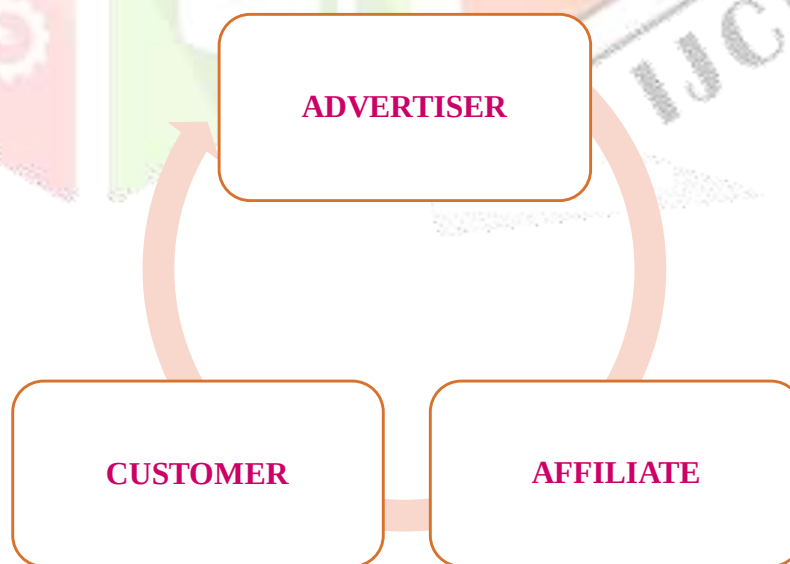


Fig 1: Affiliate Marketing Schematic Representation

blogs, and vlogs, to market a business's goods and services. Affiliate marketing is a subset of digital marketing. The principal aim is to direct prospective buyers to the vendor's website, thereby promoting an increase in sales. Three separate entities make up the fundamental elements of affiliate marketing. Three

primary roles can be distinguished among the parties involved in the sale of products and services: the advertiser/seller, the publisher, and the customer. Any organization that sells a variety of goods, such as cutlery, airline tickets, books, electronics, and insurance, is referred to as the vendor or advertiser. Publication production and distribution fall under the purview of publishers. The people who actually read the content are called consumers. Publishers and affiliates are organizations that run real-time advertisements and drive prospective buyers to seller websites. They accomplish this by putting these kinds of promotional activities on their own blogs, vlogs, and webpages. Affiliates may also be a frequent term for publishers.

Affiliate Marketing Techniques

In the realm of affiliate marketing, a wide variety of strategies are available, and some systems incorporate elements from multiple approaches. This study's main goal is to investigate marketing strategies that have demonstrated significant efficacy and widespread acceptance. Search engine optimization, pay-per-click advertising, marketing via email, social media marketing, and website content are some of these tactics (Heitzman, 2011). Heitzmans claims that although the principle of affiliate marketing is simple conceptually, promoting affiliate items is difficult in real life. This runs counter to the belief that affiliate marketing is a simple concept. Because of this, publishers have to be very careful when choosing a plan that will work well and fit into the advertising strategy (Duffy, 2005).

a) Pay-per-click (PPC): Also referred to as pay-per-click, pay-per-click is the sponsored search tactic most frequently employed. The publisher bids on several relevant keywords that are associated in some way with the products that they are promoting. However, because the publisher is unable to select the terms that best describe their products, this strategy does not lend itself to simplicity. AdWords proficiency is a prerequisite for this strategy, and the publisher must also be able to assess whether the phrases in question are relevant to the transformation (Heitzman, 2011).

b) Search Engine Optimization (SEO): In the modern world, SEO is a kind of marketing that is gaining popularity. Utilizing optimization for search engines will make a website easier to find on the list of results, which essentially means that it will appear higher on results pages. The possibility that someone might click on the website's URL will rise as a result of the website's presence on the customized search engine. Employing the right keywords while describing the website could help it rank higher in the list of results.

c) Email marketing: Using email marketing to stay in touch with customers can be done quickly and easily. An internet user's email address gets added to a subscription list when they consent to receive bulletins from a website. Emails with promotional content are frequently sent to this list.

d) Social Media: Information is shared quickly and continuously throughout the different social media platforms. Social media's wide dissemination and quick reach are advantageous to both publishers and customers. Additionally, this is a really effective method that accomplishes a number of goals at once: it

advertises products, interacts with customers, gets their opinions, and makes sales. Through the sharing management function, marketers can track the performance of their affiliates when they publish links on social networks.

e) *Website/content*: There are a few parallels between the social media approach and the Website/content methodology. Affiliates can use both posting links and providing comments as a means of marketing the products. For example, they may create a completely separate page exclusively for them or include links or banners in the sidebar, header, or footer. Additionally, publishers can write a post promoting their products and include any pertinent banners or links.

Affiliate Marketing Factors

A common marketing tactic is affiliate marketing, in which people or organizations market the products or services of another business in the hopes of receiving payment for each lead or sale that is brought about by their efforts. The commission could take the form of cash compensation or other products and services. The advertiser, which acts as the corporate body in charge of selling the goods or services, and the affiliate, which handles the job of publishing or promoting, must work together effectively to implement affiliate marketing. Numerous elements might be considered to contribute to the effectiveness and success of affiliate marketing. A few important things that need to be considered are as follows. Patrick and Hee (2019) assert that by carefully considering and regularly optimizing the previously listed elements, advertisers can increase sales, broaden brand reach, and cultivate win-win relationships with affiliates.

1. *The Affiliates' Selection Process*: Choosing the right affiliates to partner with is crucial to the success of an affiliate marketing campaign. There are several factors that advertisers should think about while selecting affiliates:

a) The target market of the advertiser should correspond with the audiences of affiliates. The intended audience of the advertiser should coincide with the audiences of affiliates. For example, collaborating with fitness bloggers, health influencers, or sports-related blogs might be a suitable marketing approach for an advertiser selling exercise equipment.

b) *Website Traffic*: Affiliates ought to have a substantial and active audience. Examine the website traffic, accounting for the number of unique visitors, page views, and engagement metrics like average session duration and bounce rate.

c) *material quality*: Evaluate the material supplied by the affiliate in terms of its quality and relevance. Superior content demonstrates the author's skill, provides the reader with something worthwhile, and enhances the author's reputation.

d) Reputation and engagement: Examine the affiliates' reputations in addition to their level of commitment. Look for affiliates who are well-represented on social media, engage with their audience often, and receive positive feedback from their fan base.

2. *The Framework for Commissions:* The amount of money affiliates receives for each sale or lead they generate is determined by the compensation structure. Among the most crucial issues are:

a) The Rate of Commission The commission rate could be expressed as a percentage of the transaction's total value or as a fixed fee. It should be competitive in the industry in order to draw in and inspire affiliates. If affiliates receive more commissions for their efforts, they can be inspired to work harder.

b) Revenue Structures with Tiers Based on Ad Performance: Certain advertisers offer revenue structures with tiers based on the effectiveness of their advertisements. Affiliates are further motivated to perform to the best of their skills since they may receive greater commissions if they meet specific milestones or make more sales.

c) Cookie Duration: Cookies keep track of the actions that users take and can be used to link a particular affiliate to a sale or lead. Longer cookie durations provide affiliates more time to earn commissions since they let them get credit for transactions performed within the cookie's length, even if the sale happened after the cookie expired.

3. *Precise Monitoring and Attribution:* Precise tracking and crediting are essential elements of affiliate marketing. This is how the operation works:

a) Unique Tracking Links: Every affiliate receives a unique tracking link or code that can be used to track the traffic they send and the clients they bring on board. When a user clicks on an affiliate link, they are redirected to the advertiser's website, where a code for tracking has already been added.

b) Conversion tracking: Conversion pixels or scripts are those placed on an advertiser's website to track user actions, like completing a lead form or making a purchase. The code used for tracking assigns a conversion to the relevant affiliate when it occurs, allowing commission calculations to be done accurately.

c) Affiliate Dashboards: Advertisers frequently provide affiliates with dashboards that allow them to see performance data in real time. Usually, this information will contain conversion rates, profits, clicks, and conversions.

4. *Resources and Help for Affiliates:* Offering assistance and assets to affiliates may have a significant impact on how well the affiliates operate. Keep the following in mind:

a) Marketing Materials: Marketers are required to supply a variety of marketing materials to their affiliates, such as banner ads, product images, films, and other types of promotional content. This section's contents make it easier for affiliates to effectively promote the advertiser's products.

b) Help for affiliates: Giving affiliates individualized support enables prompt resolution of their inquiries, issues, and technological challenges. This support can be given by email, live chat, or by employees who work only on helping people.

c) Education and Training: Giving affiliates access to educational resources and training tools fosters the growth of their marketing skills, which enhances their effectiveness as a whole. Content such as courses, webinars, guidelines, and established practices are a few examples.

d) Sustaining Consistent Communication: One of the best ways to notify affiliates about new products, promotions, and program changes is to maintain regular channels of communication with them. Examples of these channels include newsletters, updates, and announcements tailored to individual affiliates.

5. *Transparency and Communication*: Open and honest communication between advertisers and affiliates promotes trust and ensures compliance. Be mindful of the following elements:

a) Rules and Terms: The affiliate program's rules, terms, and conditions must be spelled out clearly. This entails establishing guidelines for openness, guaranteeing adherence to all relevant laws and rules, and outlawing specific advertising tactics.

b) Compliance Monitoring: To ensure that your affiliates are adhering to the program's standards, you should routinely monitor their activity. This protects the advertiser's image as a brand and aids in the maintenance of a reliable affiliate network.

c) Working together and leaving comments: Encourage your affiliates to leave comments, ideas, and reflections. Prioritize asking for their input so that you can improve the program, the marketing materials, and the collaborative experience as a whole.

6. *The caliber of the Items or Services Promoted*: The caliber and applicability of the goods or services being promoted have a big impact on how successful affiliate marketing is. Keep the following in mind:

A) Proposition for Value: Verify that the advertised good or service meets the needs of the target market or provides a solution to an issue for them. It must differentiate itself from the competitors and offer a distinct set of benefits.

b) Experience of Users: Focus on making sure the user has a seamless and fulfilling experience. This includes things like how the website looks, how user-friendly it is, how well the process for making payments works, and how quick the customer support service is to respond.

c) Reviews and Reputation: Build a solid reputation for the products or services being advertised. If items and services have a track record of receiving favorable ratings, reviews, and testimonials from clients, affiliate marketers will find it easier to promote them.

7. *Optimization of Conversion:* To get the most out of affiliate marketing, conversion process optimization is crucial. Think about the following tactics:

a) *Landing Page Optimization:* Make sure landing pages are readable, relevant to the audience, and consistent to the affiliate's promotional content. Attractive content, a clear call to action, and clear product information can all assist in boosting conversion rates.

b) *Sales Funnel Optimization:* This stage involves looking at the entire sales funnel to find potential bottlenecks and areas that could use improvement. The procedure should be expedited, friction should be minimized, and a seamless transition should be offered from the affiliate's suggestion to the actual purchase.

c) *Simplify the checkout process* to cut down on the amount of clients abandoning their carts. Provide customers with many payment options, allow them to check out as visitors, and use trust markers such as secure payment badges.

d) *Continuous A/B Testing and Optimization:* Test and improve various conversion process elements on a regular basis, such as landing pages, calls-to-action, pricing schemes, and exclusive offers.

e) *Conversion Rate Optimization:* Consistently raise the proportion of website users who become paying clients. In order to increase conversion rates, analyze data and make decisions based on it.

8. *Analyzing and Monitoring Performance:* The entire optimization of the program is influenced by regular tracking and evaluation of the affiliate marketing performance metrics. Keep the following in mind:

AKAs, or key performance indicators, are as follows: Ascertain the critical key performance indicators (KPIs), including client lifetime value, average order value, click-through rates, rate of conversion, and return on investment. To gauge the effectiveness of your affiliate marketing campaigns, keep an eye for these indications.

b) *Attribution Analysis:* Research the relative significance of different traffic sources, affiliates, and advertising avenues in generating conversions. This makes it possible to identify the affiliates that are performing at the highest level and to distribute resources accordingly.

b) *Create comprehensive Performance Dashboards for Affiliates:* include affiliates with comprehensive performance reports that include information on their earnings, conversion rates, and other relevant metrics. With the help of these reports, affiliates may keep a closer eye on their progress and identify areas for improvement.

d) *Program Optimization:* Make informed decisions about the program for affiliate marketing by utilizing the performance data. Identify patterns, areas of concern, and areas that could be used better, then search for opportunities for growth.

Because participants came from a variety of backgrounds and from Punjab's largest cities, the study was considered a highly influential exploration of the field of affiliate marketing in the Indian subcontinent as a whole, with Punjab as the focal point. Businesses involved in online shopping have the opportunity to improve their plans and strategies on a national scale by utilizing the important characteristics and features that emerged during the investigation. Businesses can give equal weight to the explicit and implicit needs of their customers when it comes to online purchases. Various organizations may also utilize the data to determine the specific client demographic they wish to target. Practitioners may find value for the study's findings when reevaluating and adjusting their online shopping tactics. As technology continues to advance, a wider range of commercial options are becoming available to various organizations. Businesses were expected to prioritize the integration of e-commerce into their business operations. Businesses would find it easier to grow their online consumer base and increase the revenue generated from their online activities if they had a deeper grasp of customers' online buying habits.

METHODOLOGY

- **Study Area:** This investigation's comprehensive reach was constrained to the Punjab region due to its narrow scope. The cities of Ludhiana, Jalandhar, and Amritsar—all located in the Punjab province—were included in the sample. This study looked at a wide range of product and service categories, such as apparel, shoes, accessories, white goods (electrical appliances), mobile devices, movie tickets, lodging and travel, books, and home furnishings. These resources were available via a number of internet-based channels.
- **Data Collection:** To make the classification process easier, the data sources were divided into two categories: primary and secondary sources. A wide variety of published works about retailing and consumer behavior were consulted during the secondary data collection process. As opposed to this, the researcher collected primary data through the use of a carefully crafted questionnaire that was created following a thorough review of pertinent literature.
- **Sampling:** The study focused on a sample of 600 online consumers residing in three cities of Punjab, namely Ludhiana, Jalandhar, and Amritsar. The sample will consist of 200 participants from each district. The research used a non-probability sampling method to get its sample.
- **Statistical tools and techniques:** A range of statistical tools and techniques were employed to examine the study, including factor analysis, analysis of variance (ANOVA), multiple regression analysis (MRA), and t-test, among other tests. For measuring and creating scales, a five-point Likert scale was employed.
- **Evaluation of different compensation models:** Pay-per-click (PPC), pay-per-lead (PPL), and pay-per-sale (PPS) are three different types of affiliate marketing that were the focus of this study. The principal objective of our research was to obtain a thorough understanding of the benefits and drawbacks associated with every model, specifically concerning their efficiency, financial gain, and general efficacy.

RESULTS

- **Consumer Perceptions Regarding the Influence of Various Factors on Affiliate Marketing:** Table 1 illustrates the viewpoints of individuals regarding various factors that impact affiliate marketing. The table's rows represent multiple dimensions or factors, while the columns indicate different levels of agreement, ranging from 'Strongly Disagree' to 'Strongly Agree.' The data presented herein illustrates the distribution of responses pertaining to each criterion within a sample of adult individuals hailing from the United States. Regarding the attribute labeled 'Trustworthy,' the findings from the survey reveal that 35% of participants strongly concurred, 40% concurred, 16.67% maintained a neutral stance, 5% disagreed, and 3.33% strongly disagreed. The table presents an analysis of various dimensions, such as 'Positive Attitude,' 'Mobile App Impact,' 'Price Increase,' and 'Ads in Decision-Making.' This research utilizes a quantitative methodology to evaluate the perspectives of participants regarding the influence of various factors on the practice of affiliate marketing.

Table 1: Consumer Perceptions on the impact of factors of Affiliate Marketing

Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Trustworthy	35%	40%	16.67%	5%	3.33%
Have Positive Attitude	33%	29.67%	18.33%	14.33%	4.67%
Mobile App Insults Intelligence	3.33%	10%	20%	33.33%	33.33%
Increase in Price	6.67%	13.33%	25%	30%	25%
Advertisements Help in Decision-Making	25%	33.33%	20%	11.67%	10%

- Table 2 presents a comparative analysis of Model 1, Model 2, and Model 3 based on specific criteria. The first model exhibits a mean value of 26.85, while the second model demonstrates a mean value of 28.46. Lastly, the third model displays a mean value of 24.71. These methods illustrate the primary patterns observed in the data. Model 1 exhibits a standard deviation of 4.56, Model 2 has a standard deviation of 4.91, and Model 3 demonstrates a standard deviation of 5.12. These values indicate the extent of data dispersion around the mean. Each of the three models consists of 600 observations. The analysis of variance (ANOVA) results indicate that the F-value is 3.84, and the associated p-value is 0.35. The F-value is utilized to assess the disparity between the means of different groups and the variability within each group. On the other hand, the p-value is employed to determine the statistical significance of these differences. The table presents a comparison of statistical data and the results of an analysis of variance (ANOVA) for the three models.

Table 2: Results of ANOVA

	Model 1	Model 2	Model 3	F-value	p-value
Mean	26.85	28.46	24.71		
SD	4.56	4.91	5.12		
N	600	600	600		
ANOVA				3.84	0.35

- T-tests were employed to assess the differences in consumer buying behavior scores across specific pairs of affiliate marketing models (Table 3).

Table 3: Results of T-test

	Group A	Group B	t-value	p-value
Mean	25.14	28.67		
Standard Deviation	4.92	5.21		
t-test			2.18	0.03

- The Kaiser-Meyer-Olkin Measure of Sampling Adequacy yielded a value of 0.818, suggesting that the sample used in the factor analysis demonstrated a satisfactory level of adequacy (Table 4).

Table 4: Results of Factor Analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.818
Approx. Chi-Square		823.981
Bartlett's Test of Sphericity	D.f	45
Significance		.000

- Regression analysis was employed to predict clients' purchase behavior using the identified indicators of affiliate marketing. The model's overall significance was determined to be statistically significant, as evidenced by the computed F value of 11.001. The coefficient of determination, denoted as R squared (R^2), was calculated to be 0.751. This value signifies that approximately 75.1% of the variance in the dependent variable can be accounted for by the independent variables included in the model. Moreover, the observed significance level of 0.031 underscores the statistical significance of the relationships between the dependent and independent variables (Table 5).

Table 5: Results of Regression Analysis

F-value of the model	11.001
R^2	0.751
Significance Level	0.031

- The findings of researcher's theoretical investigation have provided insights into the distinct attributes associated with each affiliate marketing program. The aforementioned items can be observed in the table provided below (Table 6).

Table 6: Comparison of Different Affiliate Marketing Models

Affiliate Marketing Model	Abbreviation	Key Features	Advantages	Challenges
Pay-per-Click (PPC)	PPC	- Affiliates paid based on clicks - Directs traffic to retailer's site - Enhances brand exposure	- Increased brand recognition - Traffic boost for retailers - Cost-effective based on conversions	- Clicks don't guarantee conversions - Quality of traffic matters
Pay-per-Lead (PPL)	PPL	- Affiliates rewarded for generating leads - Requires lead pre-qualification - Suitable for longer sales cycles	- Builds list of potential clients - Future sales opportunities - Greater affiliate involvement	- Quality assessment of leads - Varying lead definitions
Pay-per-Sale (PPS)	PPS	- Affiliates earn from actual purchases - Directly linked to revenue generation	- Motivates proper marketing efforts - Transparent impact on revenue	- May attract fewer affiliates - Risk associated with customer behaviour

CONCLUSION

Affiliate marketing is a marketing strategy that operates on a performance-based model, wherein marketers offer financial incentives in return for quantifiable results. The primary stakeholders in the discipline of affiliate marketing encompass various entities, including advertisers, affiliate networks, publishers, and customers. To effectively involve individuals, publishers employ advertisements, advertisers grant consent to publishers, consumers interact with advertisements by clicking on them, subsequently leading to purchases, and networks of affiliates oversee and facilitate transactions involving payments. This study examines various compensation strategies employed in online advertising, including pay per time period, pay per exposure/impression, pay per click, and pay per action. To achieve a comprehensive understanding of affiliate marketing through data analysis, the researchers employed a combination of both quantitative and qualitative methods of research. A diverse range of statistical techniques were employed to conduct a comprehensive analysis of the data. The results, which were displayed in a tabular structure, encompassed a range of crucial factors, such as the effects of trustworthiness and pricing. The objective of this study was to assess the impact of affiliate marketing on online consumers' purchasing behavior, focusing specifically on identifying the attributes of affiliate programs. To achieve success in the field of affiliate marketing, it is imperative to align

the business strategies with firm and seamlessly integrate multiple business models. In order to achieve effective planning, conducting comprehensive studies on the networks, products, and consumers involved is imperative.

REFERENCES

1. Ducoffe, R. H. (1995). How consumers assess the value of advertising. *Journal of current issues & research in advertising*, 17(1), 1-18.
2. Duffy, D. L. (2005). Affiliate marketing and its impact on e-commerce. *Journal of consumer marketing*, 22(3), 161-163.
3. Dwivedi, R. (2017). Analyzing Impact of Affiliate Marketing on Consumer Behavior with M-Commerce Perspective. *SMS Journal of Entrepreneurship & Innovation*, 3(2), 55-69.
4. Edelman, B. G., & Geradin, D. (2015). Efficiencies and regulatory shortcuts: How should we regulate companies like Airbnb and Uber. *Stan. Tech. L. Rev.*, 19, 293.
5. Gallagher, J. M., Auger, P., & BarNir, A. (2001). Revenue streams and digital content providers: an empirical investigation. *Information & Management*, 38(7), 473-485.
6. Ghosal, I., Prasad, B., & Singh, P. (2021). Predicting Factors influencing Consumer's purchase intention: A Study of Consumers redirected through Affiliate Marketing Program. *Pacific Business Review International*, 13, 76-86.
7. Gregori, N., Daniele, R., & Altinay, L. (2014). Affiliate marketing in tourism: determinants of consumer trust. *Journal of Travel Research*, 53(2), 196-210.
8. Haq, Z. U. (2012). Affiliate marketing programs: A study of consumer attitude towards affiliate marketing programs among Indian users. *International Journal of Research Studies in Management*, 1(1), 127-137.
9. Heitzman, A. (2011). Best Affiliate Marketing Promotional Methods. Higher Visibility.
10. Hoffman, D. L., & Novak, T. P. (2000). How to acquire customers on the web? *Harvard business review*, 78(3), 179-188.
11. Ivkovic, M., & Milanov, D. (2010, November). Affiliate internet marketing: Concept and application analysis. In *2010 International Conference on Education and Management Technology* (pp. 319-323). IEEE.
12. Kala, S., & Sharma, R. K. (2015). Behavior of customers towards online shopping in India. *International Journal of Core Engineering and Management*, 2(4), 127-131.
13. Kaushik, R., & Prativindhya, M. (2019). Influence of digital marketing on consumer buying behaviour for electronic products: An empirical study of Indian urban consumers. *International Journal of Advanced Science and Technology*, 28(16), 234-245.
14. Patrick, Z., & Hee, O. C. (2019). Factors influencing the intention to use affiliate marketing: A conceptual analysis. *International Journal of Academic Research in Business and Social Sciences*, 9(2), 701-710.