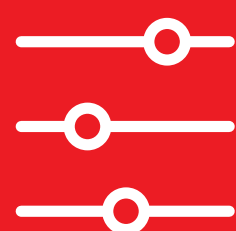
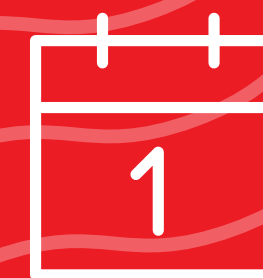
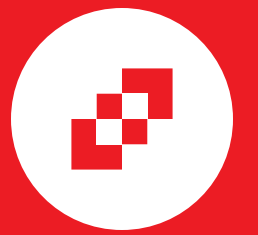


The Pepperjam Affiliate Marketing Sales Index



Updated through
May 9, 2020

pepperjam[®]



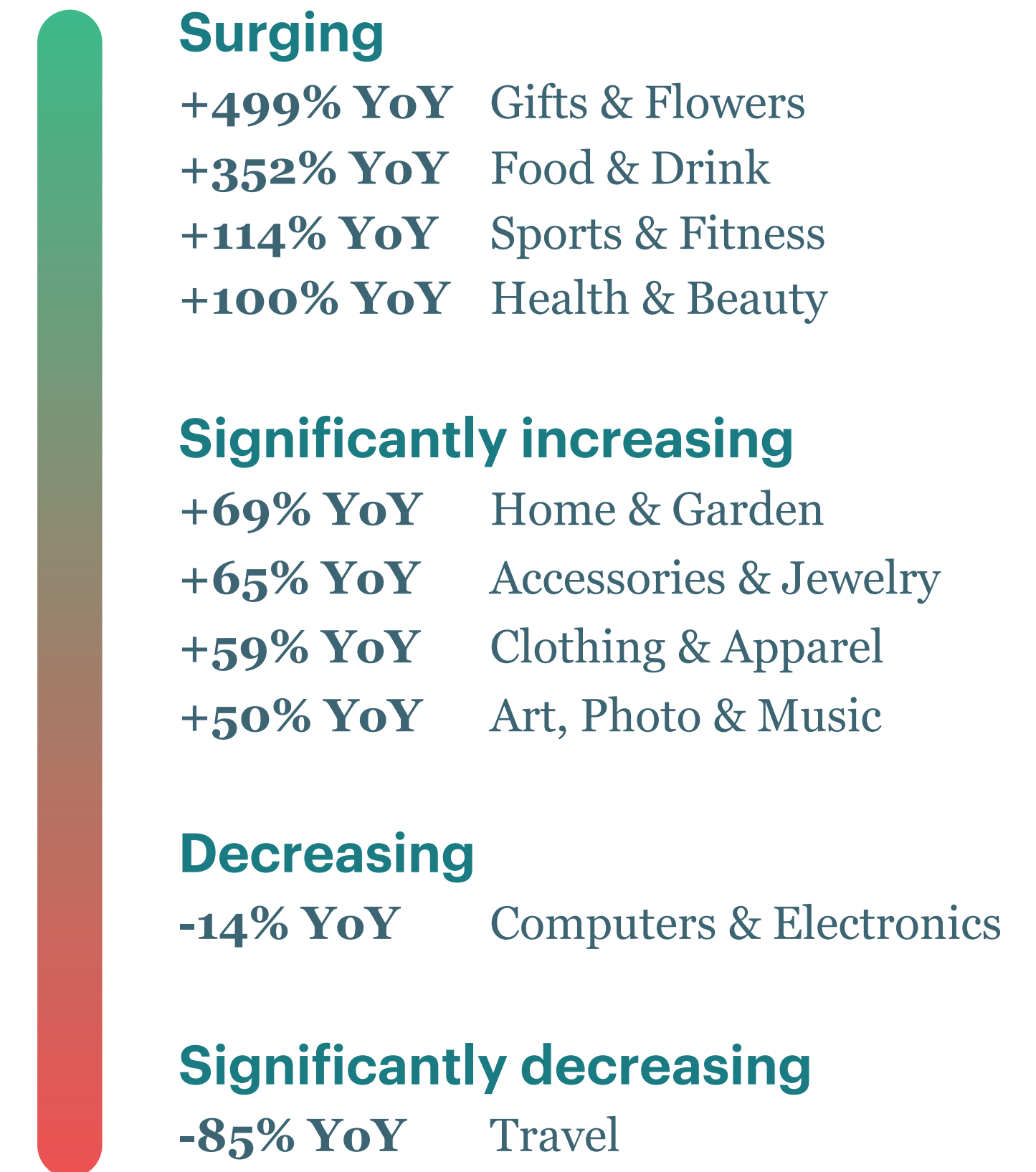
Introduction

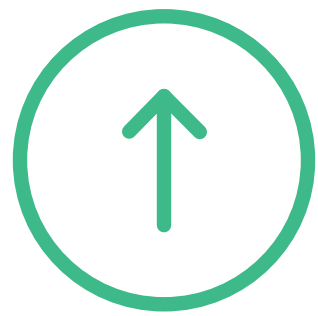
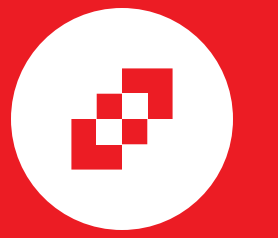
In developing the Pepperjam Affiliate Marketing Sales Index we measured the gross merchandise sales directly attributable to affiliate marketing promotions for the period beginning March 1st through May 9th and compared them against the affiliate gross merchandise sales for the same period in 2019.

We analyzed performance in 10 retail categories comprised of ~700 retail brands as tracked in the Pepperjam Ascend™ Affiliate Cloud Platform. Additionally, commission trends, publisher activity and customer behavior were also examined.

The PAMSI data is not intended as a proxy for overall affiliate marketing activity, e-commerce activity overall, or the performance of any individual business, including Pepperjam.

Vertical Status for Week Ending in 5/9





Weekly Revenue Trends

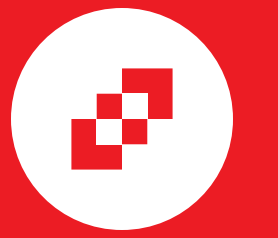
YTD revenue **momentum continued** into May.

YoY revenue growth experienced its **highest point** in week ending 5/9.

Gifts & Flowers observed the largest YoY increase across verticals, indicating a **greater number of Mother's Day purchases were made online this year** versus last year. (see page 8)

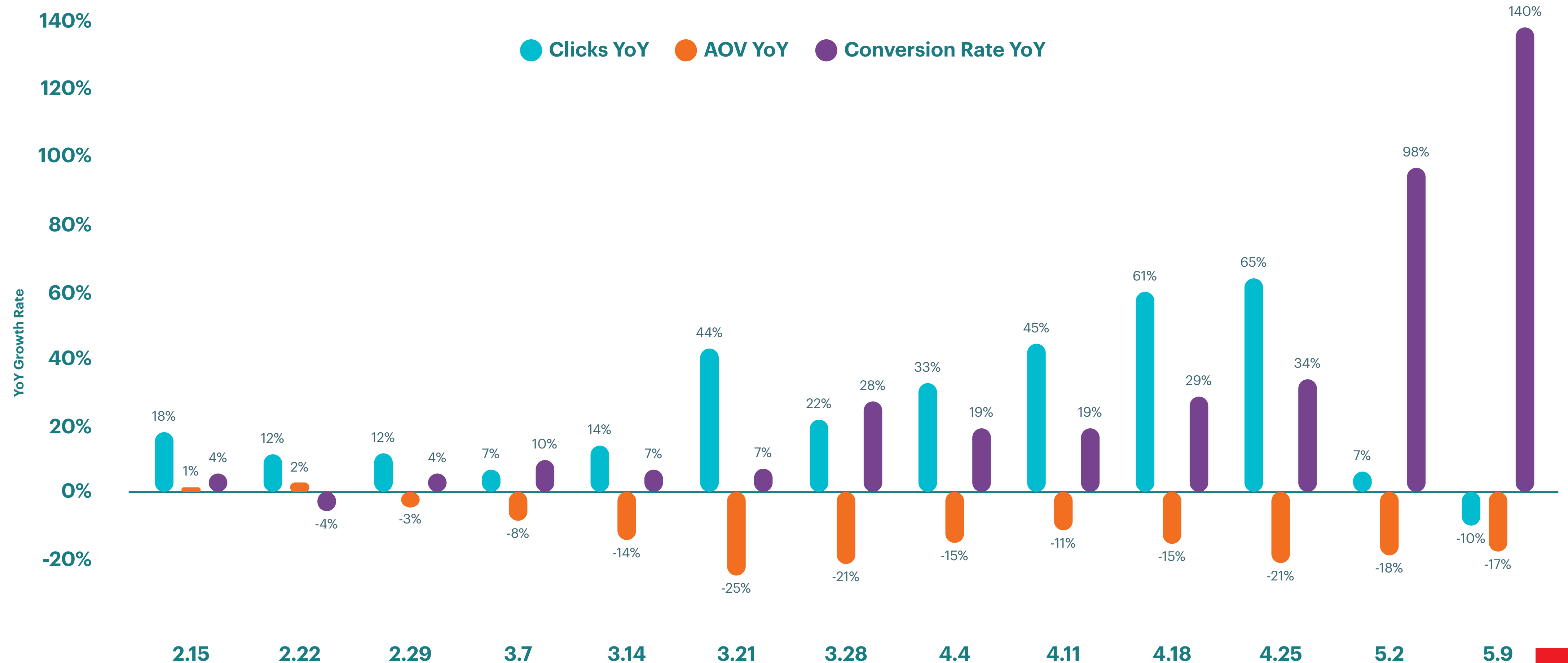
**In this version of the PAMSI and future versions hereafter, gross revenue data will be used, and will be independent of return data, to reflect true demand

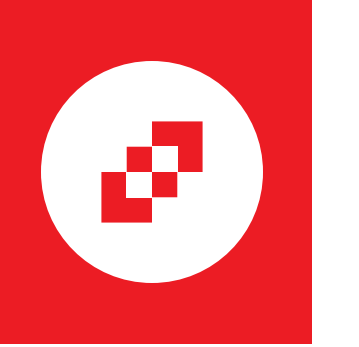




Drivers of Weekly Revenue Growth

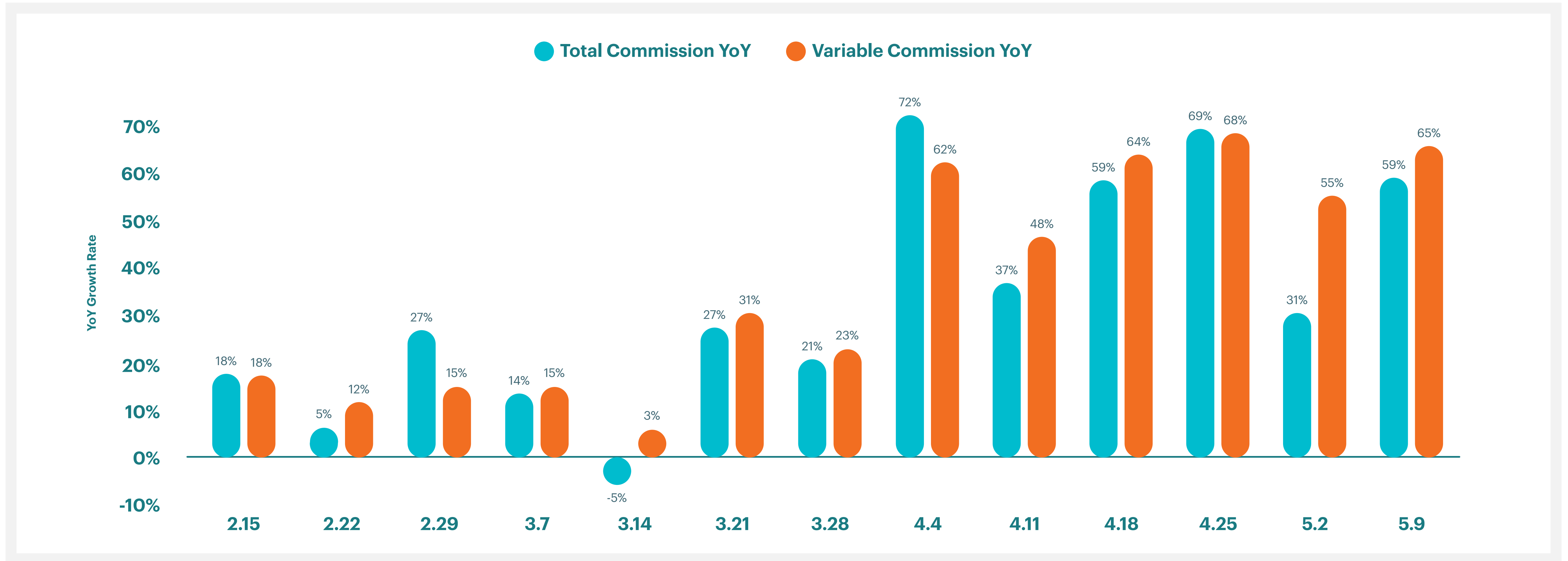
In week ending 5/9, YoY clicks decreased, but conversion rates experienced **highest YoY growth YTD**, primarily due to conversion drops for the same time period in 2019. AOV continued its downward YoY trend for week ending 5/9.





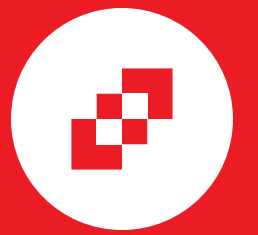
Weekly Commission Trends

We've provided views with and without bonuses to illustrate that spend is strong even without bonuses.



- Commissions paid to publishers are comprised of two types:
 1. “Variable Commission” is defined as a percentage of revenue or conversion
 2. “Bonus Commission” is defined as a flat amount typically associated with paid placements or media buys
- “Total Commission” is defined as the total of “Variable commission” plus “Bonus commission”

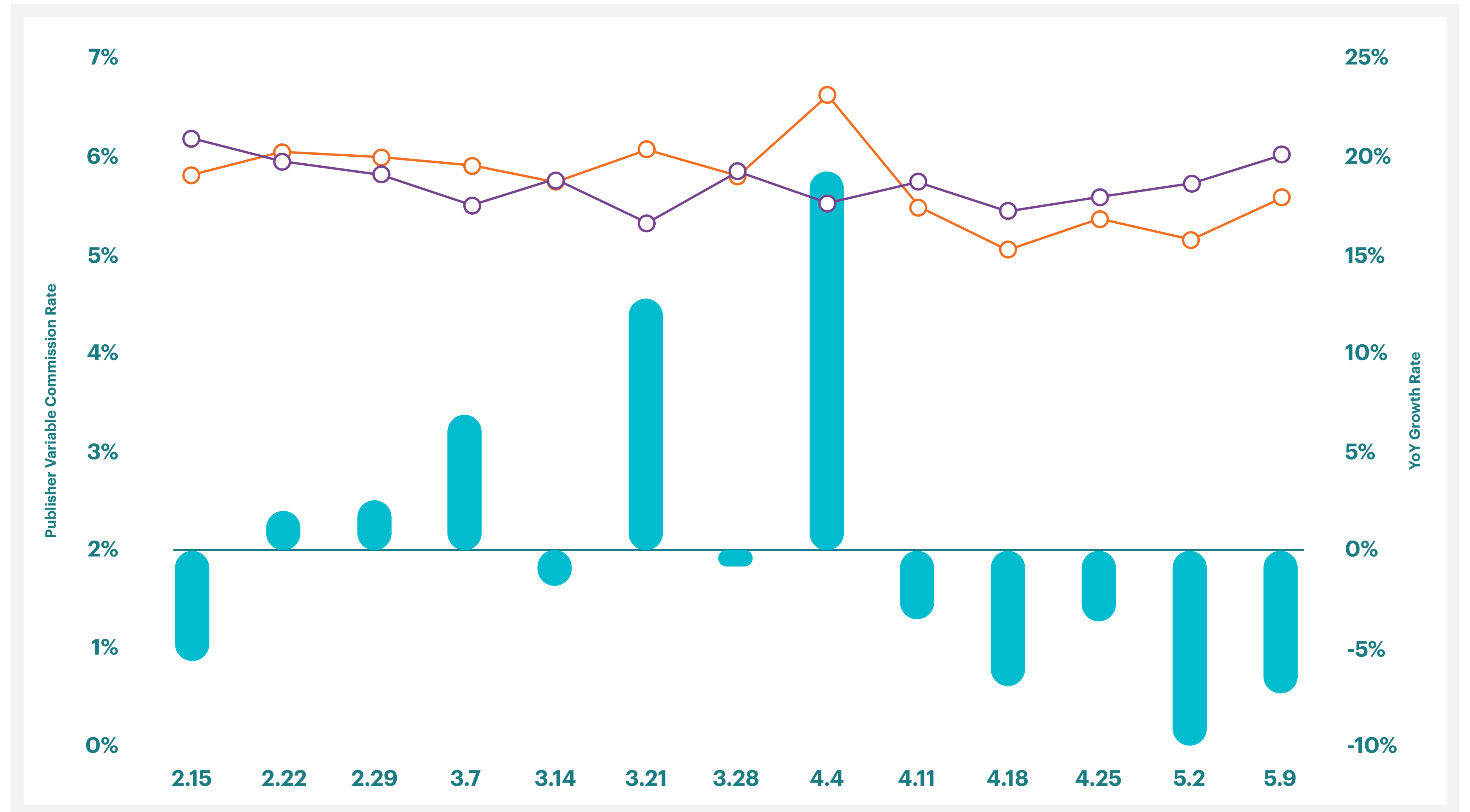
- In week ending 5/9, we observed a **65% increase YoY** in “Variable Commission” and **59% increase** in “Total Commission”.
- These continued upward trends suggest **greater brand investment and favor** into the affiliate channel's pay for performance model.



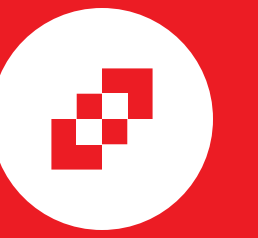
Weekly Variable Commission Rates Trends

“Variable Commission” rate growth **continued to decrease** YoY into week ending 5/9.

This data suggests that while brands continue to invest in affiliate marketing, they are **more cautious with the variable rate paid** to publishers.



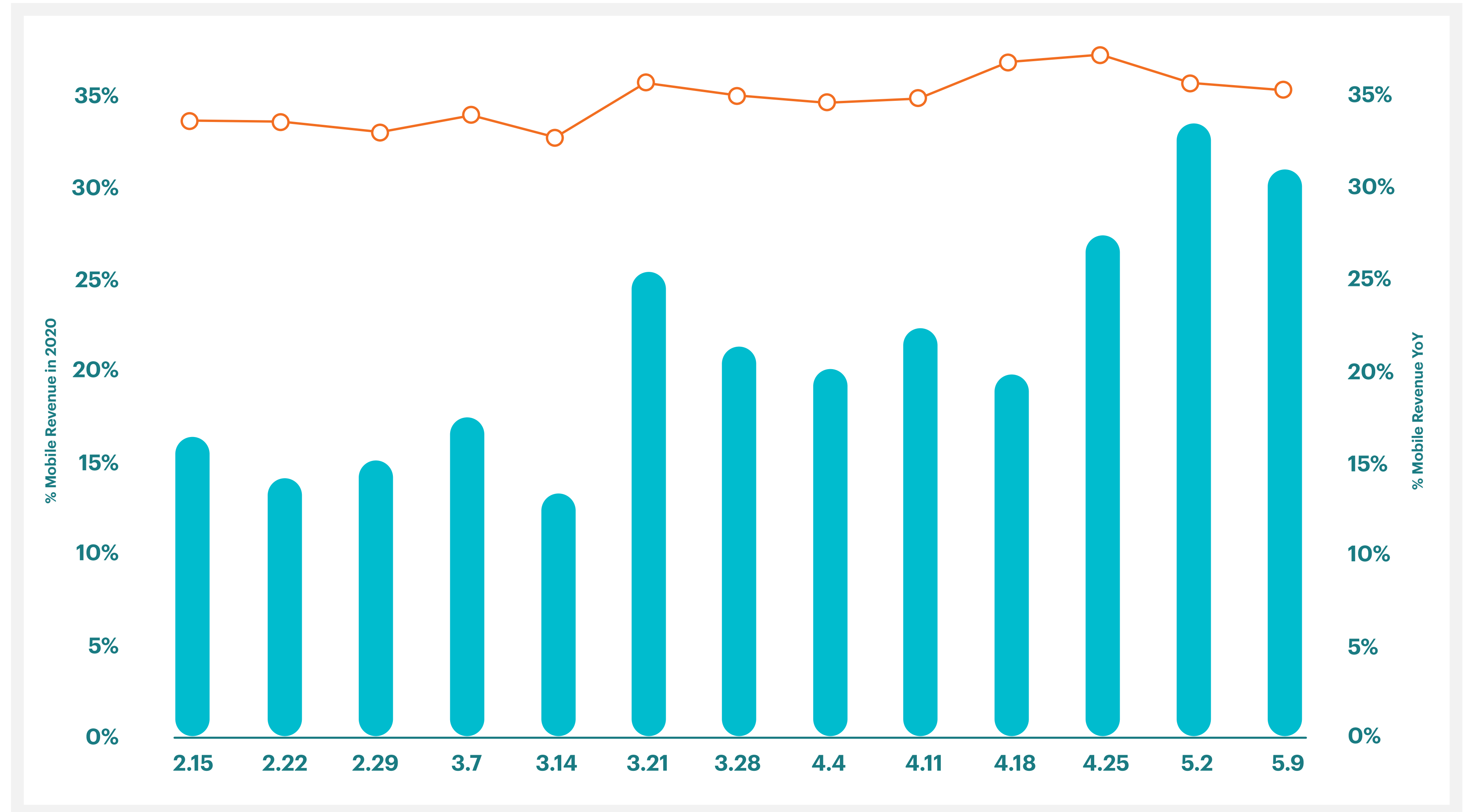
● Variable commission rate YoY ○ Variable commission rate 2020 ○ Variable commission rate 2019

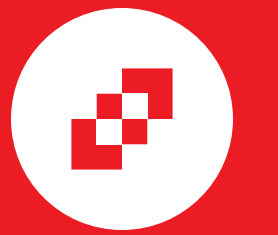


Weekly Mobile Revenue Share

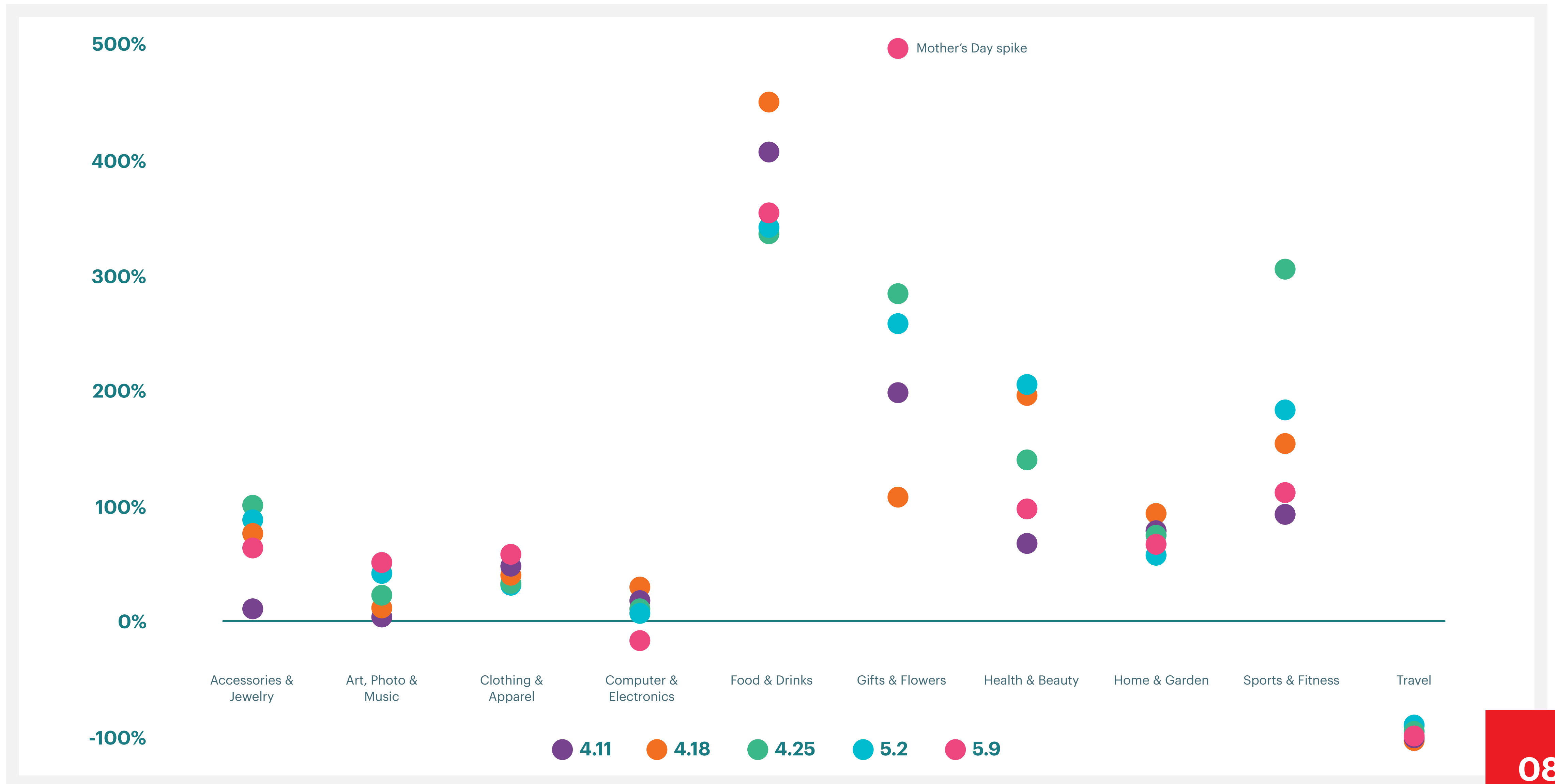
In week ending 5/9, **35% of revenue was attributed to a mobile device**, as consumers continue to spend greater time on their personal devices.

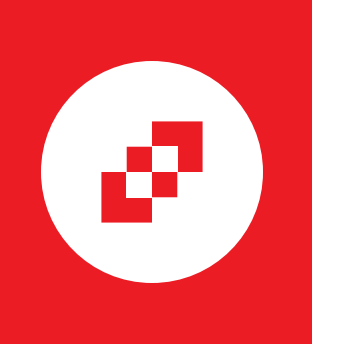
The % of mobile revenue held **steady at 31% YoY growth**.





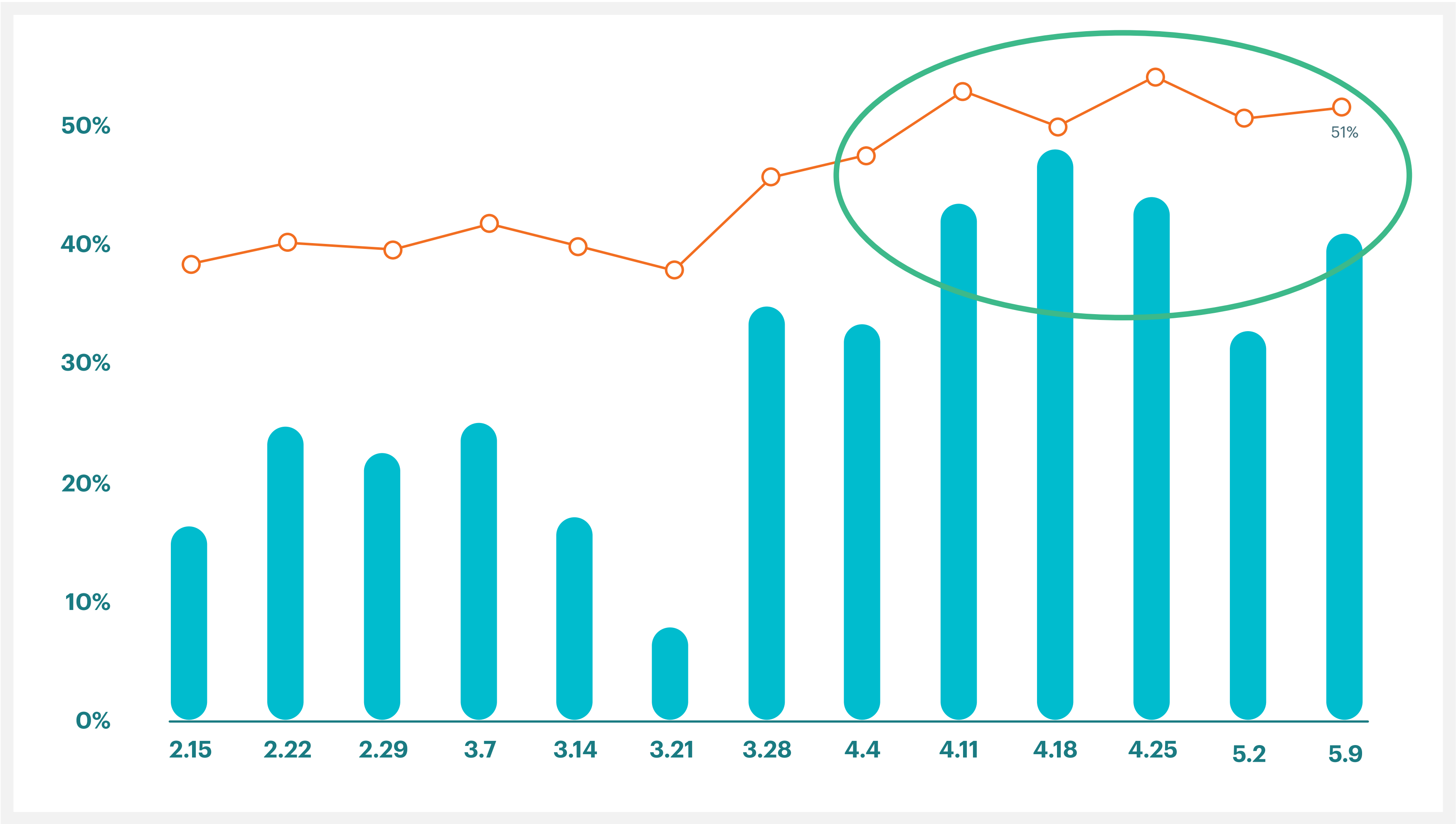
Revenue Growth by Advertiser Vertical



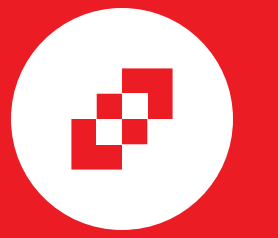


Weekly New Customer Revenue Share

New customer revenue share has **exceeded 50% for 5 consecutive weeks** indicating a sustained increase over 2020 YTD trend in new to file transactions attributable to the affiliate channel. Revenue from New Customers for content publishers (see page 10).



● % New Customer YoY ○ % New Customer 2020

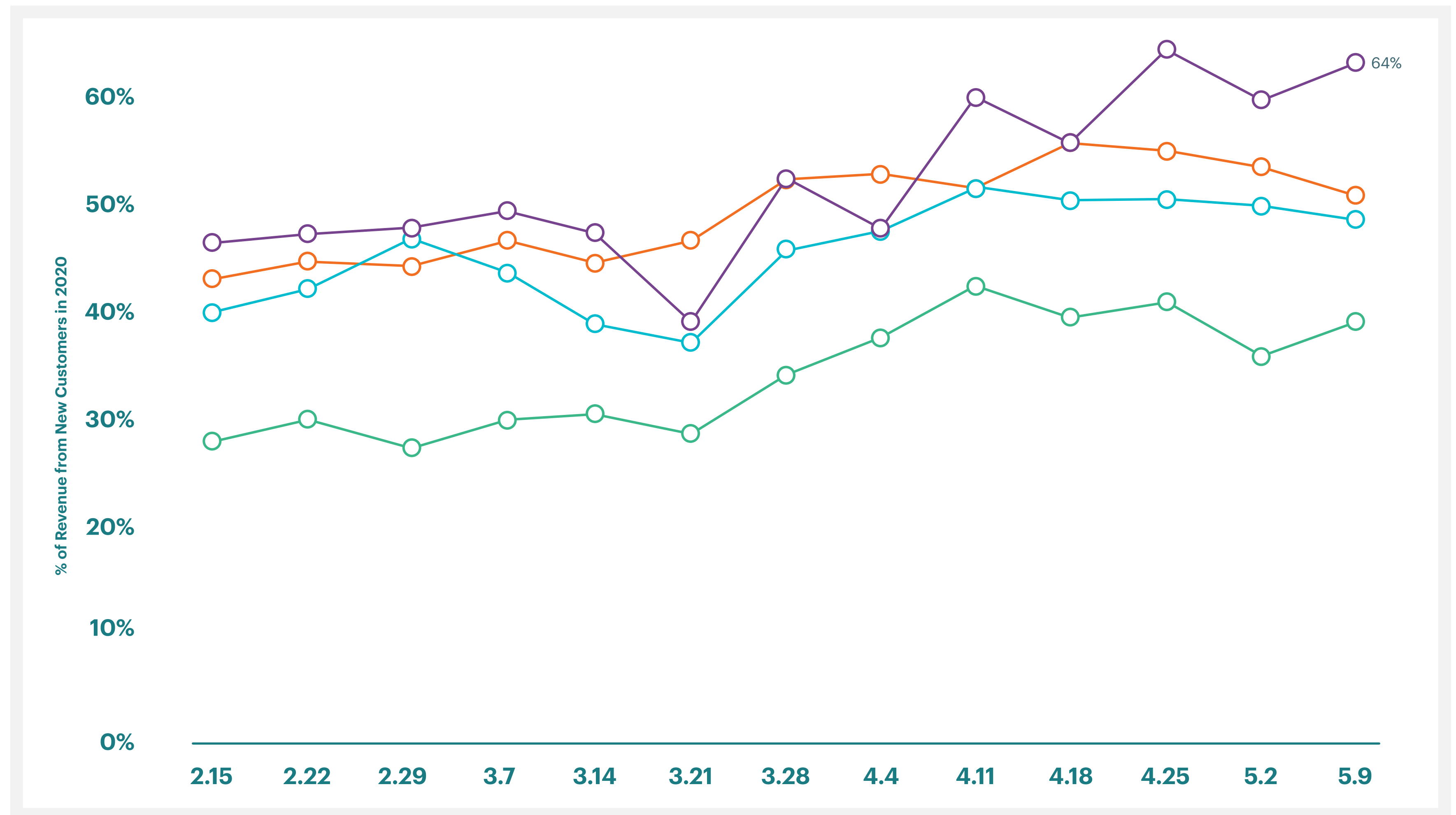


New Customer Revenue by Publisher Category

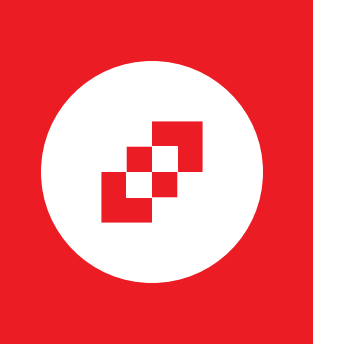
Share of revenue from new customers acquired from **content publishers** was **64%** for week ending 5/9.

This constitutes a 39% increase over the same period prior year.

For customers acquired via coupon publishers, the % of revenue from new customers remained unchanged at 51%; while loyalty publishers increased WoW to 39%.

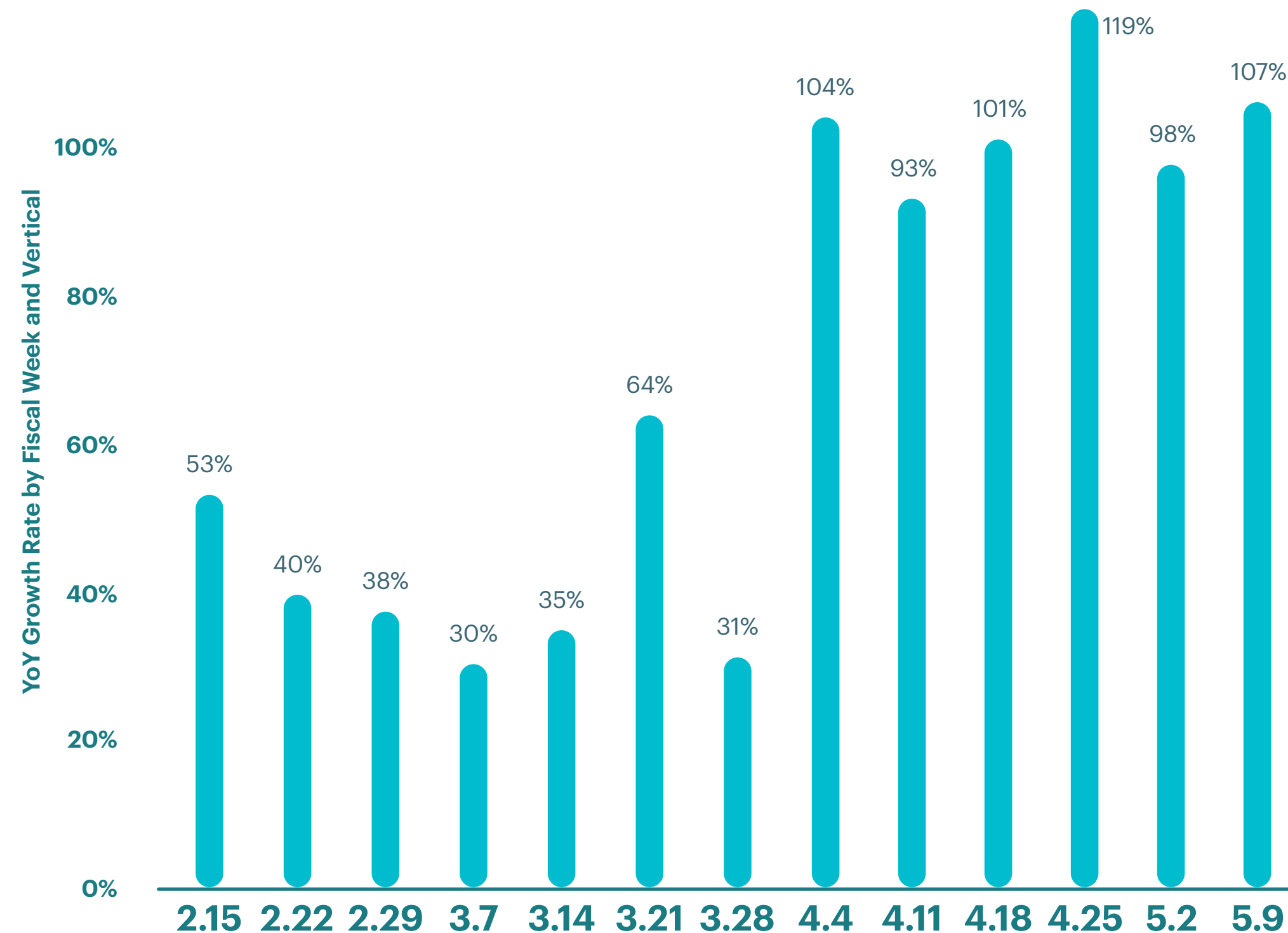


—○— Content —○— Coupon/Value Propositions —○— Loyalty —○— Other

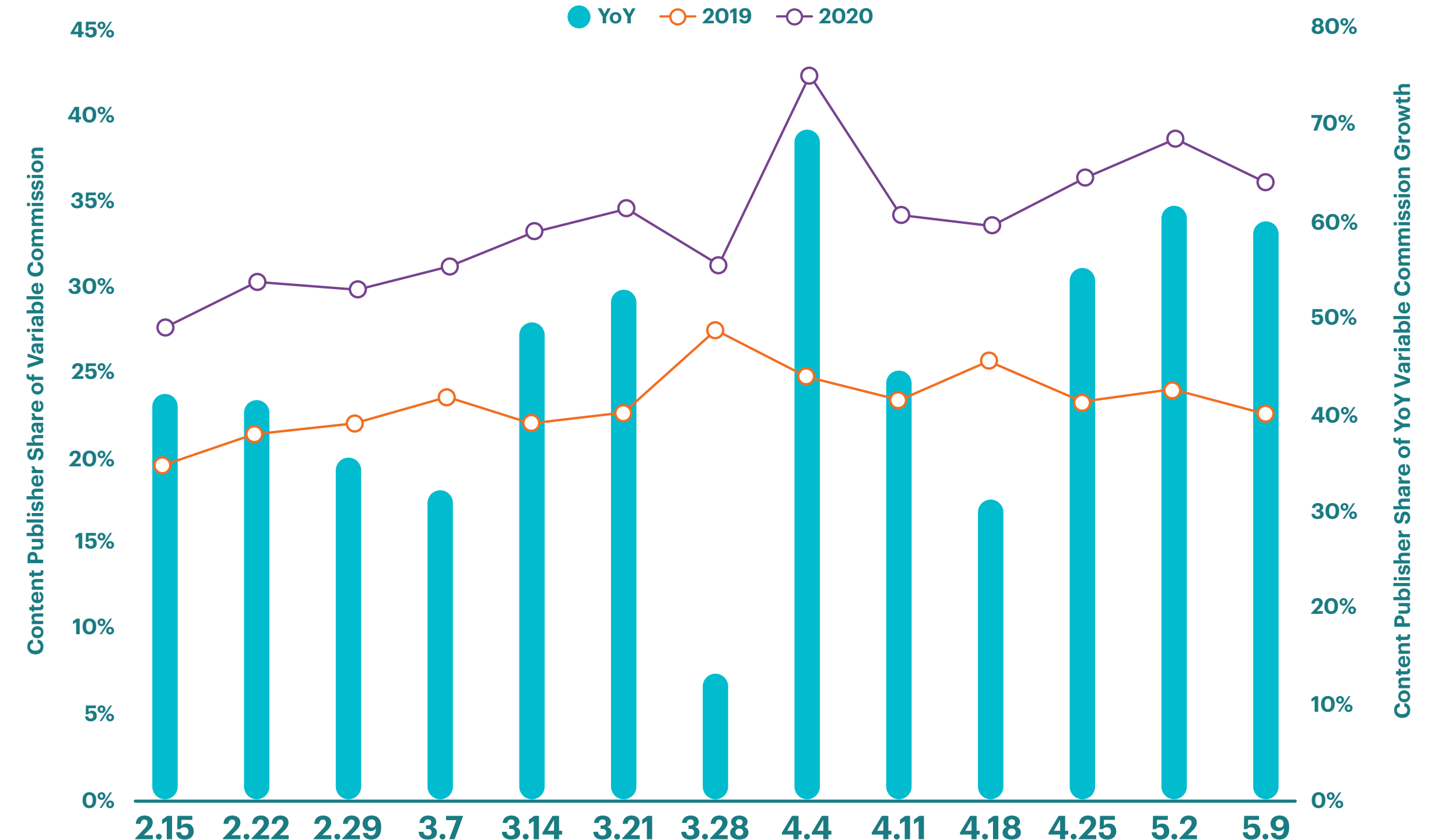


Content Publisher YoY Revenue and Commission Trends

Content Publisher Revenue YoY Growth Rate

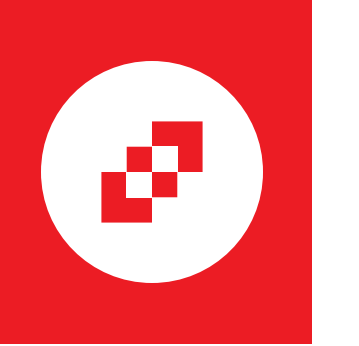


Content Publisher Share of Variable Commission



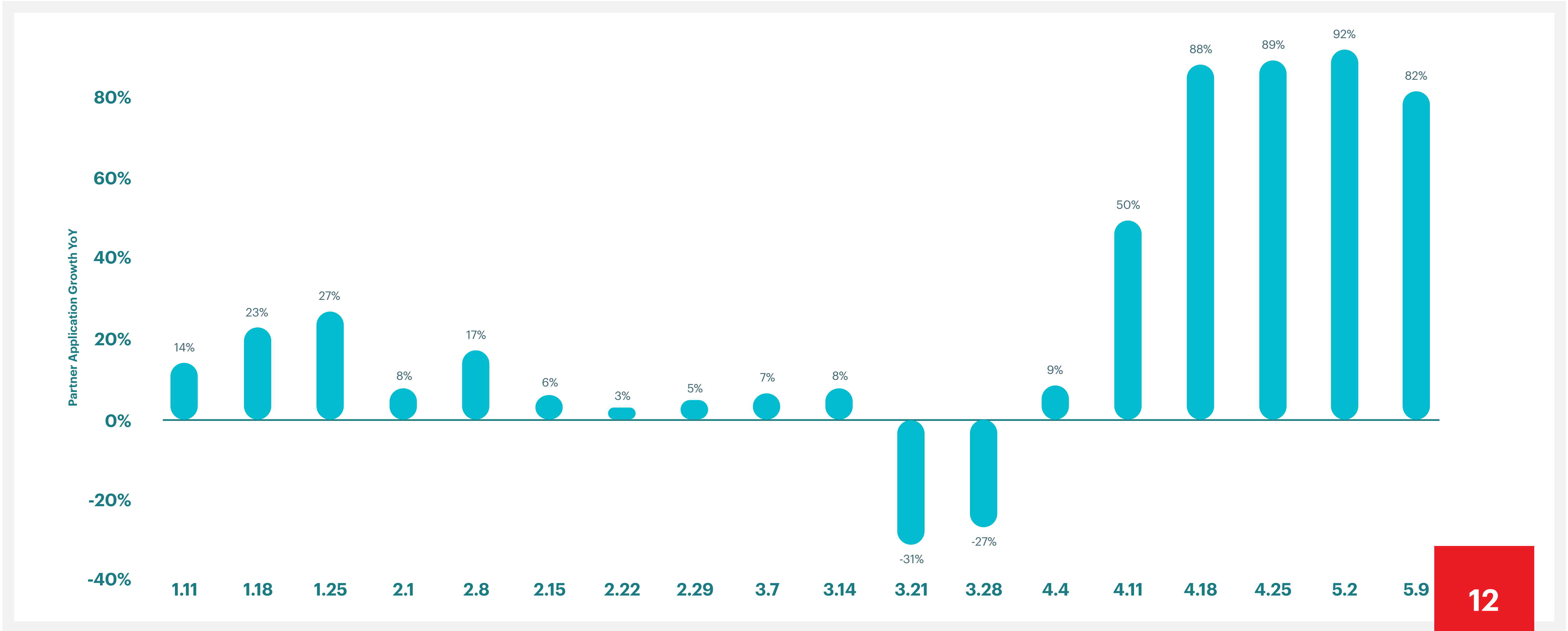
- The last 6 weeks have shown **extremely high revenue growth YoY** for content partners.
- This growth is **primarily at the expense of loyalty partners**. Content partner Share of Spend was 36% in week ending 5/9, a **60% YoY increase** over the same period in 2019.

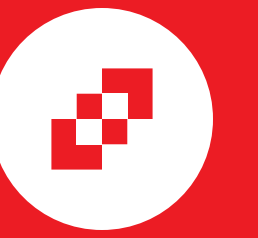
- Content publishers continue to offset losses from Amazon Associates commission cuts by working directly with brands whose affiliate programs offer competitive commission rates, as evidenced by increased Ascend™ application volume (see page 12). This is an opportunity for brands to **diversify their publisher mix**, and reach new customers through discovery-oriented publisher destinations.



Publisher Application Growth YoY

In Q1, average growth rates YoY in Ascend™ publisher partner applications were ~13%. Beginning in week ending 3/21 applications volume declined. However, once the Amazon Associate program commission rate cuts were announced on 4/14, Ascend™ YoY application growth accelerated, suggesting publisher partners were in search of alternate revenue streams. Pepperjam’s Ascend platform enables brands to quickly identify publishers that have utilized Amazon Associates as a monetization source, and easily recruit them into their program at a competitive rate.

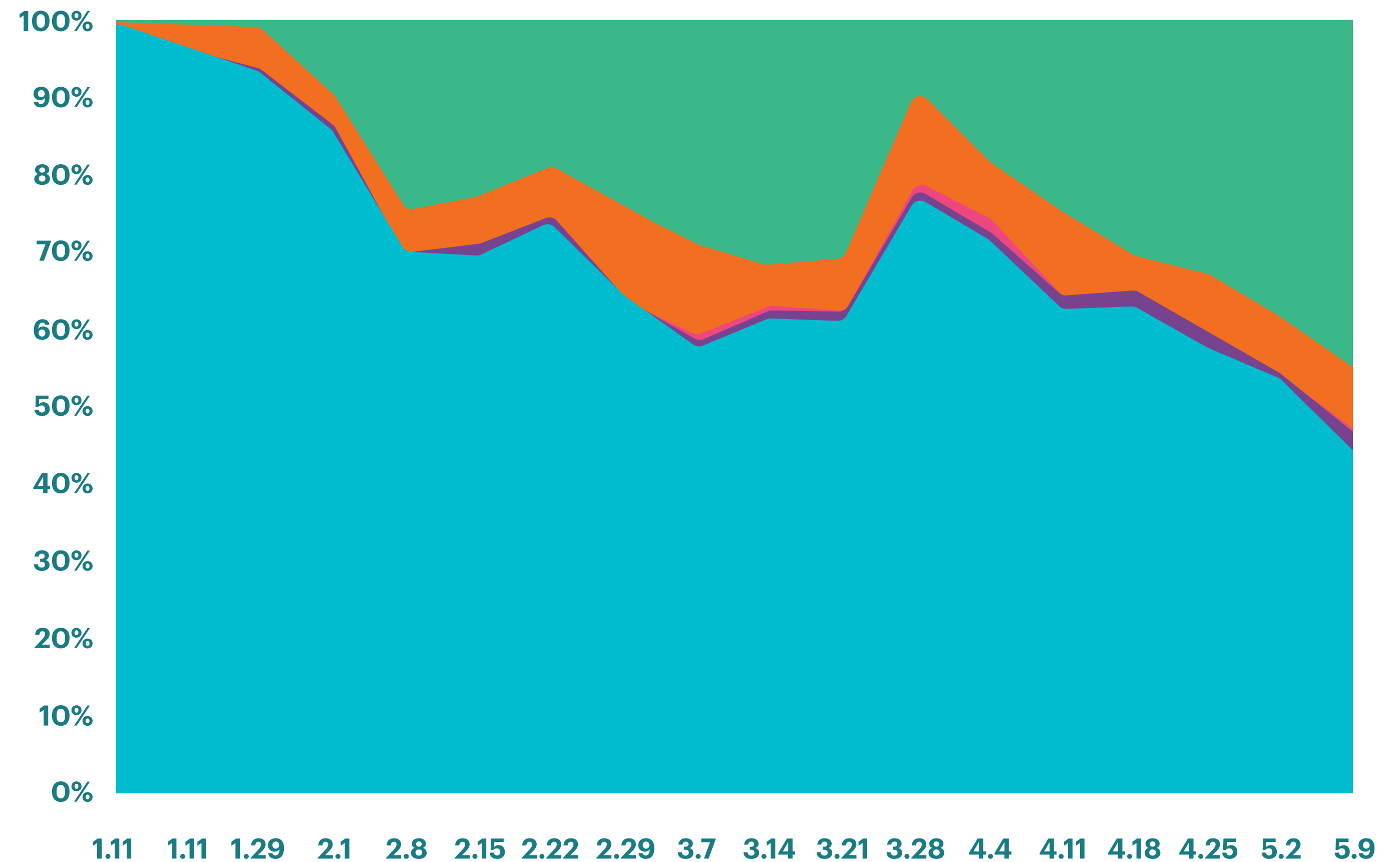


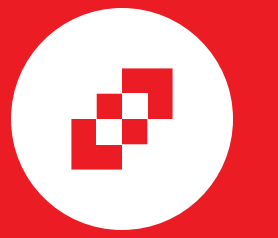


% of Approved Publisher Sign Ups by Type

YTD publisher applications have largely been from content partners.

However, in recent weeks, we have observed an increase in publishers classified as 'Social media', suggesting that **more influencers are turning to affiliate marketing** to monetize their content.

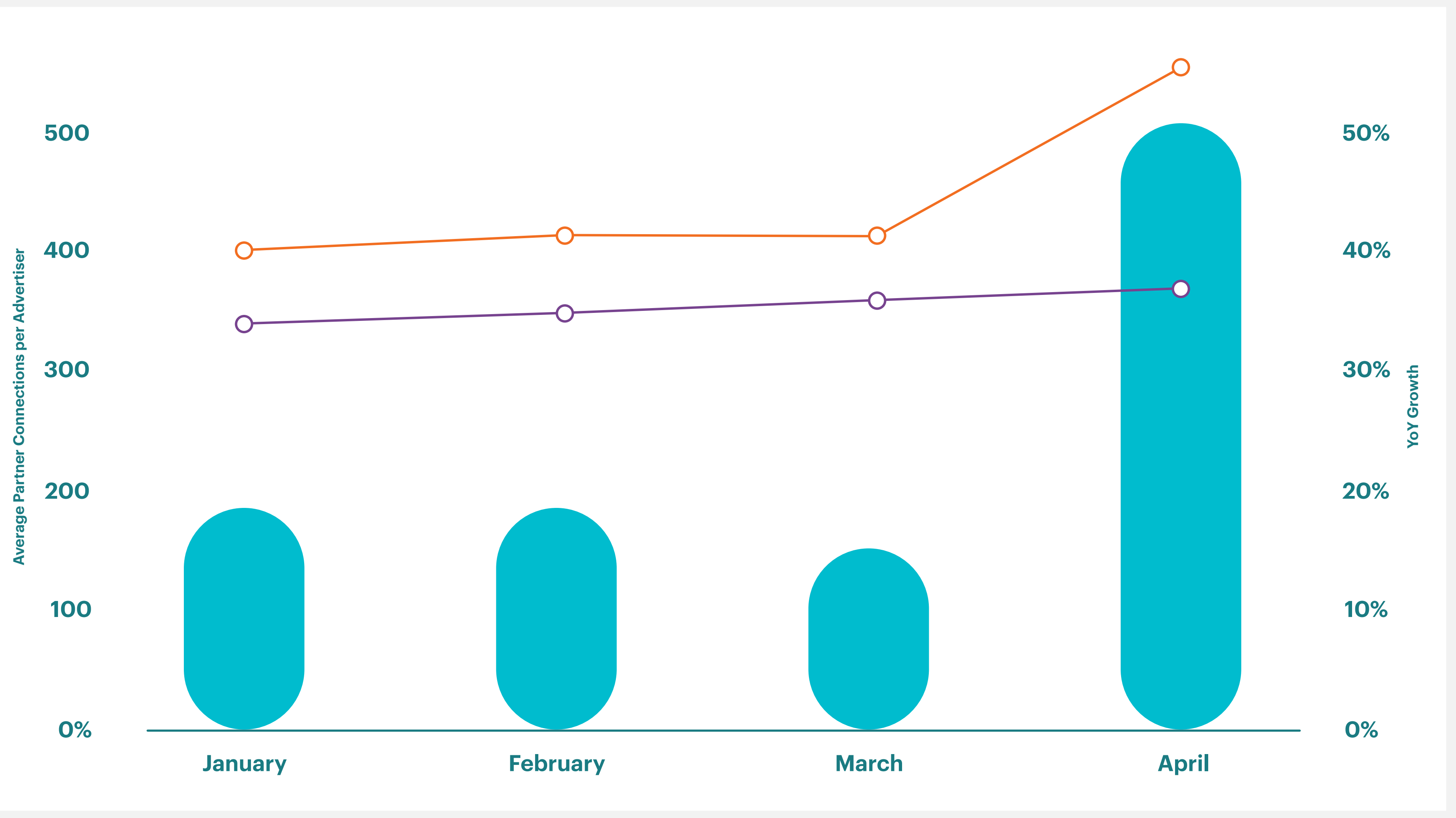


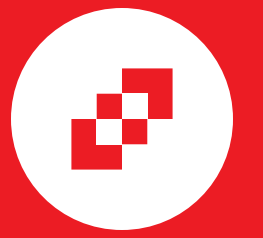


Average Publisher Connections per Advertiser

Connection” is defined as an active relationship between an advertiser and a publisher partner.

In the month of April, we’ve observed **a 51% increase YoY in the average number of connections per advertiser**, suggesting advertisers are seeking to create new relationships in the affiliate channel.

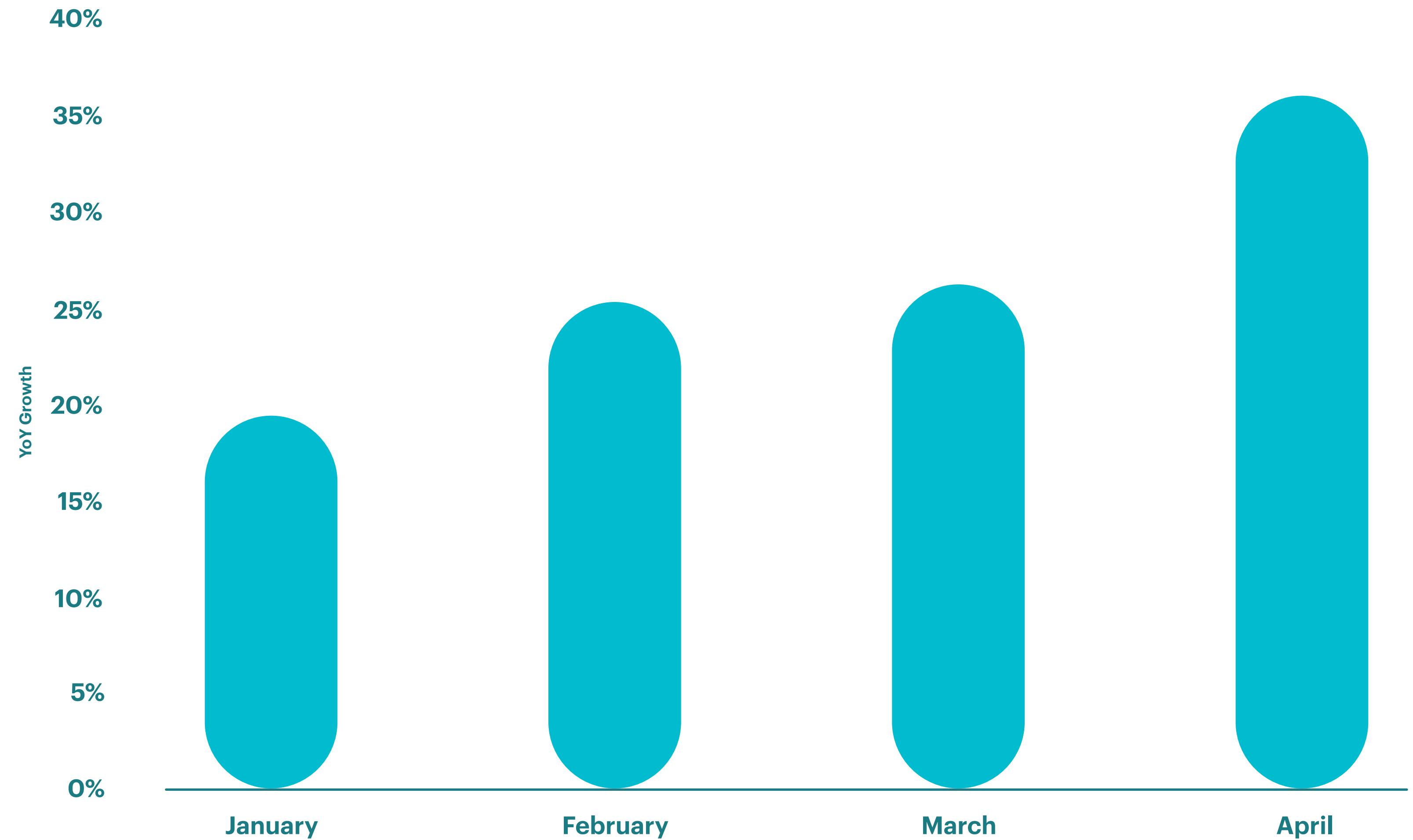


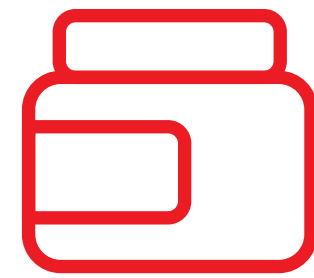


Average Revenue Generating Connections per Advertiser

Not only did we see an increase in the number of relationships established between advertisers and publishers; but we also observed a **36% increase in the number of advertiser-publisher connections that are generating revenue.**

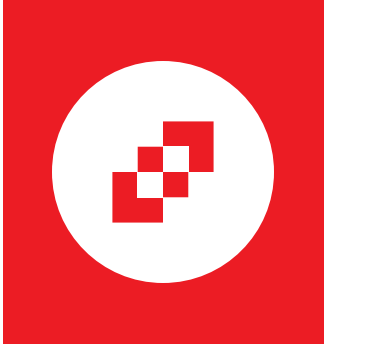
This suggests that a mutual interest from both advertisers and publishers to speed activation and time to revenue within the affiliate channel.





Insights by vertical.





Weekly Revenue YoY Trends by Vertical



Accessories & Jewelry

4/4: **+11%**
4/11: **+80%**
4/18: **+97%**
4/25: **+85%**
5/2: **+65%**



Art, Photo & Music

4/11: **+3%**
4/18: **+12%**
4/25: **+23%**
5/2: **+46%**
5/9: **+50%**



Clothing & Apparel

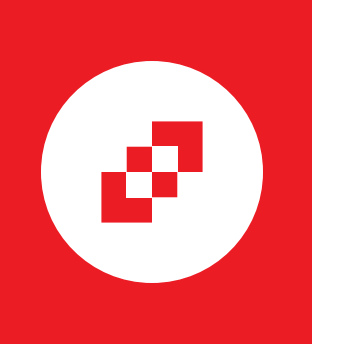
4/4: **+52%**
4/11: **+44%**
4/18: **+36%**
4/25: **+36%**
5/2: **+59%**



Computer & Electronics

4/11: **+16%**
4/18: **+27%**
4/25: **+11%**
5/2: **+7%**
5/9: **-14%**





Weekly Revenue YoY Trends by Vertical



Food & Drinks

4/11: **+406%**

4/18: **+451%**

4/25: **+343%**

5/2: **+346%**

5/9: **+352%**



Gifts & Flowers

4/11: **+200%**

4/18: **+110%**

4/25: **+285%**

5/2: **+258%**

5/9: **+499%**



Health & Beauty

4/11: **+67%**

4/18: **+197%**

4/25: **+141%**

5/2: **+204%**

5/9: **+100%**



Home & Garden

4/11: **+78%**

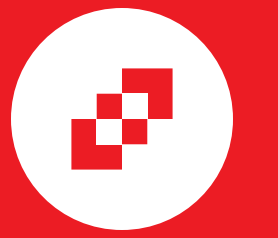
4/18: **+95%**

4/25: **+66%**

5/2: **+62%**

5/9: **+69%**





Weekly Revenue YoY Trends by Vertical



Sports & Fitness

4/11: **+95%**
4/18: **+157%**
4/25: **+307%**
5/2: **+186%**
5/9: **+114%**

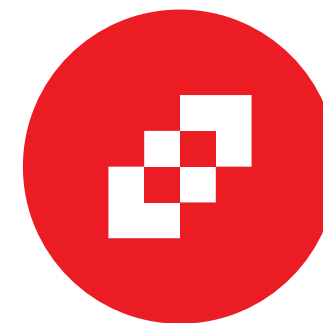


Travel

4/11: **-91%**
4/18: **-91%**
4/25: **-88%**
5/2: **-85%**
5/9: **-85%**



Rise above the status quo.



Interested in learning more with a Pepperjam expert?
Contact us at research@pepperjam.com

pepperjam.com