




Partnership benchmarks 2020

*A 6-month performance review of 8 key verticals
in the time of COVID-19*

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CHAPTER 1

Unprecedented strain on partnerships

Measuring the pulse of partnerships amid the pandemic

The COVID-19 pandemic has forced many businesses to scrap their 2020 plans and adapt on the fly. This has been a challenge for all, no doubt, but for several companies, it's led to an unexpected boon over the course of the year. Enterprises with e-commerce components are faring particularly well, and many of them are using partnerships in order to reach prospective audiences.

That's not to say all businesses have been unscathed. The travel and live events industries continued to grapple with the fallout, and their partnership program performance reflects this ongoing struggle.

Careful analysis of partnership programs shows that different verticals are trending in many different directions and have ridden the ups and downs of an uncertain year. To best understand trends and performance patterns throughout the year, Impact's data scientists have kept close tabs on eight business verticals, measuring their performance across six key metrics: clicks, conversions, conversion rate, average order value (AOV), revenues, and commissions.



Partnership performance during a pandemic:

A six-month look

Monitoring these key metrics has helped Impact measure the pulse of partnerships as different events triggered changes in consumer needs and behaviors. In August, the most recent month for which data is available, some states reversed reopening plans amid spikes in infections, while others slowly continued to reopen amid declining infection rates. Data aggregated from across the verticals presents clear trends emerging in the partnership space right now.

High clicks aren't translating to conversions

Clicks and conversions clung pretty close to one another in the early part of the year until they separated in mid-April. While both dropped around the time stay-at-home orders went into effect in March, they skyrocketed in April, with conversions peaking at nearly 80% above baseline.



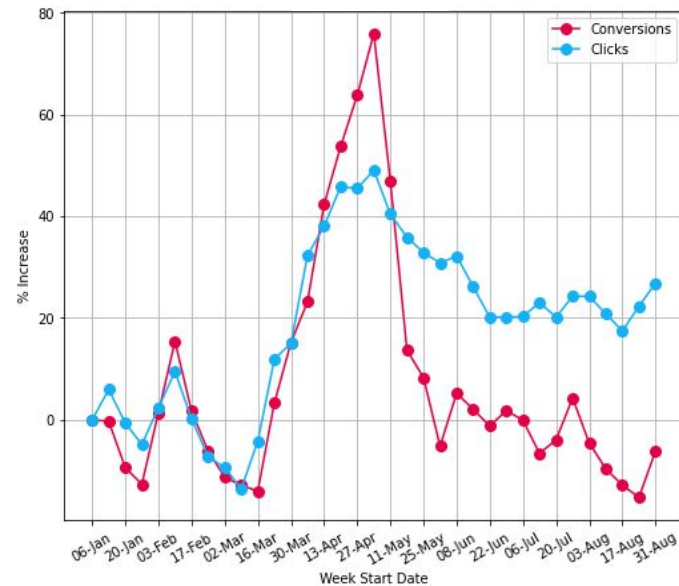
After peaking in April with a spike of nearly 80%, conversions have hovered around baseline

Both clicks and conversions came down from those highs in May, although clicks didn't drop as precipitously as conversions. Clicks remained 20% above baseline or better throughout May, June, July, and August, indicating that there are many people still shopping throughout the pandemic.

Conversions, on the other hand, have hovered around the baseline since their April highs, indicating that for all of the shopping behavior, consumers are buying less frequently.

August saw both conversions and clicks trended up nearly 10% as shoppers seemed to browse and shop more frequently.

All categories
Conversions and clicks
% Change WoW

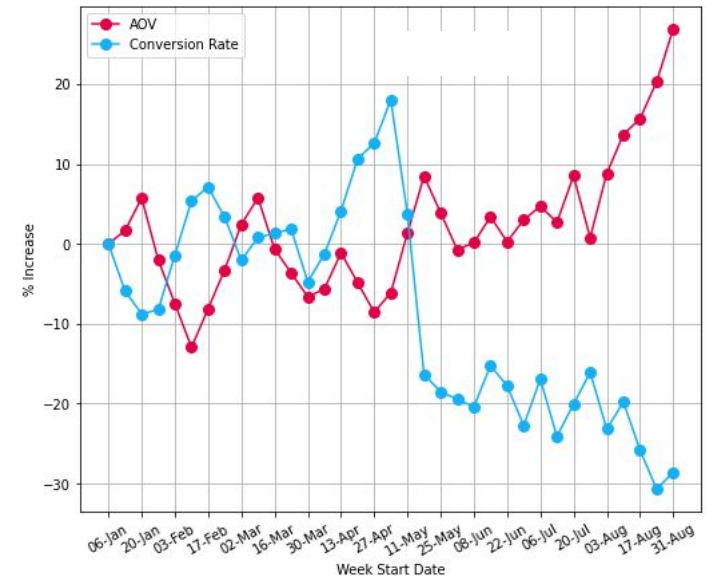


Larger order values show shoppers buying in bulk

Early in the pandemic period, from mid-March through April, some verticals experienced higher conversion rates due to less consideration and higher buyer intent. By May, conversion rates dropped below the baseline, where they've remained ever since, as a high number of clicks has failed to translate to conversions. In August, conversion rate dropped even further, hitting a low point of 30% below baseline.

In the early days of lockdowns and working from home, it seemed that the pandemic did not have much impact on AOV, as indicated by erratic movement of the metric. That changed as the year went on, as basket size began ticking up in June, spiked in July, and then skyrocketed in August. Even with conversions down around 10% in August, AOV went up 25%. This indicates that consumers were still online shopping, but seemed to be ordering in bulk, with "shopping trips" happening less frequently.

All categories
AOV and conversion rate
% Change WoW

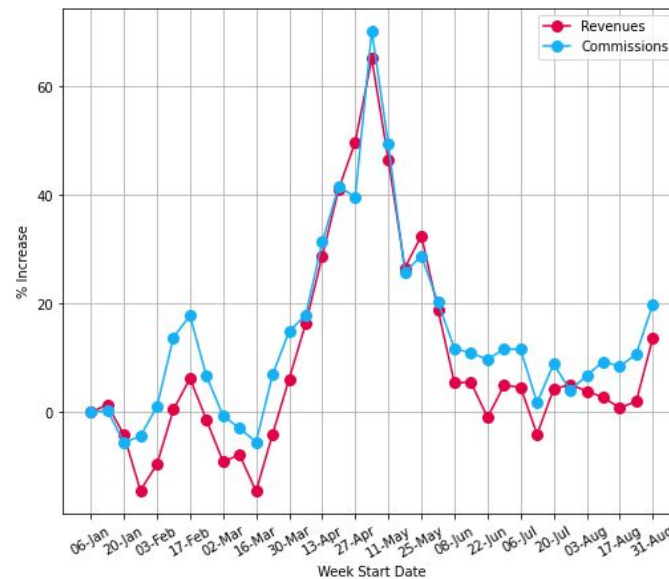


Revenues and commissions indicate healthy partnership programs

Like several other metrics, overall company revenues and partner commissions rose to great heights in April but fell significantly in May. However, both revenues and commissions have largely remained above baseline in the months since, indicating healthy partnership programs in the aggregate. The growth in AOV has offset declines in conversions, helping revenues remain near the baseline.

Partnership programs excelled in August, with revenue and commissions both jumping nearly 20%, reaching their highest levels since May.

All categories
Revenues and commissions
% Change WoW



With fall, winter, and the holiday season approaching, it's clear that partnerships will continue to be influenced by the uncertainty surrounding COVID-19.

The following analysis is designed to show how different verticals have felt the effects of the pandemic, and how partnerships can help businesses continue to reach consumers, even amid an uncertain time.



CHAPTER 2

Methodology

Impact's data scientists tracked week-over-week benchmarking across eight business verticals (two verticals, Arts and Entertainment and Travel, were added to the analysis in July) to see how events around COVID-19 have impacted partnership metrics.

This analysis began the week of January 5, 2020, and goes through the week of August 31. This timeframe offers a full picture of U.S. consumer behavior.



March 11

The World Health Organization announced a global pandemic



The methodology analysis timeframe covers:

- **The period before** the World Health Organization's March 11 announcement of COVID-19 as a global pandemic.
- **Late March**, when states declared¹ stay-at-home orders.
- **May**, when most states began lifting stay-at-home orders and allowed brick-and-mortar businesses to reopen, including retailers, restaurants, gyms, spas, and salons.
- **June**, as the United States surpassed 2 million cases and infections were on the rise in many reopened southern and western states.²
- **July**, when the United States hit 3 million cases on July 8 and 4 million cases on July 23. Many southern and western states started reversing or pausing³ their reopenings.
- **August**, as the United States surpassed 6 million cases, and some states saw less than 1% infection rates and began reopening indoor dining.⁴

¹ "When State Stay-at-Home Orders Due to Coronavirus Went into Effect," KFF, April 9, 2020.

<https://www.kff.org/other/slide/when-state-stay-at-home-orders-due-to-coronavirus-went-into-effect/>

² Steve Gorman, Nathan Layne, "Several U.S. states see coronavirus infection spikes, Wall Street unnerved" Reuters, June 19, 2020.

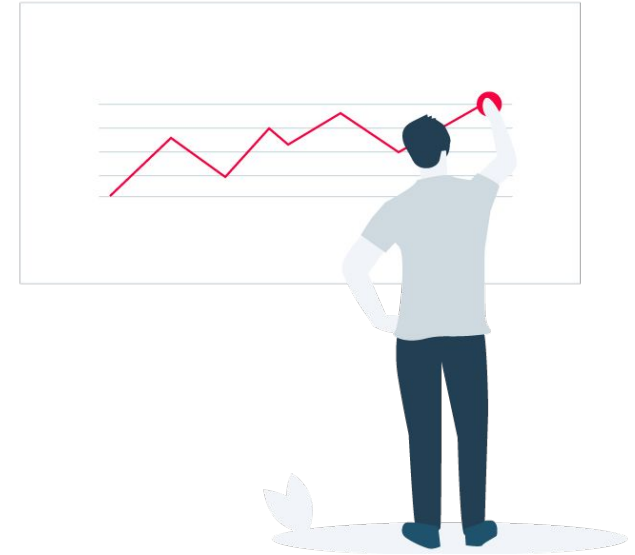
<https://www.reuters.com/article/us-health-coronavirus-usa/several-u-s-states-see-coronavirus-infection-spikes-wall-street-unnerved-idUSKBN23Q3F7>

³ "See How All 50 States Are Reopening (and Closing Again)" The New York Times, Updated daily.

<https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html>

⁴ Erika Adams, Tanay Warkerkar, and Luke Fortney, "'It's a Really Tough Call': NYC Restaurant Industry Reacts to Indoor Dining Return" Eater New York, September 9, 2020. <https://ny.eater.com/2020/9/9/21429344/indoor-dining-nyc-restaurant-reaction-chef-workers>

Impact's data scientists pulled data using the same cohort of brands across groups, remaining consistent across each week. They ran a statistical analysis to determine the number of brands to include in each category, identifying and filtering out outliers that drove entire categories.



CHAPTER 3

Partnership performance by vertical

a. Apparel, Shoes, and Accessories

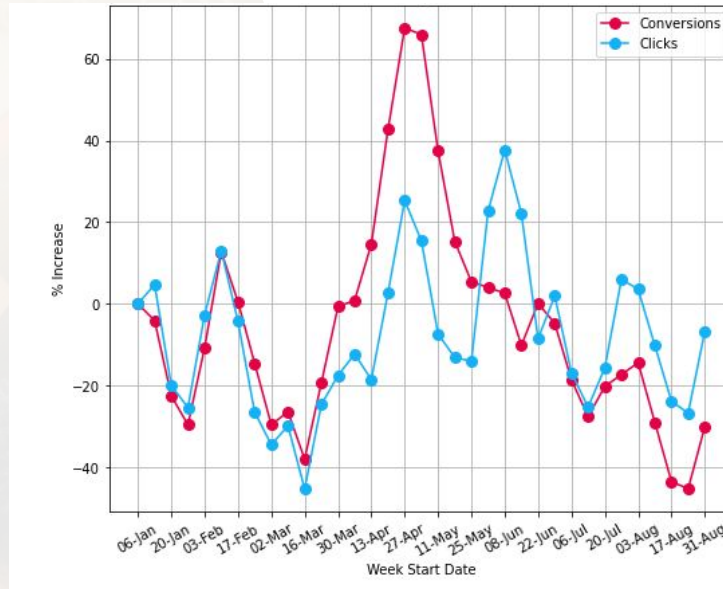
Massive performance swings across metrics

Partnership programs have been on a rollercoaster since the pandemic began, and perhaps no vertical best exemplifies the up-and-down nature of performance than the Apparel, Shoes and Accessories category.

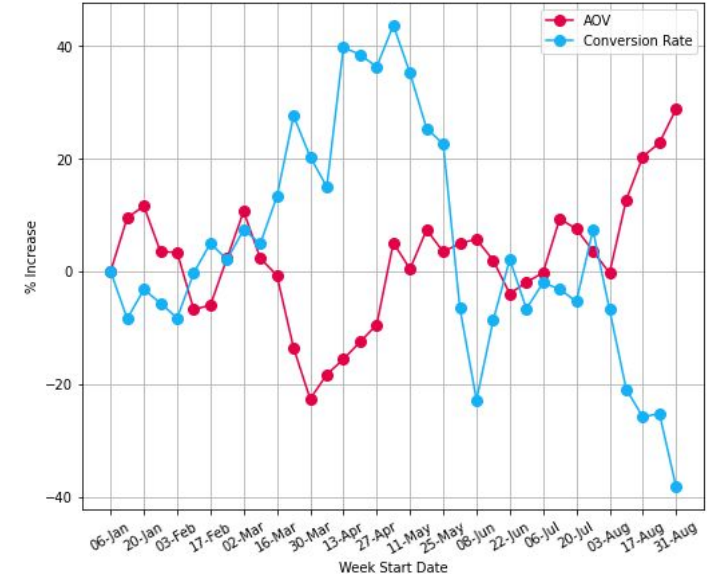
Conversions spiked in April, followed by substantial decline (see next page for chart). At their high point in April, conversions were more than 60% above baseline. By mid-August, they had fallen to greater than 40% below. Clicks have been up and down as well, bouncing to 20% or more above baseline multiple times, only to fall back below the baseline just weeks later. The trend continued in late August, as both clicks and conversions bounced back to July levels following a plummet earlier in the month.



Apparel, Shoes, and Accessories
Conversions and clicks
% Change WoW



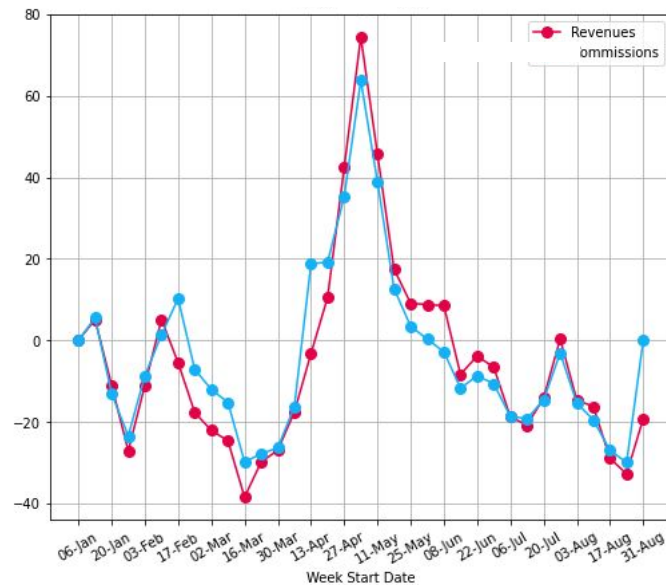
Apparel, Shoes, and Accessories
AOV and conversion rate
% Change WoW



AOV (see above right) hit its nadir in late March and experienced a somewhat steady rebound since then, leading to a 30% increase over the month of August. That same month, conversion rates dropped by nearly 20%. Impact's data scientists believe this may be attributable to purchasing for big events, like back-to-school, with shoppers buying items all at once rather than on separate occasions. However, these numbers are subpar compared to normal back-to-school spending seasons, suggesting that there is some hesitation on purchasing school for children who won't return to classrooms.

Partnership program revenues and commissions went through the roof in early May. A coinciding high conversion rate showed that consumers were purchasing more as stay-at-home orders went into place, and the affiliate channel was able to efficiently leverage this opportunity. However, those gains quickly disappeared, and both revenues and commissions dropped below the baseline by June. Late August growth has helped both revenues and commissions trend upward following a month of declines. Commissions finished the month roughly where they were at the beginning of the year, while revenues remain 20% below benchmark.

Apparel, Shoes, and Accessories
Revenues and commissions
% Change WoW



b. Arts and Entertainment

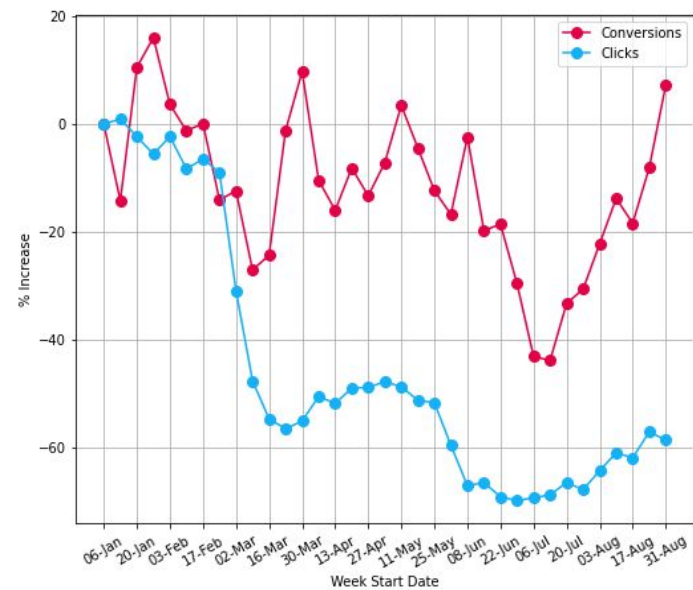
Negatives outweigh positives as revenues decline

The Arts and Entertainment category covers a wide range of subcategories, including books, art, photography, and music, as well as tickets and shows, dating services, online gaming, and digital TV and video-on-demand services.

Businesses in the tickets and shows subcategory have been devastated by the pandemic, but others, like streaming and digital TV services, have benefited as customers look for more in-home entertainment.

Despite some subcategories reaping the rewards, the negative impacts outweighed the positives within the overall category for much of the year. Before a small rebound in August, both clicks and conversions were significantly below baseline levels in the Arts and Entertainment category.

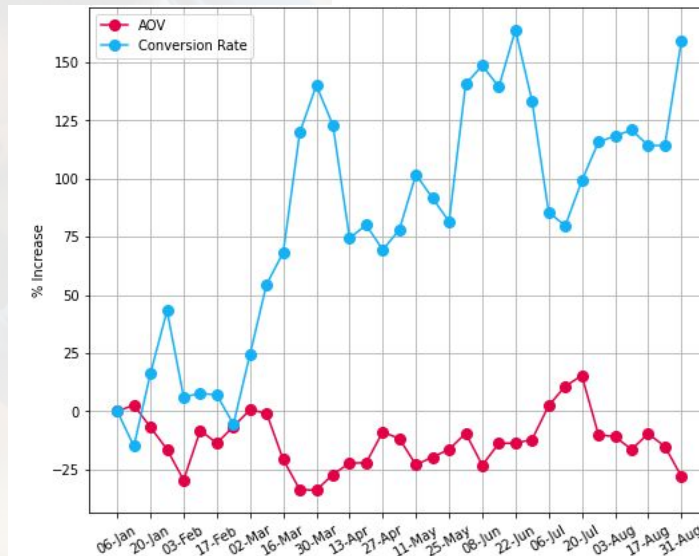
Arts and Entertainment
Conversions and clicks
% Change WoW



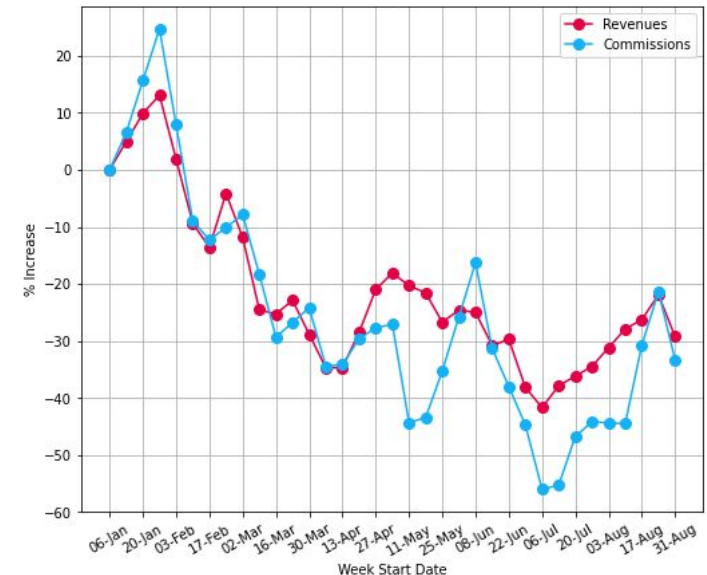
Meanwhile, conversion rates have soared throughout the year, as a result of clicks declining more than conversions. While there are fewer shoppers, those who remain are clicking and showing higher intent to convert. Conversions increased in August by almost 50%, approaching the pre-pandemic high point that Impact saw back in January.

Revenues were in decline all year, and commissions hit a low point in July, at around 55% below start-of-the-year benchmarks. Even with a 30% jump in August, both revenue and commissions were nowhere near close to where they were in the pre-pandemic period of January, February, and early March.

Arts and Entertainment
AOV and conversion rate
% Change WoW



Arts and Entertainment
Revenues and commissions
% Change WoW



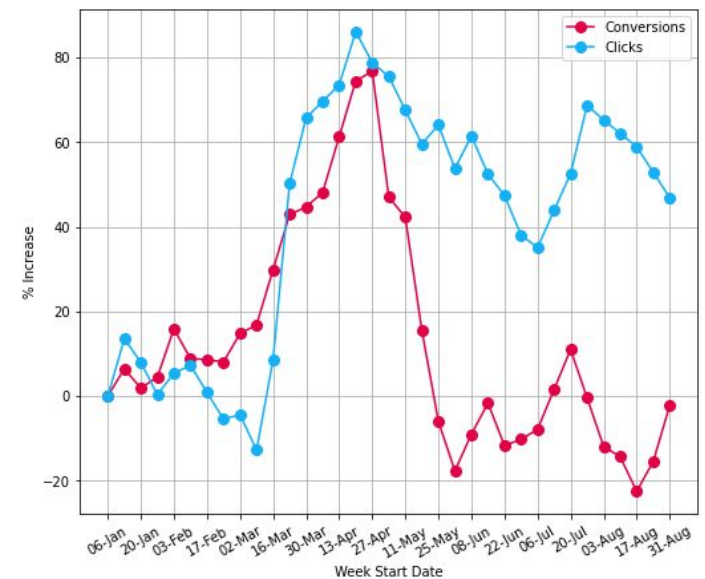
c. Computers and Electronics

Peaks and valleys as consumers deal with working at home

The Computers and Electronics category has endured an up-and-down ride over the course of the pandemic, the result of an early lockdown surge in spending as employees, given the directive to work from home, built up their home offices.

This led to sky-high conversions in April, which fell back down to earth in May and have remained at or below pre-pandemic levels since, just barely getting back to the baseline by late August. Clicks peaked in this early period as well, then fell steadily through early July, shot back up again at the end of July, and then finally went down by roughly 20% by the end of August.

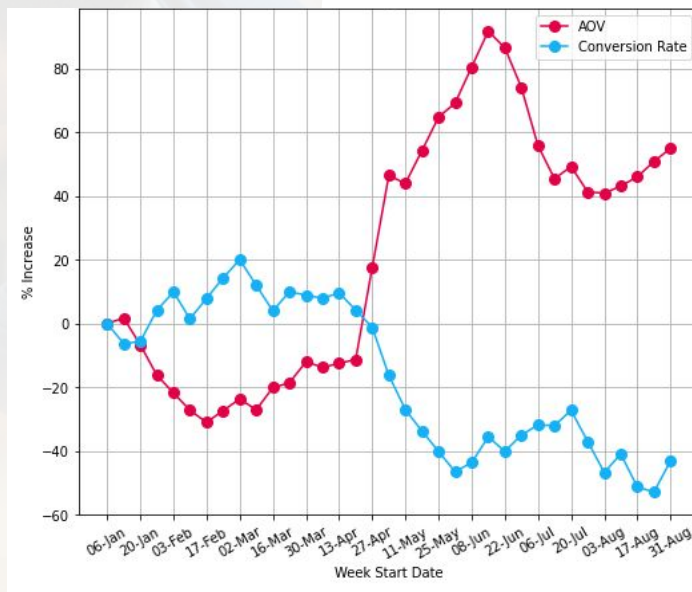
Computers and Electronics
Conversions and clicks
% Change WoW



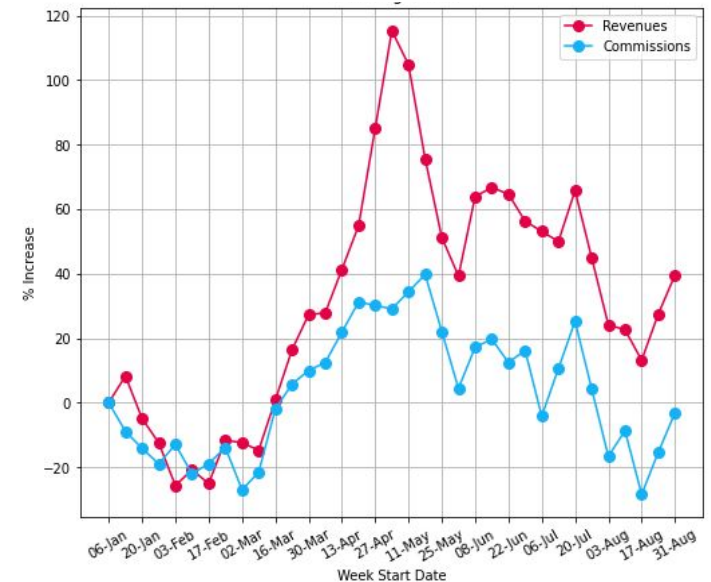
Average order value has also experienced a rise, fall, and then rise again journey, and increased steadily throughout August, the most recent month of data. Basket size steadily increased, with conversion rates lowering, only to ride back up toward the end of the month. Larger AOVs are helpful for partnership programs in the category, which have been able to maintain revenues well above the baseline throughout the year.

Commissions remained above the baseline for much of the pandemic period before falling in July and early August. They've finally begun to make up the ground, hovering the baseline in the most recent week of data.

Computers and Electronics
AOV and conversion rate
% Change WoW



Computers and Electronics
Revenues and commissions
% Change WoW



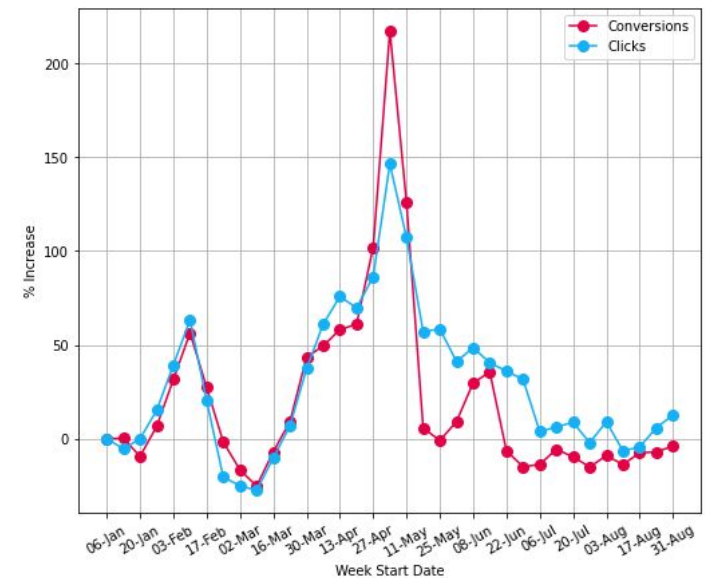
d. Flowers, Gifts, Food, and Drink

Seasonal holidays and food delivery buoy this vertical

Flowers, Gifts, Food, and Drink is another category that saw peaks and valleys across metrics, driven by a mix of seasonal holidays, such as Valentine's Day, Mother's Day, and Father's Day, as well as many more people buying groceries online via delivery services and ordering non-perishable foods in bulk.

Mother's Day drove the biggest spike of the year across major metrics like conversions, conversion rate, clicks, revenues, and commissions. Clicks in the category began a drop back toward pre-pandemic January and February levels immediately after, declining through June and July before a slight increase in late August. This modest gain suggests that clicks and conversions may tick back up over the next few months.

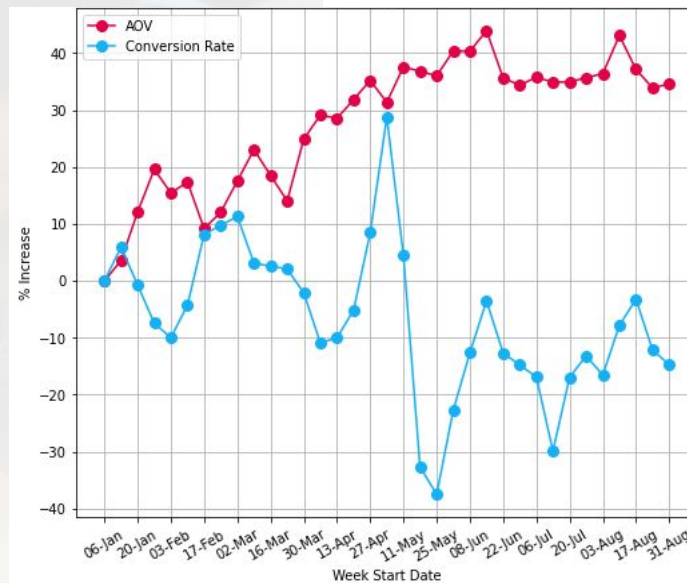
Flowers, Gifts, Food, and Drink
Conversions and clicks
% Change WoW



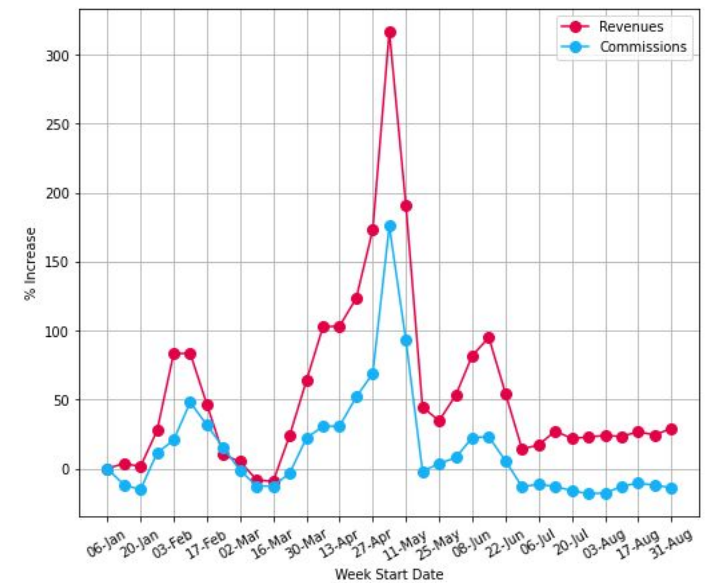
AOV has remained well above where it was in the early months of the year, before lockdowns and working from home went into effect. This remains the case, even with a small 5% decline in August.

Revenues and commissions spiked around the Valentine's Day, Mother's Day, Father's Day trio, and then fell to levels similar to what we saw before the pandemic began in March. They have remained flat for the past two months of available data, with revenues remaining above baseline.

Flowers, Gifts, Food, and Drink
AOV and conversion rate
% Change WoW



Flowers, Gifts, Food, and Drink
Revenues and commissions
% Change WoW



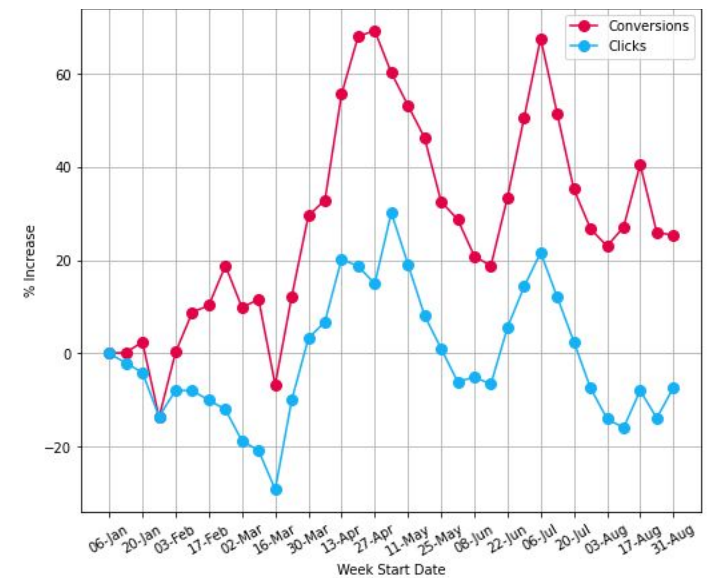
e. Health and Beauty

Time spent at home leads to spending on wellness

Increased time spent at home led many consumers to spend more time and money on themselves when it came to their health and wellness. Health and Beauty experienced steady revenue growth in the early stages of the pandemic, driven by an increase in actions beginning the week of March 15.

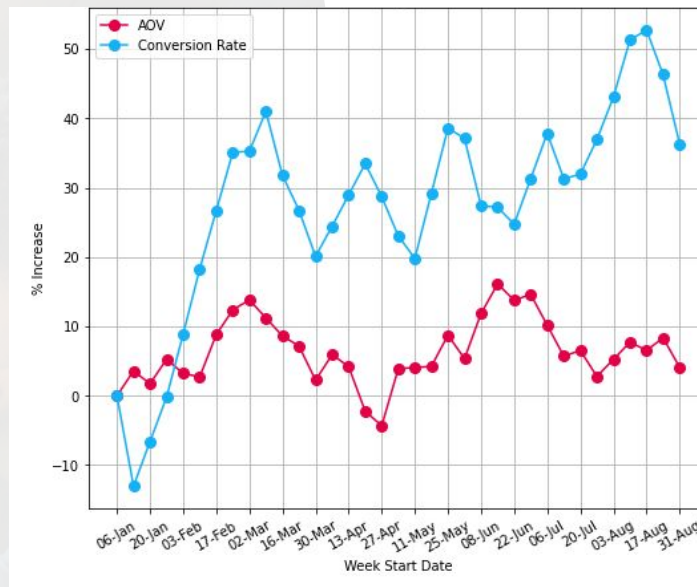
The category saw a slight spike in conversions and clicks at the beginning of August, only to trend back down to pre-August levels. Conversion rates fell around 25%, with basket size falling around 5% as well. But as with revenue and commissions, both of these categories remain higher than their pre-pandemic levels, with conversion rates still around 35% higher after hitting a high mark of more than 50% in early August.

Health and Beauty
Conversions and clicks
% Change WoW

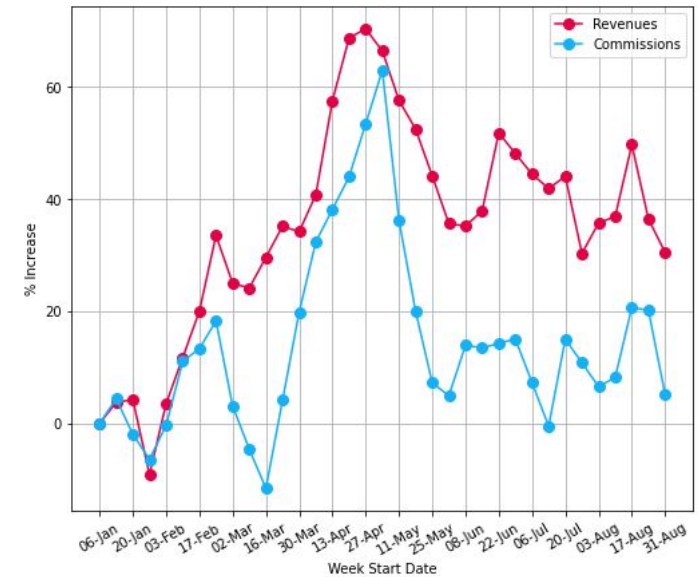


Even as lockdowns have relaxed in the months since, conversion rates for partnership programs in this vertical remained high. Revenues have risen and fallen over the course of the past six months, but still remain higher than the start of the year. At the end of August, revenues were hovering around 30% greater than they were in January.

Health and Beauty
AOV and conversion rate
% Change WoW



Health and Beauty
Revenues and commissions
% Change WoW



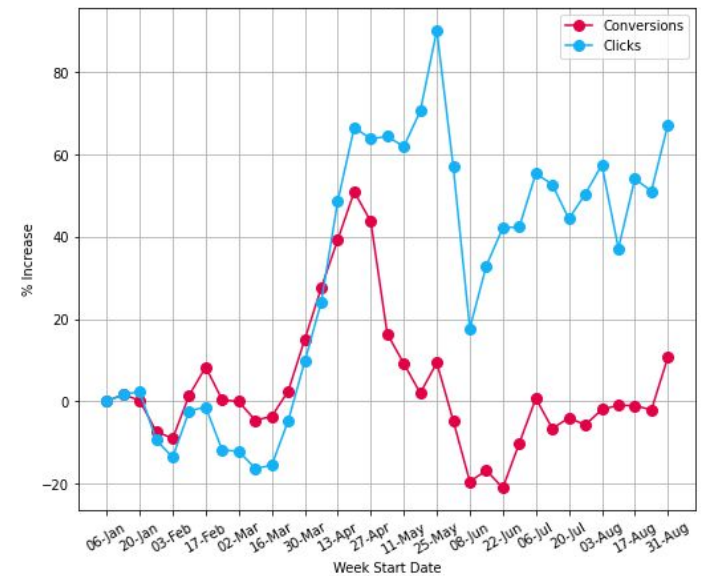
f. Home and Garden

Initial home improvement excitement slows, then returns

The Home and Garden category tells the story of shifting consumer mindsets throughout the pandemic. Consumers used the early days of the pandemic to focus on projects, such as small renovations, gardening, and other home improvements. In the late summer, with many realizing that they will not be returning to the office in 2020, Impact's data scientists saw more investment in home and office furniture.

At the end of August, conversion rates were 40% below the baseline, while clicks were nearly 70% above the baseline. The high number of clicks shows that there is interest in the vertical, but home and garden retailers have struggled to convert interested audiences into customers. A 10% increase in August helped push conversions above baseline for the first time since mid-May.

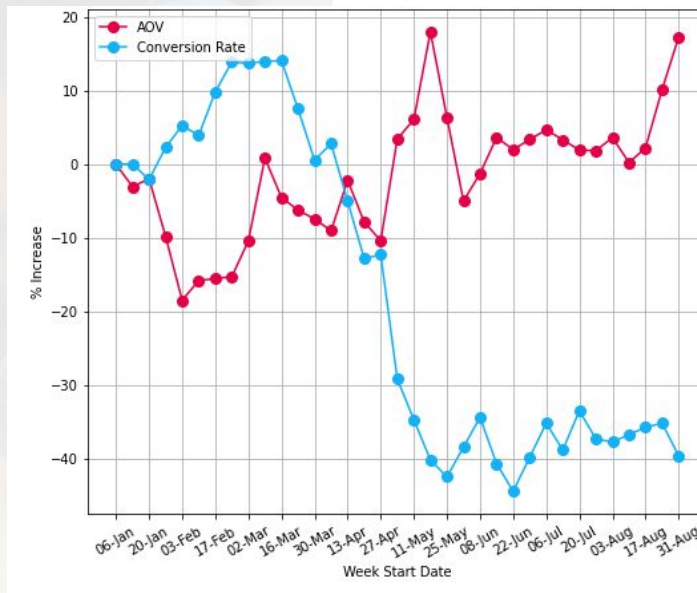
Home and Garden
Conversions and clicks
% Change WoW



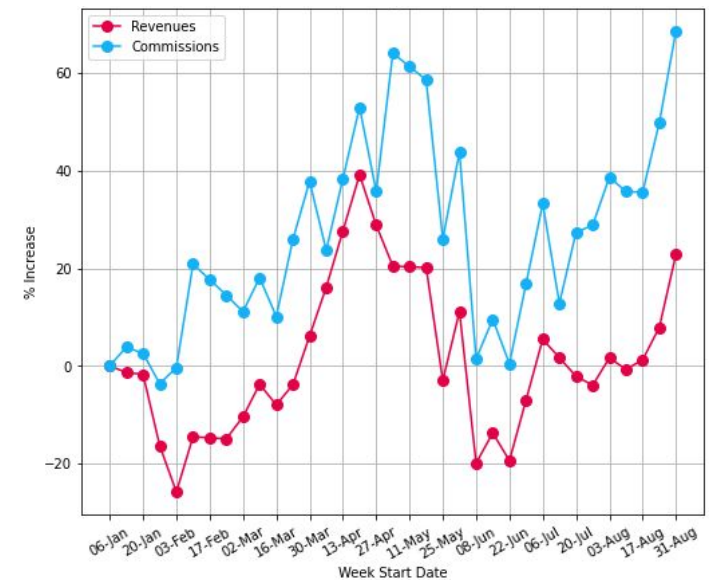
Revenue grew steadily in the category in mid-March, driven by increased actions, although AOV and conversion rates remained comparatively flat. Clicks and AOV for partnership programs were down in June, and conversions and conversion rates began a decline. Conversion rates have never recovered, and have stayed at least 30% worse than the start of the year since early May.

Nonetheless, revenues and commissions trended upwards. At the end of August, revenue skyrocketed to 25% above the baseline, with commissions also seeing about a 25% increase to 70% above the baseline.

Home and Garden
AOV and conversion rate
% Change WoW



Home and Garden
Revenues and commissions
% Change WoW



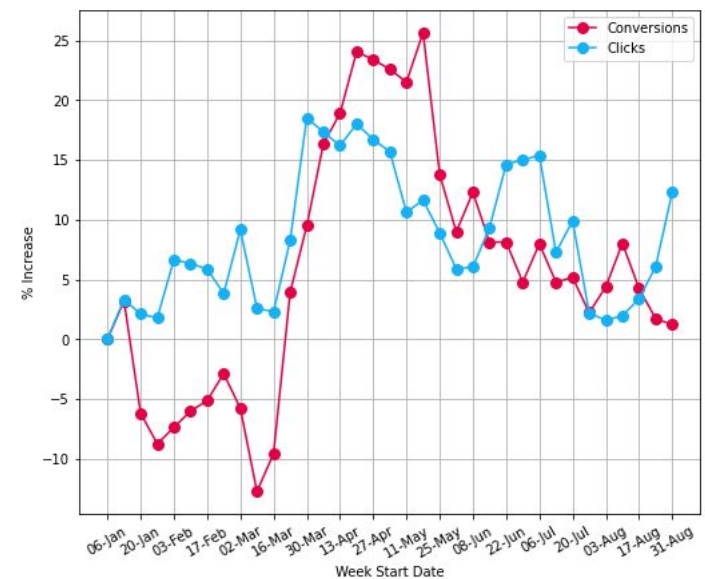
g. Telco and Utilities

Work-from-home leads to sustained revenue growth

Partnership programs performed well in the Telco and Utilities vertical throughout the pandemic. Revenue grew in this category starting right around the time that most companies issued work-from-home orders, and it has remained well above baseline throughout the pandemic period, hitting a new peak in late August, at 40% above the baseline.

Both clicks and conversions experienced declines since spiking earlier in the pandemic, but still remain above pre-lockdown levels. In fact, clicks saw modest growth in late August, but declining conversions meant a steep drop in conversion rate, more than 10% below baseline.

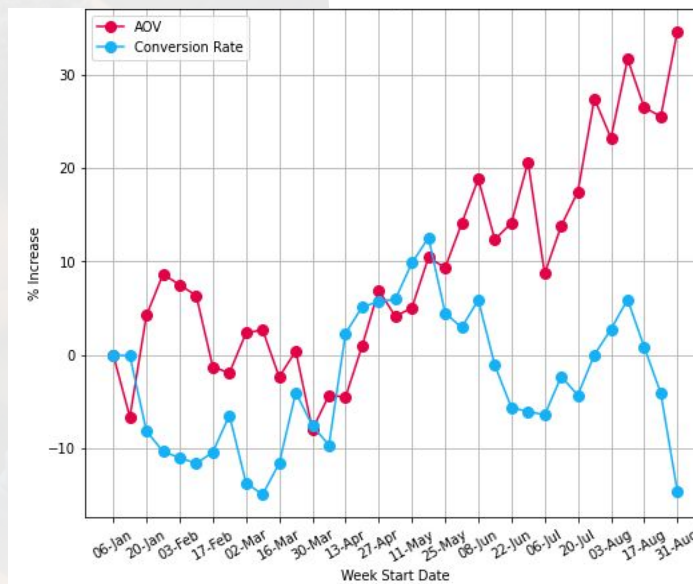
Telco and Utilities
Conversions and clicks
% Change WoW



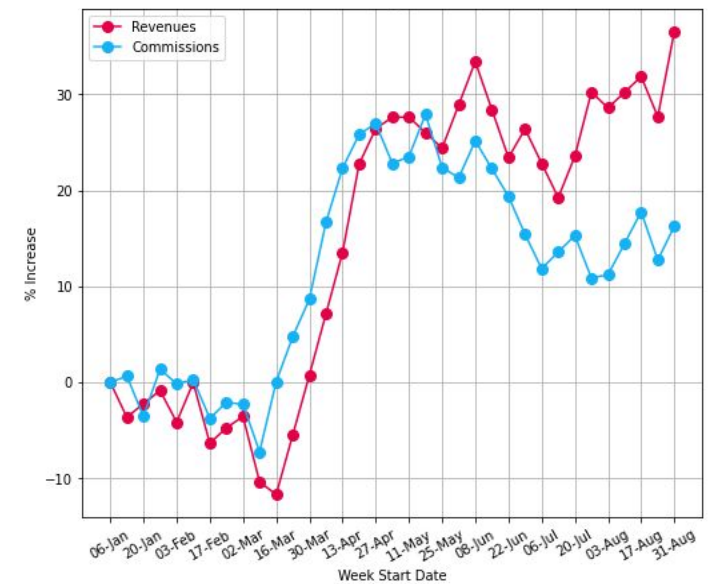
AOV actually experienced a lower-than-average value throughout April, but has been on the rise since May. Like revenue, AOV hit a new high at the end of August, nearly 30% above baseline.

Commissions came down from a high in early May, but remained at healthy levels of 15% above the baseline, respectively.

Telco and Utilities
AOV and conversion rate
% Change WoW



Telco and Utilities
Revenues and commissions
% Change WoW



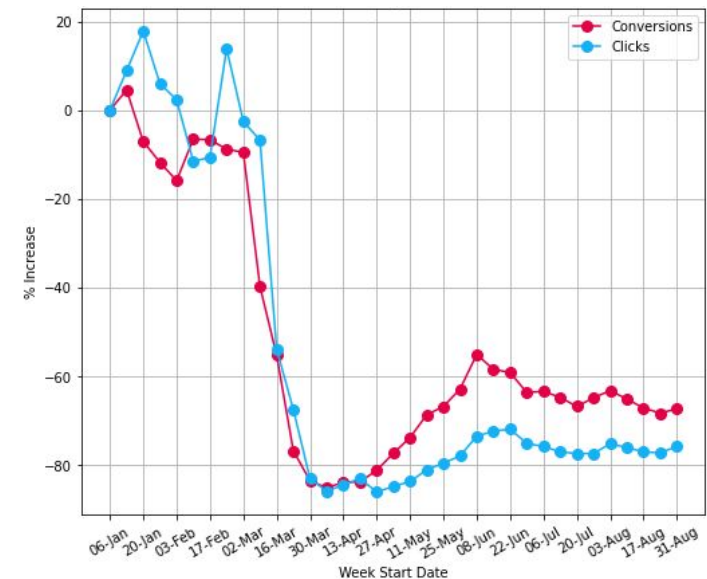
h. Travel

Recovery comes slowly for the hardest hit vertical

Perhaps no industry category has fared worse during the pandemic than the travel vertical. Clicks, conversions, revenues, and commissions all took a severe hit around March as the first states started locking down. By late March, declines were greater than 80% in each of these metrics when compared to the start of the year.

There has been slight recovery since then, but nowhere near pre-pandemic levels before March 11. Conversions and clicks have ticked up, but remain relatively flat, still trending around that 70% below-baseline mark.

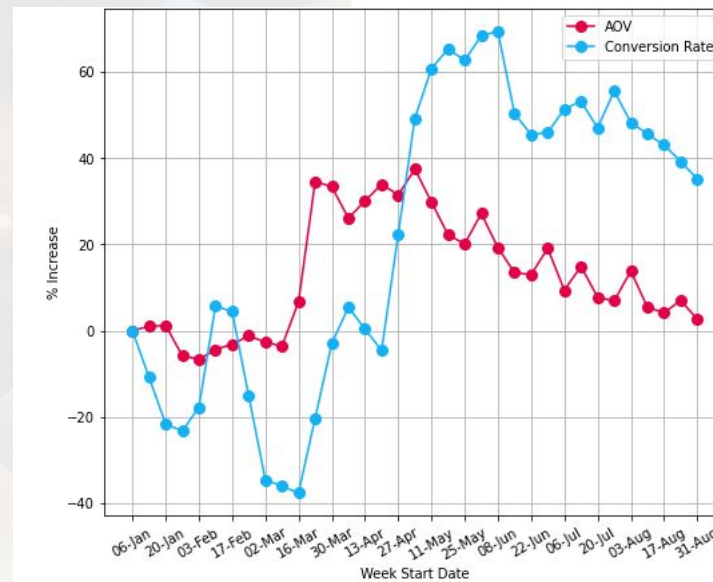
Travel
Conversions and clicks
% Change WoW



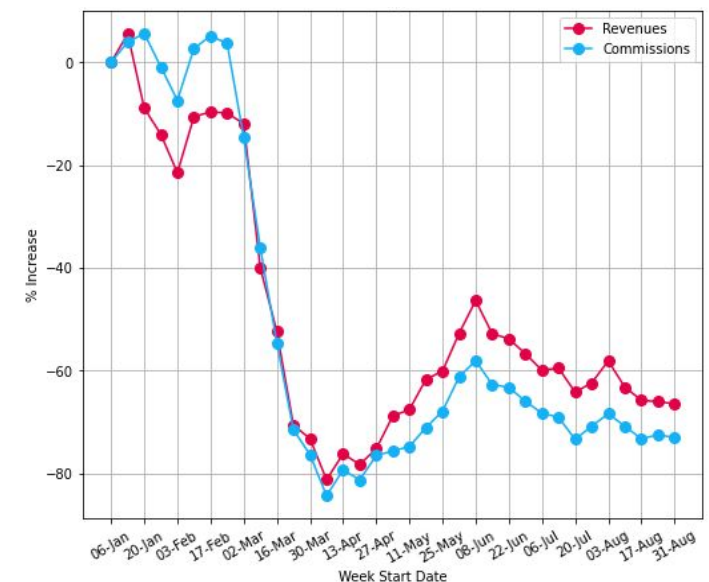
AOV was significantly above baseline in the early months of the pandemic, likely due to decreased supply and higher booking prices. It has declined steadily since, to just above baseline by the end of August.

Revenues and commissions began to recover in mid-April, but once the number of positive COVID cases grew in the South and West, that recovery stalled. Consumers put their travel plans on hold, causing both metrics to slide to nearly 70% below benchmark by the end of August.

Travel
AOV and conversion rate
% Change WoW



Travel
Revenues and commissions
% Change WoW



CHAPTER 4

The outlook for partnerships amid continued uncertainty

Even though stay-at-home orders went into effect across much of the country in March, the number of positive COVID-19 cases continues to grow throughout the United States at the time of this writing. Of the total U.S. caseload, 32%¹ occurred in the month of August, even as heavily populated states like New York and Massachusetts, both of which were hit by the pandemic early, saw daily positive test results lower than 1%.



In August, when 32% of US cases occurred, some states saw daily positive test results

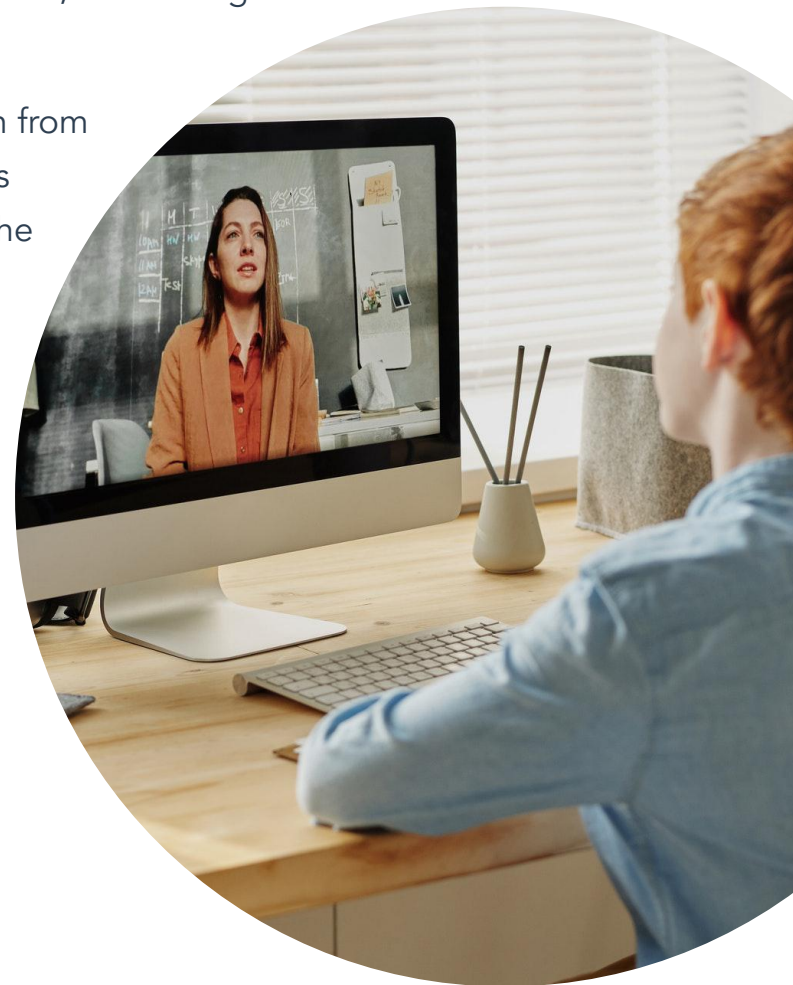
lower than 1%



Many major school districts have opted for remote learning or hybrid models this fall to curb the spread of the virus, but questions remain about what the rest of the year will look like. As businesses navigate these choppy waters, they must look to the partnership channel as a way to make it through the uncertainty. Consumer behavior, habits, and needs continue to change on a monthly—sometimes even weekly—basis. Some verticals are benefitting from consumer needs amid increased time at home, while others are trending up as states continue to reopen. Still others, like travel, face a long road to recovery.

It's impossible to predict what will happen a month from now, much less by the end of 2020. What is clear is that companies need to find ways to cut through the noise of traditional sales and marketing and get in front of audiences that have an interest in their products and services. Partnerships remain one of the best ways to do this, and businesses that continue to nurture this revenue opportunity will likely weather the storm.

To find out more about the ways your partnership channel can help you weather downturns, reach out to an Impact growth technologist at grow@impact.com. We'll help guide you through.





About Partnership Cloud

Impact's Partnership Cloud™ provides an integrated, end-to-end solution for managing all of an enterprise's partnerships throughout the world.

From discovery, recruitment, and contracting to tracking, protecting, and optimizing — through the entire partner life cycle — the Partnership Cloud helps you drive revenue growth from every type of partner, including traditional affiliates, influencers, strategic partners, app-to-app partners, premium publishers, and more.

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