



# THE POWER OF AFFILIATE MARKETING TO DRIVE CUSTOMER ACQUISITION FOR TRAVEL BRANDS

Sponsored by: **Rakuten**  
Advertising

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# Impressum

## **The Power of Affiliate Marketing to Drive Customer Acquisition for Travel Brands**

A PhocusWire Report sponsored by Rakuten Advertising  
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# Introduction

**As affiliate marketing has evolved into a multi-billion-dollar global industry with a proven ability to drive growth and customer acquisition, travel brands that may have held back from incorporating the channel into their advertising strategy are taking a second look.**

Also referred to as partner marketing, affiliate marketing is a [rapidly growing industry](#) that now generates an estimated [16% of all online orders](#) within the e-commerce world. As noted in the Performance Marketing Association's most recent [industry overview](#), "Along with the growth of e-commerce, affiliate marketing has proven to be a pivotal and increasingly critical channel for brands to leverage—especially in volatile economies."

## A brief history of the industry

Affiliate marketing has been [around for a long time](#) in one form or another, beginning with basic referrals. While early efforts to track performance were rudimentary—for example, counting the number of times consumers claimed a unique discount by citing an ad they saw—the concept of performance-based affiliate marketing didn't really get underway until the advent of the [World Wide Web in 1993](#). As noted in [Investopedia](#), "Affiliate marketing predates the internet, but in the world of digital marketing, analytics and cookies made it a billion-dollar industry."

While affiliate marketing remains a relatively small advertising channel, it has achieved a [high rate of growth](#) in recent years as brands in and out of the travel industry increasingly add it as an important tool in their advertising kit. According to the most recent [eMarketer report](#), affiliate marketing exceeded \$8 billion in the United States and \$14 billion globally by the end of 2023.



# Benefits of affiliate marketing

**From a brand's perspective, one of the key benefits of affiliate marketing is its cost effectiveness, since brands only pay a publisher's commission when a specified conversion takes place.**

"The beauty of affiliate marketing is that you are paying for performance," said Beth Benedict, senior vice president of finance and travel with Rakuten Advertising and an industry veteran of 20 years. "Brands recognize the value of setting and tracking an action, whether that's a sale, a booking, a credit card signup, or any other conversion metric. There's a ton of value in only paying for performance versus using some other digital channels where you're paying for a click that might not lead to a result."

The contrast is significant. With other types of advertisements, including commercials, billboards and many digital ads, a brand pays for placement or space even if the ad does not drive a result.

Audience targeting capabilities are another key benefit of affiliate marketing.

"Audience targeting capabilities that are not dependent on third-party data is a big advantage you get with this channel," said Tyler Hogue, senior product marketing manager with Rakuten Advertising. "A lot of digital channels are reliant on third-party data like cookies, and the efficiency of those channels is decreasing. With affiliate marketing you are able to reach specific and highly-engaged buyers through contextual-based audience targeting."





# Affiliate marketing partners

**Much of the recent growth of the affiliate advertising industry can be attributed to the proliferation of digital channels that brands have available to use in their campaigns.**

“Affiliate marketing partners, also referred to as publishers, now encompass a broad base of digital sites including content sites, deal sites, loyalty sites, influencer sites and social media platforms,” Benedict said. “There are endless opportunities and types of publishers a brand can work with.”

The high level of audience engagement on reward sites, including coupon and cash back sites, have made them highly effective partners in driving sales. Examples are [Capital One](#), [Rakuten Rewards](#), [Slick Deals](#) and [PayPal](#).

There is also a segment of publishers that focus on building their own audience so they can then promote a brand and provide a cash-back incentive for a customer to convert. Noted Benedict, “They have very engaged audiences, and they are a great vehicle for a travel brand to promote themselves.”

Content sites, which currently comprise about 80% of affiliate marketing partners/publishers, include blogs, review sites, online magazines and publications and news sites.

According to Patrick Gray, executive director of commerce with Condé Nast, the premium positioned Condé Nast Traveler that is quickly growing its affiliate segment, “has an audience that trusts our point-of-view and curation on travel.”

Many effective affiliate marketing initiatives for brands in and out of travel depend on content partners because of that high level of audience trust and engagement. “These affiliate marketing partners draw in and engage their target audience, establish confidence and trust, and eventually increase sales by producing high-quality, pertinent content,” Benedict said.

Core travel destinations are currently the primary partners for Condé Nast’s affiliate marketing channel, according to Meg Kernahan, senior commerce partnerships manager with Condé Nast. However, she added, “We will cover travel brands of any size and vertical if it is a brand that our team stands by.”

# Affiliate marketing is a full-funnel channel

**Affiliate marketing has long been associated with end-of-the-funnel conversion, but with the proliferation of digital partners available for campaigns, that is no longer the case.**

“Sometimes affiliate advertising is seen as being low on the funnel, the last click, for example when a consumer sees a discount coupon after searching and then decides to buy,” Hogue said. “This isn’t a bottom-of-the-funnel channel. That’s a perception that should be shattered in the market, especially for travel advertising.”

According to [Gen3 Marketing data](#), half of U.S. marketers are using affiliate marketing to drive results up and down the purchasing funnel, including 56% as an upper funnel strategy to build awareness, 58% as a mid-funnel strategy, 50% lower in the funnel for acquisitions and conversion and about one-third (32%) as a post-sale strategy focused on customer retention and loyalty.

“Affiliate marketing is a full funnel channel,” Benedict said. “Our network of diverse partners allows us to influence the consumer journey and drive loyalty full funnel, at every step of the experience, whether it’s content publishers at the top of the funnel to coupon cashback sites toward the bottom.”



## How to define affiliate marketing

Along with the proliferation of publishers has come a variety of ways to describe affiliate marketing, which can create some uncertainty about the focus of the channel for brands that have not yet incorporated it into their ad strategy.

Astute Analytica describes affiliate marketing as a performance-based platform that enables brands to expand their brand awareness and market with minimal investment.

Investopedia calls it an advertising model in which a company compensates third-party publishers to generate traffic or leads to the company’s products and services.

“There’s every flavor of how you can define affiliate marketing, but I look at it as a connection vehicle,” explained Beth Benedict, senior vice president of finance and travel with Rakuten Advertising. “It enables publishers to promote brands using any mechanism that they may have, whether it’s their website or social media or email, and it enables advertisers to get their brand message to audiences they may not have even thought of. It’s about creating a symbiotic relationship where both parties agree on the value. There has to be something in it for both parties.”

# Consumer trends shaping affiliate marketing strategy

**Recent research on current consumer travel trends indicate that the U.S. leisure travel market is booming, with no slowdown in sight.**

Phocuswright's most recent [U.S. Consumer Travel Report](#) found the number of U.S. travelers is at an all-time high, surging to 73% of the online adult population. Travelers averaged three trips during the 12-month period covered in the report, a return to 2019's pre-pandemic level. A majority of travelers (92%) stayed within the U.S. for most trips. About one-third traveled internationally, with Europe and the Caribbean leading the destination choices.

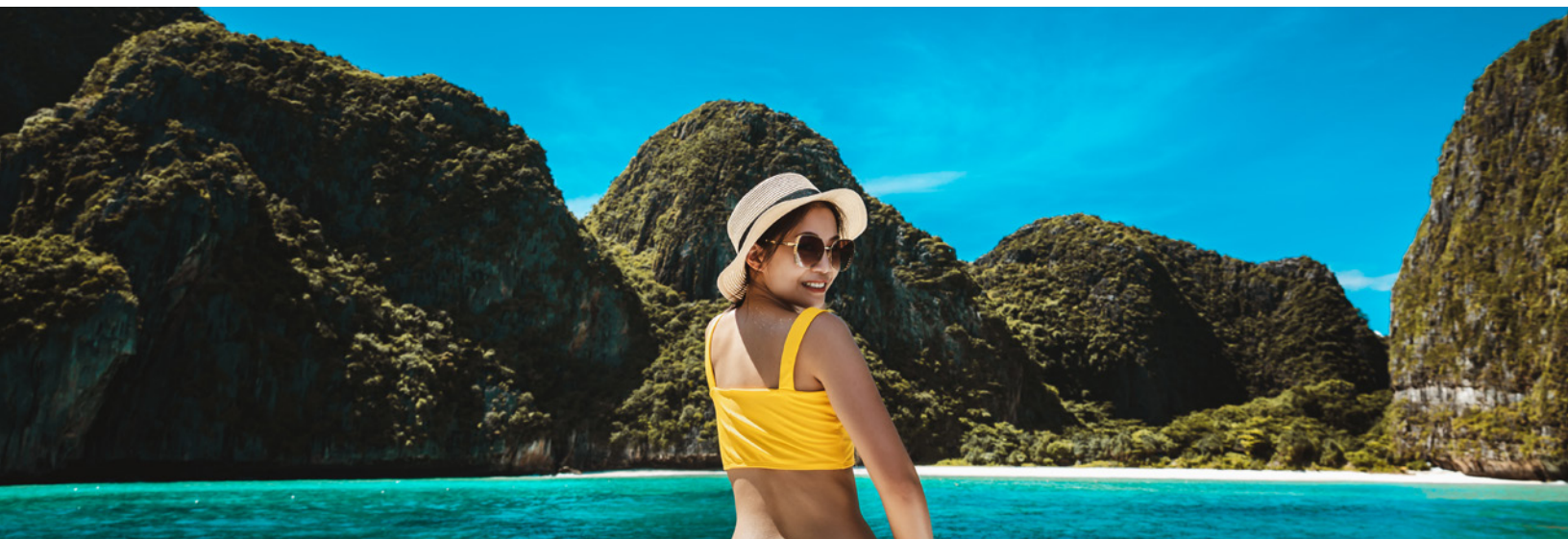
Research from [USTOA and Tourism Economics](#) shows that demand for leisure travel remains strong; in January, 93% of travelers reported having travel plans within the next six months. Air passenger growth was up 6% and foreign visits were up 24% year over year.

Despite cost-of-living increases putting pressure on U.S. households, a recent [global survey conducted by Hilton and Ipsos](#) found that a majority of travelers surveyed (64%) will reduce their personal spending to prioritize travel in 2024. An even higher percentage of Gen Z and Millennials surveyed—just over 70%—said they plan to prioritize travel by reducing personal spending in other areas.

The robust nature of the leisure travel market and two key trends in how and where consumers are searching for and buying travel make a compelling case for why travel brands should consider adding an affiliate marketing campaign to their overall advertising strategy.

## Travelers are looking for deals

As consumers consider the impact of inflation and increased costs on their budgets, they are increasingly looking for travel incentives and deals, and they are dedicating significant time to researching and comparing prices before they book.



Research published in Rakuten Advertising's [2023 Travel Trends Report](#) found that 91% of travelers will seek incentives like coupons, cash back or rewards for their travel-related purchases. They are searching for those incentives from online sites (38%), consumer review sites (32%), multiple travel brands (24%), credit card providers (23%), browser extensions (21%) and social media influencers (19%).

"The consideration phase of the purchasing funnel has ballooned because of the amount of information that's available, and consumers are looking for deals," said Hogue. "They are used to looking for cashback offers and coupon codes, so all of those partners have become increasingly important in the funnel, and they align really well with affiliate marketing as a value proposition."

According to Benedict, "There's just so much information out there from content sites, deal sites and loyalty sites, and they are all part of a consumer's consideration now. A brand needs to make sure they are on all the sites where consumers are shopping for travel, and that means really leaning into affiliate marketing."

Consumers are also relying on loyalty and membership programs more than ever to research and book their travel, according to the [Rakuten Advertising report](#), including more than a third who always use loyalty programs to book their air or hotel stay, about one-quarter that use loyalty programs for car rental bookings, one-fifth who use cruise points to book, and one-third who use credit card points.

Another option for cost-conscious travelers debuted in April this year when [Expedia and Klarna](#), an AI-powered global payments network and shopping assistant that includes multiple major affiliate partners, announced the expansion of their partnership into the U.S.

The Expedia-Klarna partnership, which includes a Buy Now Pay Later (BNPL) option, is likely to attract a segment of the millions of Expedia travelers as BNPL sites are popular with a growing number of consumers. eMarketer forecast that more than 93 million U.S. consumers will use a BNPL service and total payment value will reach \$80.77 billion in 2024. In the U.S., [eMarketer](#) forecasts that 36% of



data from Phocuswright's most recent [Consumer Travel Report](#) found that about half of U.S. travelers surveyed used social media for some aspect of trip planning. And, according to a 2023 [Rakuten Advertising report](#), nearly 40% of social media users follow travel influencers and get inspiration for their next trip from these content creators, including 41% between 25 and 34, and 30% between 35 and 49.

Benedict noted that influencer involvement with affiliate marketing is expanding beyond celebrity influencers who have their own PR teams, agents, staff and millions of followers.

Individual influencers are now getting involved as affiliate partners, providing brands with more opportunities for engagement in targeted geographic regions and/or with specific consumer groups. "These influencers are individuals who might have fewer than 100,000 followers, but they have a very committed, engaged audience," she said.

Influencer engagement in an affiliate program can also be a longer-term strategy as saved stories, images and posts that showcase a brand can be referenced by followers as long as the post remains active, enabling ongoing options for conversions.

According to [Lead Generation World](#), these trends and findings indicate that "Affiliate marketing is undergoing a renaissance. With the rise of influencer partnerships and niche content creators, brands are diversifying their affiliate portfolios. This shift allows for more authentic and organic promotion, tapping into highly engaged audiences and boosting campaign effectiveness."

Analyst Robert Cole sounded a heads up to the travel industry in his recent [Phocuswright article](#) on the future of social media influencers and social commerce in travel. "Any channel exhibiting both rapid share growth and relevance should grab the attention of travel marketers," he said. "Influencer-driven social commerce represents a major opportunity for a travel industry striving to crack the code of developing direct distribution channels, nurture loyalty and improve marketing efficiency."





# Affiliate marketing adoption in the travel industry

**As digital-first businesses, OTAs were the first to adopt affiliate marketing. They generally have the most sophisticated affiliate programs that work with hundreds of diverse partners ranging from cash-back to content sites and influencers. Many major international hotel brands also have run highly sophisticated affiliate programs for over a decade.**

According to Benedict, interest in affiliate marketing has picked up in recent years as travel brands seek to capture new customers post-COVID while taking note of the significant and ongoing changes in how consumers seek inspiration, shop for and buy travel.

“There has definitely been an increase in travel brands engaging in affiliate marketing,” Benedict said. “The large global players all have affiliate programs in place, and now we’re seeing a lot of interest from that next tier—regional cruise lines, regional hotels, and intermediate-level rental car companies. There is still limited engagement from major carriers, but we are seeing more interest from regional airlines.”

She noted that current impediments to airline adoption of the channel include their reliance on OTA bookings and small margins on air ticket sales that make it challenging to share profit margin with an affiliate partner. “But direct bookings are up and that’s an area airlines want to grow,” Benedict said. “Affiliate could be a great avenue to do that.”



While some cruise lines were early adopters of affiliate marketing, the cruise industry has been slower to adopt digital marketing strategies in general and affiliate marketing in particular.

“Cruise lines that have a strong digital marketing arm are familiar with affiliate advertising, and some cruise companies are completely new to it and are still investing in a lot of traditional channels like direct mail and TV advertising,” Hogue said. While many cruise lines have a predominantly older customer base and rely on those channels to reach them, “I think affiliate is a really important channel for cruise brands to be on because of how fast consumer behavior is shifting online.”

With boutique hotels and smaller chains, “It’s kind of a mixed bag,” he said. “Either they are familiar with the power of affiliate, or they haven’t touched it at all.” A lack of resources in small marketing departments can be an impediment. “There are often lighter digital marketing teams handling most channels, so if they don’t have any experience with affiliate marketing they may not immediately see the performance driver it can be. A couple of subsets in the industry are also beginning to implement affiliate programs, including road trip and camping websites, and brands offering resort day passes and theme park passes and planning. Noted Benedict, “There’s a whole segment of the travel industry where we are seeing growth in affiliate marketing programs as people expand how they decide to travel.”

Many travel brands have achieved strong results from affiliate campaigns.

A full-funnel affiliate campaign conducted by Rakuten Advertising for a premium airline brand resulted in a 50% increase in traffic, a 248% increase in bookings and a 226% increase in net revenue, according to Benedict. A separate U.S.-wide hotel affiliate program with Rakuten Advertising in 2023 resulted in significant bottom-line results for the year, she said, including a 53% increase in revenue over 2022’s affiliate program and a concurrent 25% reduction in commission paid to partners.

## 5 key capabilities to look for in an affiliate marketing network

Most travel brands will work with a network to develop their affiliate marketing strategies and campaigns. Not all networks are created equal; some have diverse and deep partner relationships and innovative technology capabilities in play and in the works. Here are five key areas to examine and evaluate.

### Commissioning capabilities

A network's commissioning capabilities are foundational to an effective affiliate marketing campaign. Key criteria include making sure the network pays commission after consumption, which is important in travel as there is a delay between purchasing and the journey. Dynamic commissioning — the ability to set higher commission levels within a campaign based on specific outcomes a brand wants — is also key.

"Dynamic commissioning opens up the ability to optimize your affiliate program based on whatever variables you want to focus on," said Beth Benedict, senior vice president of finance and travel with Rakuten Advertising, which offers the service.

Applications for airlines could include promoting a new route, increasing ancillary sales or increasing customer upgrades to a higher class of service after purchasing a ticket. In the hotel vertical, dynamic commissioning could be used to incentivize sales of a new property and increase room upgrades, signups for loyalty programs, and/or onsite purchases of goods and services.

"Dynamic commissioning is a really powerful tool in an advertiser's toolkit, and it's important to work with a provider that can do it, and do it well," Benedict said.

### Variety, reach and depth of partnerships

An affiliate marketing network should have a diverse base of different types of partners, from content sites to influencers and cashback and loyalty sites. Even though a network might have a lot of players, the depth and length of the partnerships and their ability to personalize offers are also critical capabilities."

Travel brands should also make sure the network has broad geographic diversity in its partnerships, with particular reach in the markets the brand is most interested in targeting.

### Tracking capability

"Whatever you deem important you have to track," Benedict noted. "Make sure the network you plan to work with on an affiliate campaign has the technology tools capable of tracking your targeted outcome. Keeping a close eye on performance is key so if there's any misalignment you can easily pivot."

More advanced tracking technology will include comparative and predictive tools including competitive benchmarking, which illustrates how a brand's affiliate campaign is performing against direct competitors or within specific markets. Some tracking technology can also provide a forecast of an affiliate partner's performance.

### Audience segmentation

While high-level strategies including brand promotion are still a mainstay of affiliate marketing campaigns, advertisers are increasingly interested in working with networks that can reach specific audiences or demographics.

"I think that audience segmentation is the future of affiliate marketing," Benedict said. "It's not going to be just one-size-fits-all anymore." For example, Rakuten Advertising's Audience Engine targets specific audience segments and personalizes incentives to those audiences when they convert.

### Artificial intelligence

A network's investment in and focus on artificial intelligence will be key to the success of every affiliate marketing campaign.

"Generative AI is going to shake up the buyer journey," commented Tyler Hogue, senior product marketing manager with Rakuten Advertising. "It's also going to impact how advertisers personalize their sites, and the experience and customer support they provide. Affiliate networks that provide tools utilizing generative AI will be best positioned to help advertisers keep up."

Rakuten has an industry-leading partnership with Open AI, and the company employs over 300 data scientists who have built a large language model that is being used to create new products. "We're infusing AI into things like our Partnership Discovery solution so you can search for the best partners for your specific goals, analytics to forecast and benchmark your performance and reporting to uncover insights about consumers' conversion journey," Hogue said.

# Conclusion

**Technology advancements, changes in consumer buying behavior and a proliferation in the number and types of partner channels is accelerating growth in the global affiliate marketing industry, which [Astute Analytica](#) projects will exceed \$39 billion by 2031.**

For travel brands in particular, as travelers seek inspiration, ideas and the ability to book travel from multiple online platforms and social media content sites and influencers, incorporating affiliate marketing into an overall ad strategy can be a major contributor to driving targeted growth.

Concluded Benedict, "I think the most important thing to know is that affiliate marketing can get you in front of a potential customer wherever they are. Travel brands need to keep up with the times in the way consumers search for and book their products, and affiliate marketing can help them to do that."





# PhocusWire

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PhocusWire is a comprehensive daily news companion for the industry powered by Northstar, the leading global provider of trusted information and experiences for the audiences that drive the travel industry.

Technology and distribution form the backbone of travel, tourism and hospitality, the planet's largest industry. The PhocusWire team and our colleagues at Phocuswright have been immersed in travel technology and the ongoing digitization of the industry for decades.

PhocusWire's daily content keeps our readers up to date on breaking news while also providing broad coverage of every sector of the global travel industry, including data, expert analysis and a strategic focus on innovation and startups, all supported by Phocuswright's deep, research-driven assets.

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# Rakuten Advertising

## About Rakuten Advertising

Rakuten Advertising delivers performance-driven, brand-driven, and people-driven ad solutions that help the world's top brands connect with unique, highly engaged audiences through Affiliate Intelligence. Backed by industry-leading technology, AI innovation, and the largest, high-quality partner network, Rakuten Advertising taps into decades of data and experience to develop the strategies to drive engagement, sales, loyalty, and beyond. A leader in the industry since its beginnings, Rakuten Advertising is a division of Rakuten Group, Inc. (4755: TOKYO), one of the world's leading internet service companies. The company is headquartered in San Mateo, California, with offices throughout EMEA, APAC, LATAM, and North America. Learn more at [RakutenAdvertising.com](http://RakutenAdvertising.com).

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