



ASSESSING THE  
TRUE VALUE OF  
VOUCHER  
CODES

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## Contents

<b>Introduction.....</b>	<b>2</b>
<b>Growth of Voucher Code Sites.....</b>	<b>2</b>
<b>Incrementality and the role of influence.....</b>	<b>3</b>
<b>Not all voucher code sites are the same.....</b>	<b>6</b>
<b>Greater control of codes.....</b>	<b>8</b>
<b>Case studies and results.....</b>	<b>9</b>
<b>Driving New Customers.....</b>	<b>9</b>
<b>Post conversion analysis.....</b>	<b>10</b>
<b>Telecoms Case Study.....</b>	<b>10</b>
<b>Mobile Voucher Codes.....</b>	<b>11</b>
<b>Summary.....</b>	<b>12</b>
<b>More information.....</b>	<b>12</b>

## Introduction

The affiliate channel has grown by an average of 15% year on year for the past five years, effectively doubling in that time.

It is only natural that with dramatic growth comes increasing scrutiny with advertisers keen to ascertain how they run an affiliate programme and how valuable the sales are it delivers.

One of the promotional activities that attracts the most scrutiny when assessing this value is voucher coding. There is a commonly held belief that sites built around offering deals, promotions and voucher codes are premised on the conversion and therefore add little value earlier in the sales funnel. This fuels the theory that such activity adds little 'incremental' value and merely overwrites cookies from other publishers involved at an earlier stage of the customer journey.

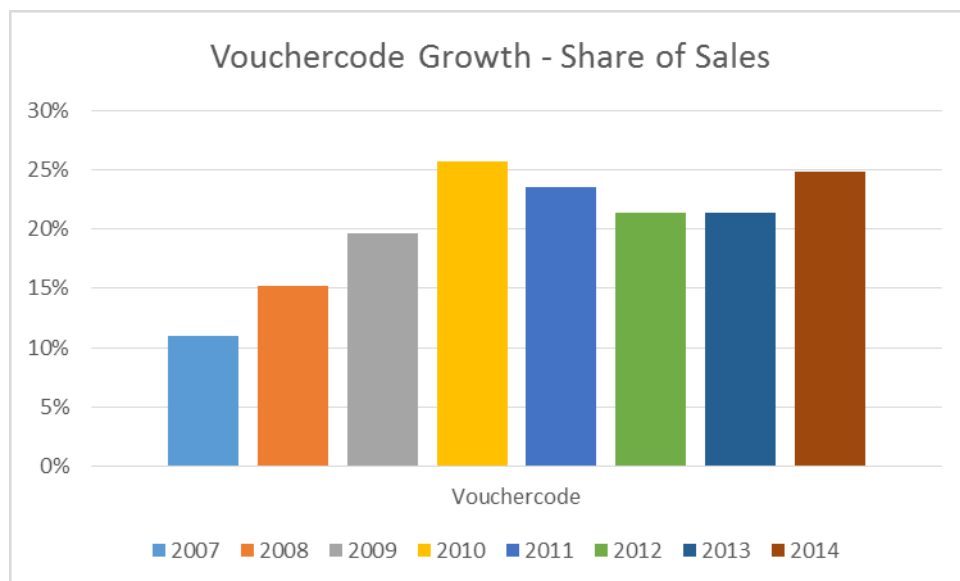
In this document we look to explore some of these concepts and analyse the reasons to work with voucher code affiliates. We will assess the growth of voucher code sites across the network, their role as 'influencers' as well as 'converters' and consider post-conversion data to better understand the value of the customers they deliver.

## Growth of Voucher Code Sites

Online voucher codes started to gain prominence in early 2007. Sites like myvouchercodes.co.uk and vouchercodes.co.uk pioneered the concept of aggregating a large number of codes and deals from across the Internet into one place.

From the outset, these sites used affiliate marketing as the obvious way to monetise their listings and build relationships with advertisers. The growing importance of voucher code shopping can be highlighted by the growth in their prevalence at Affiliate Window.

The chart below shows the share of transactions across the network generated by voucher code sites, highlighting how 'voucher coding' has grown and then maintained significance over the years.



With this significant growth it was important that voucher code sites conformed to a set of industry regulated guidelines and in 2009 the IAB Affiliate Marketing Council launched the first iteration of their 'Voucher Code, Code of Conduct'. There was a general feeling at the time that the rapid growth of the voucher space required a standardised approach

from all networks to ensure advertisers continued to invest in their use. As the channel evolved, the code of conduct has been updated, with [the latest version](#) released in 2013.

## Incrementality and the role of influence

Voucher code sites by their nature are primed to close sales. As a channel that is defined by the ultimate performance metric, payment on sales, it is understandable that businesses have emerged that are converged around the conversion.

By offering consumers an incentive to transact, they are typically the last referrer within a sale and 'win' the sale on a last click basis. This invariably feeds the belief that voucher code sites merely overwrite traffic from other affiliate types, acting as 'goal hangers' that 'steal' commission from so called content, editorial and blogger affiliates. Based on years of analysis of this data however, we have been able to demonstrate that this is actually far from the truth; the provision of the data this year via the Affiliate Window reporting system offers advertisers the opportunity to see this for themselves.

Through the network's 'influencer reports' we are able to demonstrate the individual affiliates on any given programme who are most susceptible to being overwritten by other affiliates and the picture is typically far more complex than generally thought.

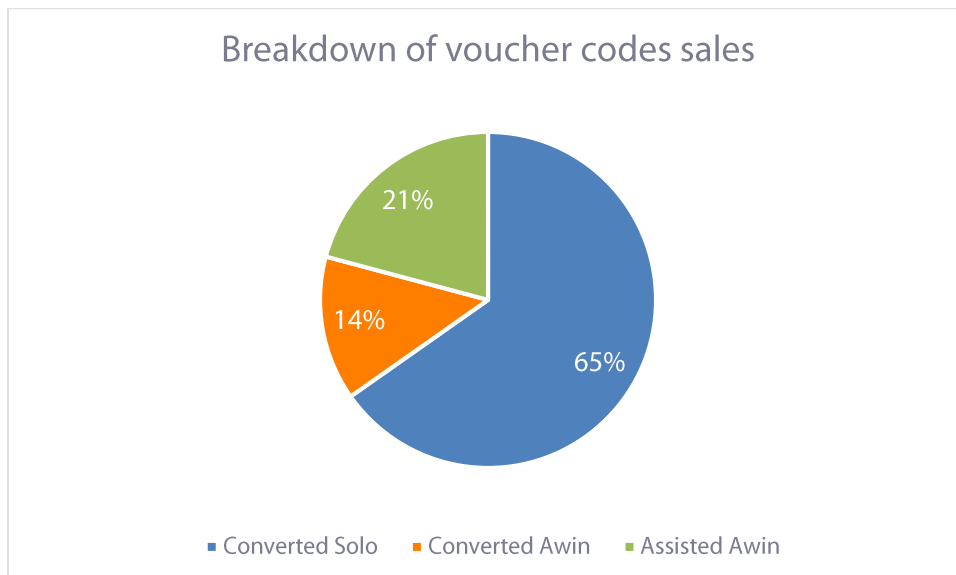
It is important to consider that by offering a variety of channels to call on in order to drive both sales and early funnel interest, voucher code sites are brands in their own right.

Many of the larger voucher code sites will offer email campaigns, tenancies, online and offline propositions making use of both their desktop and mobile sites. It's no longer sufficient to think of them having a single route to market.

Additionally some of the largest voucher code sites are visited by more consumers than the majority of advertisers they promote. With millions of members signed up to receive their newsletters, voucher code sites are often the first port of call rather than merely an afterthought.

So let's take the network's data and look at the largest voucher code partners on the network to understand their role in converting sales as well as influencing them.

Please note, the data below only looks at transactions within the affiliate channel and does not take into account other online channels.



*Converted Solo* – When the voucher code affiliate was the only affiliate involved in a customer journey

*Converted Awin* – When the voucher code affiliate is the final click but has overwritten another affiliate's cookie. In essence, they have been assisted by another affiliate

*Assisted Awin* – When the voucher code affiliate has been overwritten by another affiliate's cookie. Essentially they have assisted a sale

Four out of five sales that the top voucher code sites were involved in they converted, two-thirds of the total no other affiliate was involved. It could be argued that without their involvement, the transaction may not have taken place.

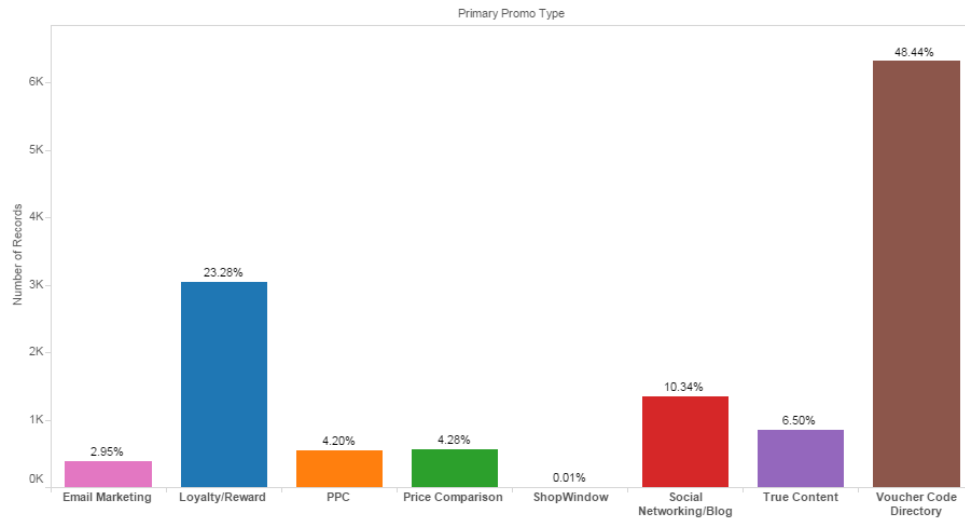
Roughly one in seven sales that a voucher code site is involved in, they are credited with the sale at the expense of another affiliate. However, when we examine this data, it is typically other voucher code affiliates that are being overwritten in more instances than any other affiliate type. Compared to other affiliate categories the level of overwriting is greater but the typical sales journey when this occurs appears to be when consumers switch between voucher sites with the assumption they are looking for the best deal available.

This cross over is seen across advertisers in multiple sectors. The charts below consider the promotional types that have been overwritten by voucher code sites and the cross over is typically other voucher code sites.

**Retail Sector**



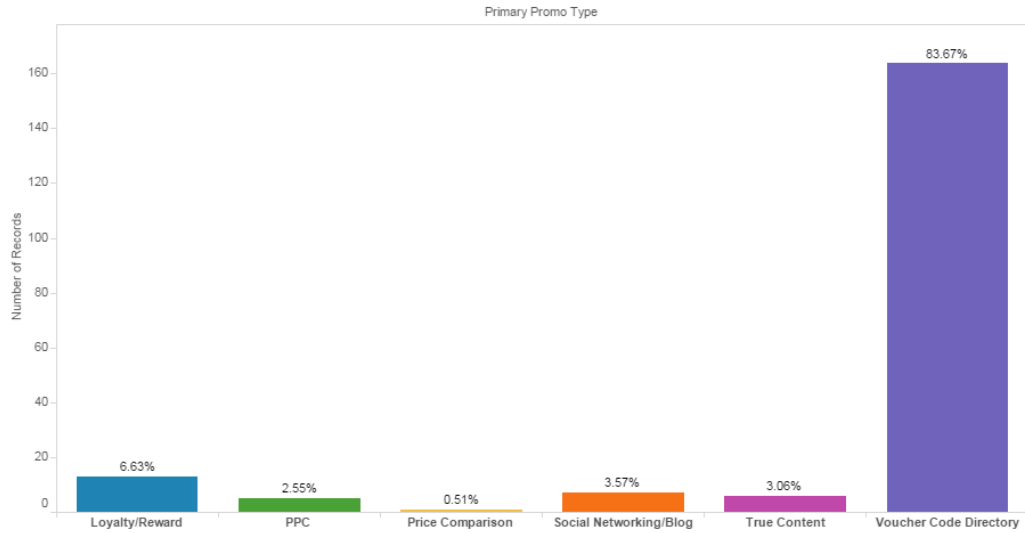
Overwrites (Type)



**Travel Sector**



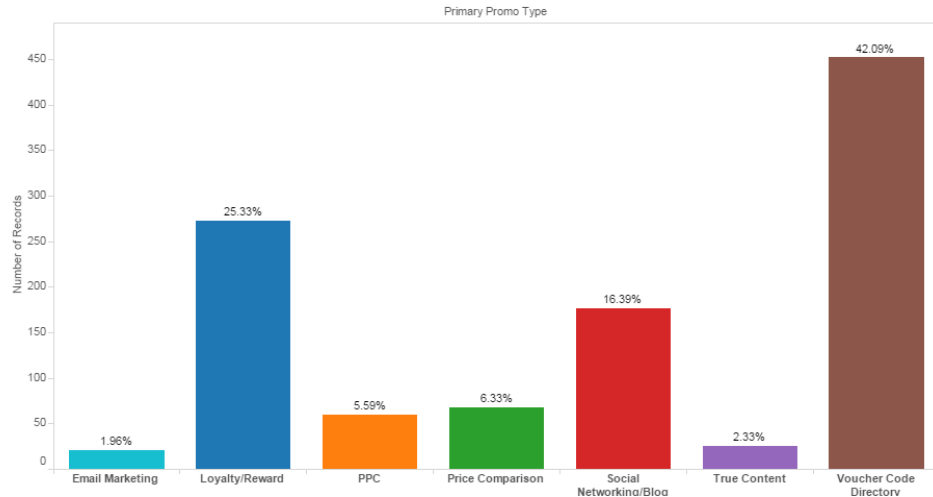
Overwrites (Type)



**Telecoms**



Overwrites (Type)



Data from these three key sectors shows that more than three quarters of sales that voucher code sites overwrite can be broadly categorised as having an incentive – be it voucher, cash or points reward – attached. In other words we can make a general conclusion that the consumers driving these interactions are, broadly speaking, savvy deal hunters.

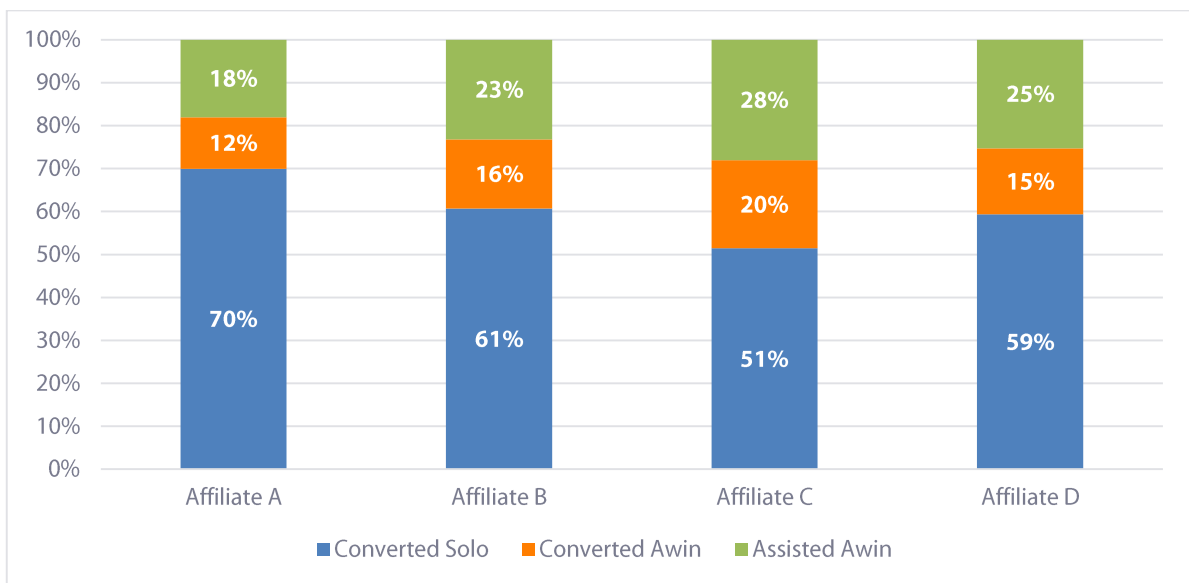
## Not all voucher code sites are the same

While the data in the pie chart on page four considers the top voucher code sites on the network, it is important to note they are not all the same and we shouldn't fall into the trap of treating all voucher code sites' traffic as being the same.

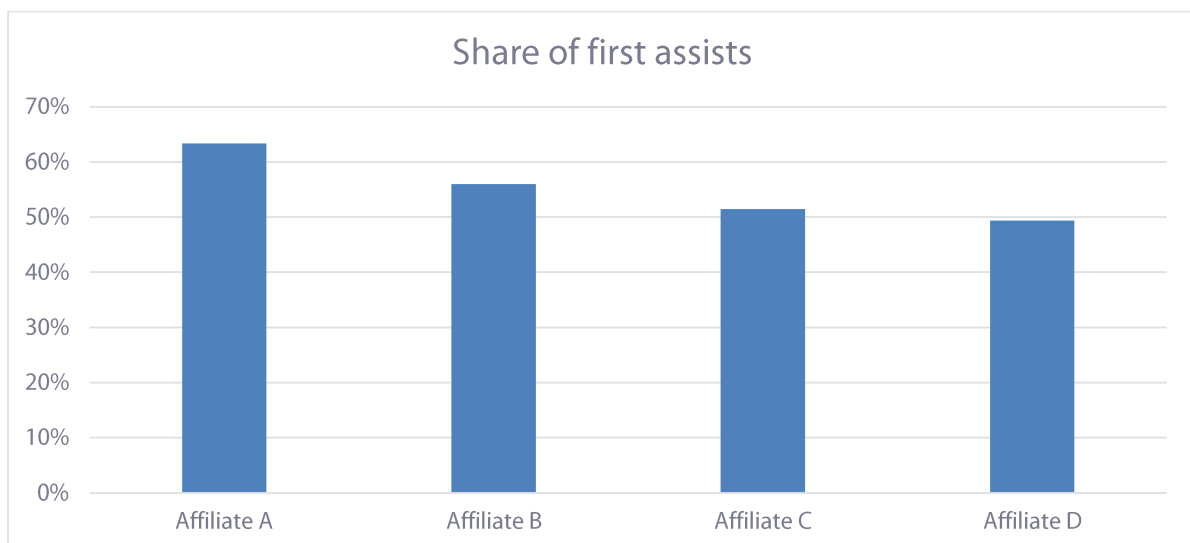
Despite looking similar on the surface, their traffic can behave differently. The chart below illustrates what this looks like for the top voucher code sites across the network. It is evident that Affiliate A is more effective at converting 'single interaction' sales than the other voucher code affiliates.

Each affiliate has a higher percentage of 'assisted Awin' than 'converted Awin' which is indicative they are overwritten more often than they overwrite.

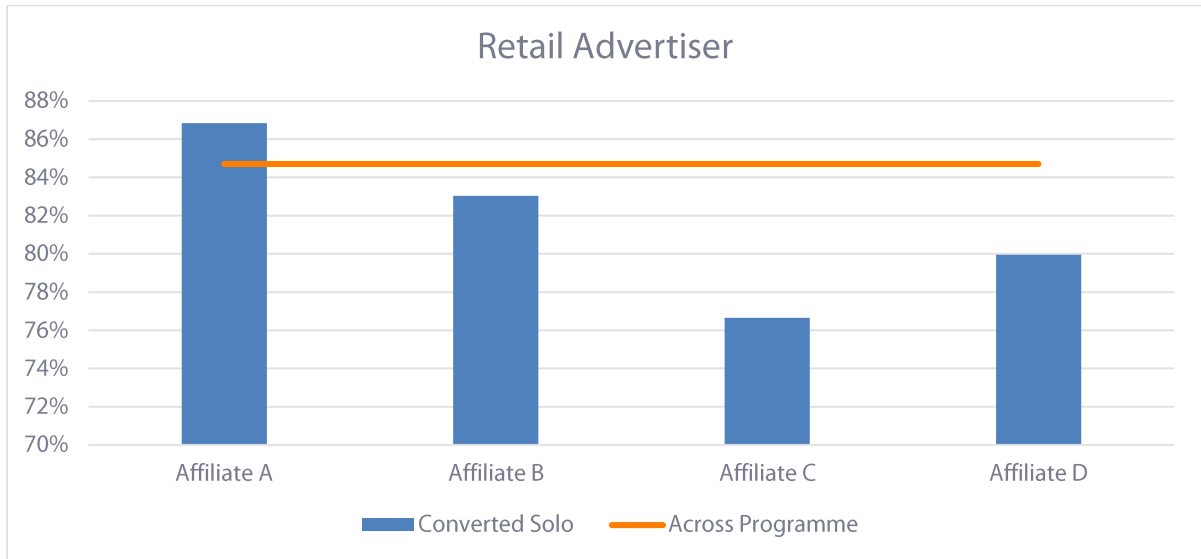
However, as mentioned previously a significant amount of this cross interaction is between other voucher code affiliates – this is further highlighted in the charts above.



If we split out the 'assisted Awin' data further, we are able to see the share for each affiliate where they have been the first click. This adds further evidence to the fact that consumers are starting out their journeys with a voucher code site and the crossover is when they look for a second voucher code site to ensure they are getting the best offer available. Affiliate A and Affiliate B are more likely to be the first click in multi interaction transactions involving voucher code sites.

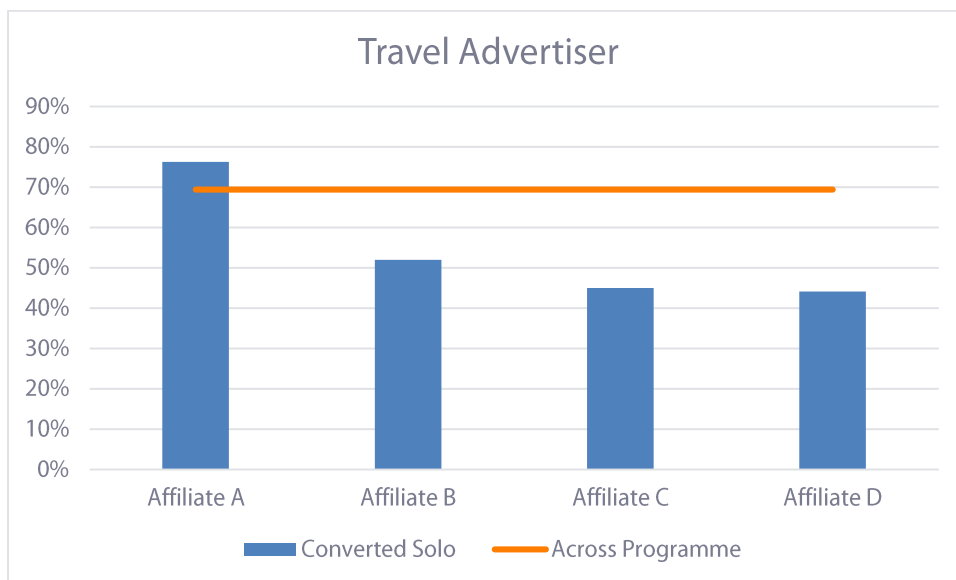


Additionally the share of sales that fall into each vertical (retail, telecoms, travel etc.), will vary across each advertiser for each affiliate. The charts below consider what this looks like for a retailer and a travel advertiser and is again indicative of the different behaviour of visitors to each voucher code site.



Affiliate A again converts the greatest share of customers when they are the only affiliate involved while the other affiliates drag the average for voucher code partners down.

It is also a similar picture for the travel advertiser below, although the share of sales that are converted solo is lower (70% vs. 85% for retail). It is evident that consumers are more likely to search for the best voucher offer when transacting with a travel retailer.





## Greater control of codes

Where once advertisers were focussed on volume with little regard to anything else, voucher coding has come a long way in the past few years. It is possible to have a lot more control over how voucher codes are distributed and there are tools in place to monitor this.

**Generic vs. exclusive codes** – It is possible for advertisers to launch voucher codes that can be used by all affiliates, or to run an exclusive code with a particular voucher code partner. Exclusive codes will get greater exposure for the offer and allows an element of control over where the voucher is featured. Advertisers can ensure that only the affiliate that the code was intended for will get commission for transactions using the code.

In the case studies and results section of this document the benefits of providing an exclusive code are evident.

**Single use codes** – A greater level of control is able to be exercised by issuing single use codes. This is where there is one unique code per customer. There are additional technical requirements to implement single use codes but this ensures that it isn't possible to share voucher codes. This enables advertisers to issue a number of voucher codes that are able to be redeemed for further control over costs and distribution.

**Only show voucher code box for traffic from voucher code sites** – One of the main areas of concern when discussing voucher coding is that consumers are trained to search for voucher codes when they reach the basket. This has been a result of advertisers showing a voucher code box on the checkout page. By removing this box from the checkout page, consumers are less likely to be prompted to search for a voucher code prior to converting.

With some technical work it is possible for advertisers to remove this box when the referring traffic source is not a voucher code site. Additionally it is possible to pre-populate the box with a code from an affiliate if this affiliate has been issued with a code to use, thus negating the need for them to leave an advertiser's site in search of a code, as well as allowing a more seamless transition from the affiliate who drove interest with a code (be it a voucher code specialist, blogger or another content focused site).

**Monitoring click to sale lag times** – It is also possible to monitor the click to sale lag to determine if a customer has just searched for a voucher code just prior to conversion. Some advertisers have identified that if a transaction takes place within a certain timeframe, it is likely the affiliate added little to no value aside from having a voucher code listed. For example, if the click to sale lag was shorter than the timeframe needed to go through the checkout process, it points to the fact the voucher code was searched for at the last minute.

Longer click to transaction times are evidence that the consumer has carried out the transaction having clicked through a voucher code site rather than just searching for a voucher code just before the transaction is completed.

Some advertisers have chosen to activate what is more commonly known as 'basket freeze', declining such sales or, if another affiliate was present earlier in the sales funnel, award the commission to them instead.

It is worth mentioning that voucher coding has various complexions and a 'one size fits all' approach may result in a less than perfect approach to the vagaries and variances, but there are three critical elements that advertisers want assurances on: firstly earlier funnel affiliates aren't negatively impacted, secondly the sales they commission are ones they feel comfortable paying for and lastly they have control over where their codes appear.

## Case studies and results



**National Trust**

### National Trust

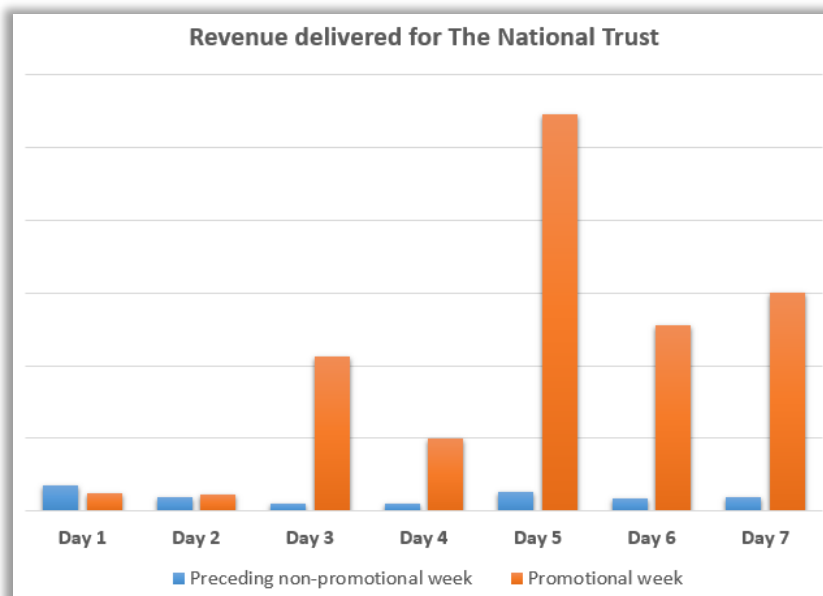
The National Trust wanted to test the impact of removing their generic offer from their site and pushing it specifically through the affiliate channel.

Historically, they promoted a '3 Months Free Membership' offer on their homepage, meaning that all visitors to the site were exposed to the promotion.

The offer was changed to '2 Months Free Membership' and was removed from the homepage. The code was automatically populated when the customer clicked through from the voucher site and went to check out. This led to a **77%** increase in sales and a **79%** increase in revenue.

National Trust also wanted to test this further to analyse the impact of running an exclusive code that was stronger than any generic offer. VoucherCodes.co.uk were given the exclusive '3 Months Free Membership' code for a week. This exclusive was in exchange for increased exposure which included a newsletter placement, a carousel banner and a 'favourite store' tile on the voucherCodes.co.uk homepage

During this week long exclusive the National Trust saw some exceptional results. Traffic increase by over **3,000%** and the sales and revenue increases can be seen in the chart below.



The National Trust increased sales by more than tenfold and revenue by just less than that. This manifested itself with a dip in the average revenue from each sale.

This promotion also proved to be incremental when the volume of sales from all channels the National Trust was using was considered

There was a fear that the volume driven by other channels may dip, however this was not the case, with the National Trust reporting that performance across other channels had remained consistent with previous months.

This highlights the reach of voucher code partners to attract additional customers that may not have become members had it not been for the offer on the voucher code site.

## Driving New Customers

With the largest voucher code sites having access to extensive databases, they have the ability to attract significant volumes of new customers. By offering exclusive discounts to new customers only, it is possible to improve conversion rates for new customers.

A retailer on the network was able to use A/B testing with one of the largest voucher code sites to monitor the impact on conversion rates when offering an exclusive discount compared to a generic offer of free next day delivery.

Both email shots consisted of 200,000 users who were newly registered with the voucher code site. The group exposed to the exclusive offer saw a 470% increase in conversion compared to the target group who received the generic offer.

The new customer offer was able to generate a significant volume of customers who had not shopped with the retailer before.

## Post conversion analysis

As well as looking at the performance of voucher code campaigns in terms of uplifts it is also important to analyse post conversion customer data. While looking at the increase in traffic, sales and revenue etc. from running a voucher code campaign, it is essential to understand the longer term value of these customers.

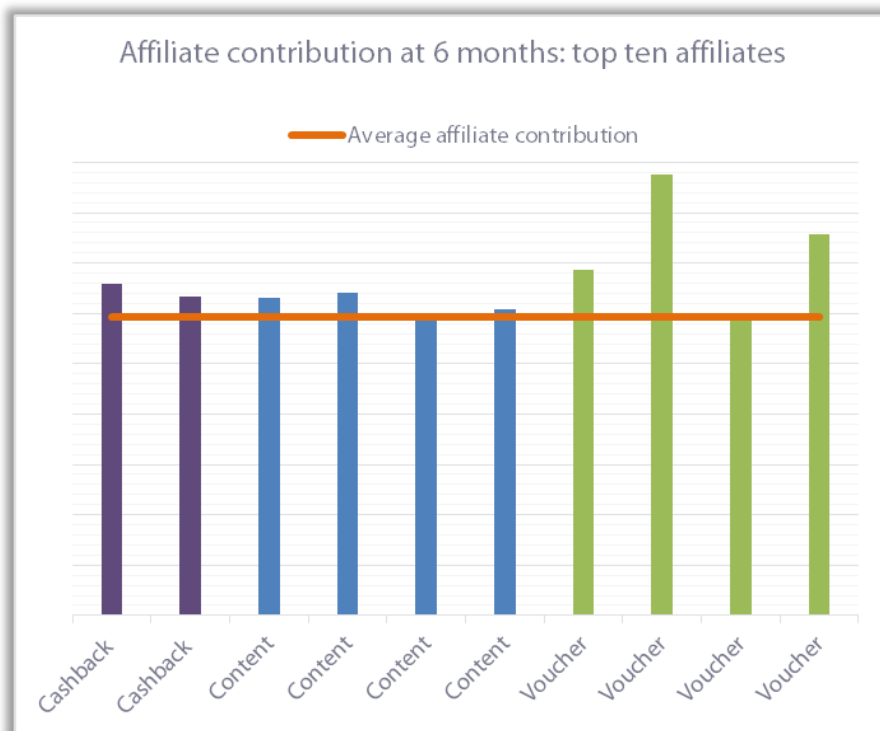
For example, what was the split of new versus existing customers? If they were new customers have they since returned? How much have they spent with you since initially being referred as a new customer? From an existing customer perspective, have average order values increased? Are they returning more often than they were previously?

It is important to benchmark the value of customers referred through voucher code affiliates against other affiliate promotional types as well as customers referred from other channels. By focussing on those affiliates that are able to drive both volume and high quality customers, return on investment with voucher code affiliates will be considerably higher. Overall advertisers will have more confidence in working to a varied commission structure that reflects the value of customers delivered.

## Telecoms Case Study

An advertiser in the telecoms sector carried out post conversion analysis into the quality of customers that were generated by their affiliate partners and compared against other channels. The quality score took into account metrics such as how many customers churned and their profitability over time (as additional packages were added/removed from their subscription).

The following chart looks at the top ten affiliates on the programme, colour coded by promotional type. Each bar represents an affiliate and the height of the bar is reflective of their contribution (value of packages taken out) six months from the initial sign up.



It is evident that each of the voucher code affiliates performed well for this metric with some of the highest contributions of any affiliate type. Additionally, three of the four voucher code affiliates had a higher contribution than seen across their other channels. What is also interesting is that they displayed the greatest diversity among affiliate promotional types, again underlining how important it is to understand each affiliate by their individual contribution.

The research helped understand the contribution of voucher code publishers at a senior level within the organisation and shed light on the value they could offer. It also highlighted the importance of considering the performance of each affiliate on an individual basis rather than assuming that all voucher code sites traffic behaved in the same way.

## Mobile Voucher Codes

With mobile commerce growing at a staggering rate over the past few years, voucher code sites have been at the heart of this growth. The leading voucher code sites are typically seeing 47% of traffic originate from a mobile device with 25% of this coming through smartphones.

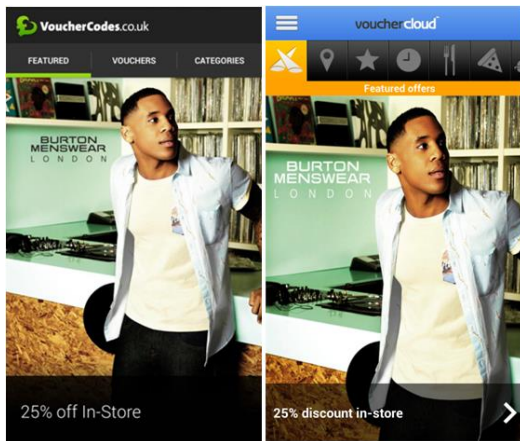
As well as being able to convert users online through vouchers it is also possible to close the gap between online and offline. Burton's ran a campaign that offered a discount code irrespective of whether a customer purchased online or in store saw some impressive results.

**Offer run** – 25% discount on line or in store

**Increase in traffic** – 260%

**Increase in sales** – 395%

**Additional revenue driven in store** - £55k



The challenge of the online to offline piece is tracking. It is fraught with technical limitations and currently largely operates by the advertiser capturing the offline sales and passing this information back to the affiliate network in the form of a batch file that is then uploaded to the interface and the respective affiliates awarded their commissions.

Apart from the obvious crossover that is now occurring between people who are researching online and purchasing offline (and vice versa), some additional insights emerge such as the higher average basket value of those buying in store when compared to those buying online.

Perhaps the additional 'in-store' experience has a positive uplift on those tempted into store by the offer of a substantial discount.

## Summary

Voucher coding has seen significant growth since we first saw voucher code sites enter the channel in a big way in 2007. In this time they have become brands in their own right, with the largest voucher code partners being as big as a number of the advertisers they promote. As a result of this, voucher code sites are often the first port of call rather than merely being an oversight or last minute consideration. This is further evidenced by the data pointing towards a high percentage of sales having a voucher code site as the sole affiliate interaction within the path to conversion.

This growth has inevitably led to the role of voucher code sites coming under an increasing amount of scrutiny. We have seen that voucher code partners can be extremely valuable, both in terms of the volumes of transactions they are able to generate as well as the quality of customer they are able to attract. Where there is more than one affiliate involved in a sale, it is typically another voucher code site rather than another promotional type being overwritten. This points to a customer searching for the best deal and comparing offers across voucher code sites to do so.

Greater controls have been put in place over time to ensure that advertisers can feel confident in running a successful voucher code promotion. It is important for advertisers to not only look at the uplifts gained when running a promotion but also to look at post conversion data to truly understand the longer term value of customers that have been referred through voucher code sites.

As long as online retailers need to be competitive and consumers want the best deal, online voucher codes will always have their place. More evolution in the way codes are accessed by consumers and more sophisticated management of the impact codes have on online marketing strategies is the key to the model's continued survival.

## More information

Affiliate Window is the market leading affiliate network in the UK.

Working with more than half of the top 100 retail brands in the UK gives us unparalleled access to the deepest set of affiliate marketing data in the UK.

We use this information to create reports, editorial insights, webinars and whitepapers that are unique to the industry. If you'd like to find out more about how we can help you with the latest and most appropriate affiliate marketing solutions, please drop us an [email](#).

In 2015 we continued to lead the affiliate channel with our launch of cross-device tracking, payment on assists and our groundbreaking publisher tool, Opportunity Marketplace, picking up the network innovation accolade at the Performance Marketing Awards 2015 for the seventh time.

The Strategy Team at Affiliate Window publish a monthly newsletter that contains all the latest updates from the network including industry insights, new reports, the newest innovations in mobile and general editorial pieces.

If you'd like to receive our newsletter please sign up [here](#).

Alternatively you can visit the company's blog [here](#).