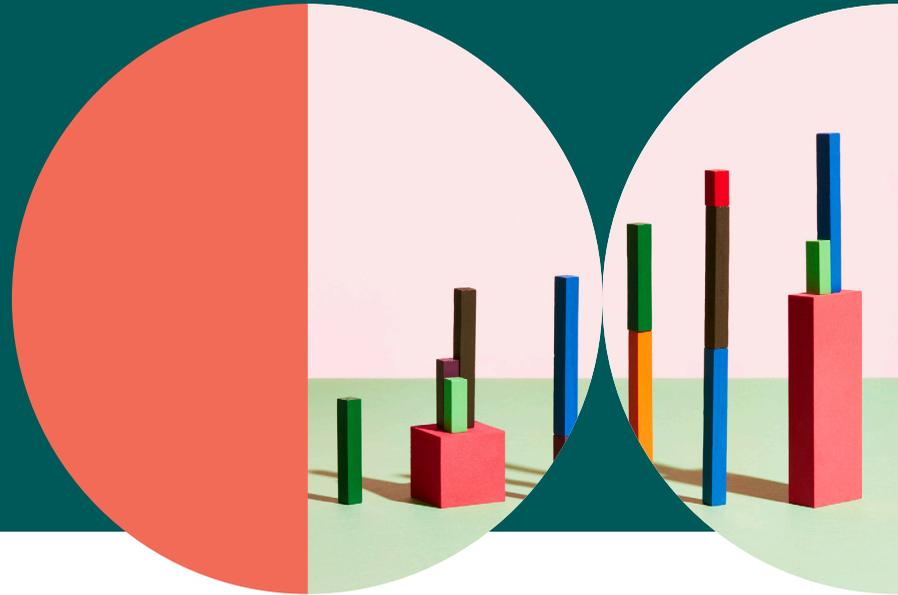




# Summary: The Challenges of Media Mix Modeling in Gauging Affiliate Success



Make your marketing investment allocation better by understanding the challenges of measuring affiliate marketing impact with Media Mix Modeling.

## What is Media Mix Modeling (MMM)?

MMM uses statistical analysis to estimate the influence of various marketing channels on sales. It analyzes trends in spending and activity across different channels, looking for correlations with sales. Historically, MMM proved valuable for understanding the impact of traditional “analog” channels (e.g., TV, print) where user actions are harder to track.

### The Four Phases of Media Mix Modeling

Source: [Agency Analytics](#)



# Correlation Challenges for Affiliate

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MMM relies on correlation analysis to identify relationships between marketing spend and sales. However, several factors make it difficult to accurately assess the impact of affiliate and other smaller, “always-on” channels due to:

- **Lower Data Volume:** Affiliate programs with smaller budgets compared to other channels, such as display or paid search, could result in comparatively lower data volume for analysis, making it harder to isolate affiliate’s contribution to sales within the overall “noise” of the data
- **Always-On Activity:** Unlike channels with scheduled campaigns (e.g., TV ads), affiliate programs are generally “always on” due to the evergreen nature of the content created by affiliate partners. Content longevity and consistency can make it challenging to pinpoint correlations with sales fluctuations.
- **Limited Segmentation:** Many affiliate programs operate on a national level, due to the openly accessible nature of publisher sites. Segmentation, when it does occur, is often behind a user log in or achieved via targeted email campaigns.

Due to these factors, the P-value (a measure of statistical validity) for affiliate marketing in MMM models often falls outside the standard for significance, suggesting the findings might not be reliable.

# Why Understanding Affiliate Under-Measurement Matters for Brands

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Relying solely on Media Mix Modeling to assess marketing effectiveness can disadvantage your affiliate marketing efforts. Affiliate marketing offers unique advantages that MMM might not fully capture:



## Transparency and Measurability:

- Traditional media channels like TV and display ads face challenges like ad viewability and fraud. Affiliate marketing offers a more transparent ecosystem.
- Clicks, website visits, and purchases are all verified, minimizing the risk of bot activity.
- Affiliate programs track every customer interaction, enabling direct measurement of the channel’s impact on sales.



## Performance-Driven Efficiency:

- Unlike traditional advertising with upfront costs, affiliate marketing utilizes a “pay-for-performance” model.
- You only pay for successful outcomes, ensuring every marketing dollar delivers a desired result.
- Studies show affiliate marketing consistently delivers high ROI across industries, regardless of the attribution model used.



## Strategic Advantages:

- The dominance of major tech companies (Alphabet, Meta, Amazon) in digital advertising creates a landscape with rising costs and limited control.
- Affiliate marketing operates independently, offering a hedge against this media consolidation.

## Take Action

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### Know the P-Value for Affiliate in Media Mix Models

Check the P-value (statistical significance) of affiliate data in your MMM model.

- P-values **below 0.05** indicate statistically significant data.
- Values **above 0.05** likely reflect the limitations described in this guide and requires a deeper dive into affiliate data:
  1. Investigate for anomalies or explore segmentation possibilities to unearth stronger correlations.
  2. Consider employing supplemental measurement techniques like last-click attribution or custom dashboards to gain a more comprehensive understanding of affiliate performance.
  3. Remember that a high P-value shouldn't overshadow the value proposition of affiliate marketing. Contextualize the MMM findings by presenting them alongside other relevant affiliate metrics.

### Communicate Affiliate's Unique Strengths

Communicate the unique strengths of affiliate marketing that MMM might not fully capture:

- Direct measurement of sales
- Pay-for-performance model
- Proven ROI (return on investment)
- Hedge against rising costs in dominant digital advertising platforms

### Lean on Your Affiliate Program Experts at CJ

CJ clients can gain a deeper understanding of a MMM's effectiveness by engaging with their client support team.

- Your CJ team is here to be a sounding board. They can answer your MMM questions, facilitate conversations with the provider, and explore all the options for assessing affiliate performance within the model.
- Partnering with CJ to address MMM effectiveness ensures you get the most out of your MMM and make data-driven decisions with confidence.

