



A Study on Consumer Perception Towards Affiliate Marketing for E-Commerce: Awareness and Analysis: A Case Study of Delhi

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ABSTRACT

Marketing is the management process through which companies satisfy the needs and wants of the customers profitably. It enables consumers to exercise their choice via creating information utility. Marketing generates employment & symbolizes development. It helps companies build strong long-term customer relationships. Online marketing uses the internet and other channels to approach customers. It is used for making sales and creating brand awareness for prospective customers. In affiliate marketing, one refers another to buy the product online and receive a commission on the sale. The primary objective is to provide a deep analysis of consumer perception towards affiliate marketing for e-commerce platforms using a survey, conducted for a total of 251 individuals. In order to check the dependence of the relationship, Pearson's chi-squared test (χ^2) is carried out.

Keywords: Affiliate Marketing, Consumer Perception, E-Commerce, Online Marketing, Traditional Marketing, Advertisement, Gender, Income, Marketing, Customers

INTRODUCTION

Internet marketing focuses on providing equal opportunities for all sorts of businesses. It helps in finding market opportunities and contributes in direct revenue generation. Even micro level businesses can use this platform to develop presence in the market. Moreover, it helps in increasing revenue by increasing the rate of approaching traffic converted into leads, subscribers and sales. Marketing is providing numerous career opportunities in the modern world and contributing to the economic development.^[16] It widens the scope of market and accelerates the national income which further increases the living standards of the people. The creativity of the company and its culture also improves. The facilitated interaction with targeted audience builds better brand reputation. With increase in social media

and search engine marketing, there is a shift in consumer buying behavior from traditional to digital marketing because of the following reasons:

DIGITAL MARKETING VS TRADITIONAL MARKETING

- Communication is bidirectional in digital marketing whereas unidirectional in traditional marketing.
- Traditional marketing is effective when the focus is on reaching local audience whereas digital marketing helps in reaching to global audience.
- Impact of digital marketing can be easily measured but it is very difficult to measure the impact of traditional marketing.
- Using digital marketing campaigns can be easily developed whereas it takes a lot more time using traditional marketing.

E-COMMERCE

Electronic commerce provides a platform to individuals and businesses for exchanging goods and services over the internet. It has fastened the buying process for customers and simultaneously reduced the operating cost for the businesses. Although there is lack of personal touch in the process, the customers are provided with high flexibility and the businesses can widen their audience base to a global level.^[17] According to the recent IBEF industry report, the Indian E-commerce market is expected to grow to US\$ 188 billion by 2025 from US\$ 46.2 billion as of 2020 and become the third largest marketing in the world by 2030. The increase in internet penetration has triggered this growth. In India, the 5 major hub for e-commerce are Delhi, Karnataka, Maharashtra, Tamil Nadu and Andhra Pradesh. For the growth & promotion of e-commerce industry, the government of India has taken multiple initiatives like

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Digital India, Startup India etc and simultaneously, launched funds to support micro, small and medium enterprises in this sector. [19] Innovations like digital payment are supporting the growth in this sector. India's E-retail and social commerce are expected to grow at a fast rate with rise in smart phone usage.

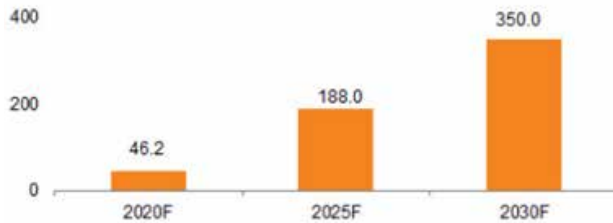


Figure 1: Indian e-commerce market (USD Billion), Source (IBEF , industry report 2022)

AFFILIATE MARKETING

It is one of the oldest forms of online marketing where a person refers another to buy the product online and receive a commission on the sale. It is an associate & performance marketing where three parties are involved: advertiser, publisher & consumer. [12] According to recent, IAMA (Internet and Mobile Association of India) study, the affiliate marketing industry will grow to more than \$835 million by the end of 2025 in India. It's a mixed method approach that leads to business rewards whenever the consumer makes an action from the publisher to the advertiser website. The top six companies running the biggest affiliate network programs in India include: Amazon, Flipkart, eBay, GoDaddy, Nearby, Bigrock. In order to maintain the connection between the online e-commerce who sell the product and the customers, an affiliate link is created by the affiliate network which contains affiliate's ID. For improving the sales force, the focus is on creating long term relationships with the costumers. For an online business, affiliate marketing act as a brand advocate by transforming customer's visibility into revenue generation.

STEPS

1. Join an affiliate program and pick a product that you are interested in promoting.
2. Share the unique affiliate link via blogs, emails, facebook and other available channels.
3. You'd get a commission when anybody purchases your recommended product.

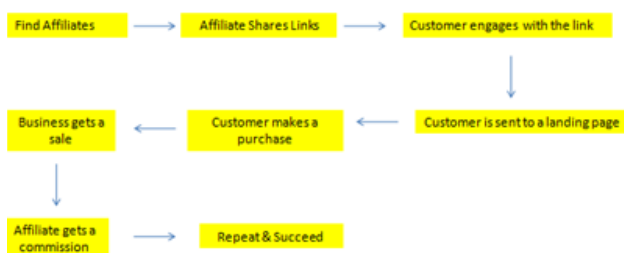


Figure 2: Steps involved in affiliated marketing

OBJECTIVES OF STUDY

1. To analyze the factors influencing consumer perception towards affiliate marketing in the e-commerce domain.
2. To study the statistical relationship between gender and utility of advertisement.

RESEARCH METHODOLOGY

The research methodology is exploratory research that helps in increasing the understanding of a particular occurrence so that one can take quantitative & qualitative decisions. For collecting primary data, the survey was conducted in various parts of the Delhi NCR region for 251 respondents using online questionnaire where the purpose is to collect information from the respondents that will provide dependable data for further analysis. For secondary data collection, government records, websites, journals, magazines were used. Pearson's chi-squared test (χ^2) is carried out to check the dependence between the two defined parameters of, gender and utility of advertisement for identifying the said objectives.

FACTORS AFFECTING CONSUMER PERCEPTION TOWARDS AFFILIATE MARKETING

Affiliate Marketing is more cost effective than traditional marketing and helps in generating more revenue via delivering better conversion. It also provides high flexibility and low level of risk. In India, it contributes to 15 % -20% of the total sales via online platforms at present. It provides a platform to the companies to reach to a global audience. The following are the factors influencing the consumer perception towards affiliate marketing.

1. RELATIVE ADVANTANGE

Affiliate marketing has a relative advantage over other forms of marketing since it is more flexible, cost effective and low level of risk is involved that helps in enhancing the quality of traffic inorder to deliver better conversions. [16] It is easy to use since affiliate marketer is not responsible for handling anything related to the store. Thus, it is famously used by online companies that sell electronics, clothes, shoes etc by offering an affiliate programme.

2.PRICE COMPARISON

In the modern age, consumers are tech savvy because internet makes it easy to quickly find information. Thus, consumers do extensive research and often compare price of products available on different websites before purchasing. Thus, for an affiliate marketer it is important to understand the consumer behaviour pattern that influences their comparison habits. This would help in creating strategies that in-turn will help in increasing visibility. For a business owner offering affiliate program it is important to understand that consumers will do more research regarding particular products like electronic or beauty products than for products like soap or toothpaste.

3.COMPATIBILITY

It means how well things go together and is one the most important determinant when it comes to adoption of new technology. At the organizational level, it affects management decisions because they will not adopt the technology if it is incompatible with their working values. [18] Moreover, it influences effort and performance expectancy that in turn affects the intention of firms for running affiliate programs.

4.LEVEL OF TRUST

Advertisement has always influenced people by telling them about the product and its usage. A good portion of population is still used to traditional advertising media that they come across while going through newspaper etc. They are more likely to be convinced regarding decision making by traditional advertising media channels in comparison to online ads. [22] Online advertisement channels targets tech savvy population whereas traditional advertisement reaches to every corner due to huge familiarity and exposure. Thus, online media advertisement should be used in reaching out to targeted audience since it is cost effective whereas traditional advertisement will be effective while reaching to larger audience.

5.OBSERVABILITY

Observability is where other parties can see the positive results of using the technology. If a firm, see others getting positive results by adoption of a particular technology they'd consider it as well since the management perceives the benefits of the e-commerce and have a strong belief in adopting it in their prospective business in increase profits. Thus, it affects the intent of using affiliate marketing.

INFERENCES DRAWN FROM THE DATA SET

Our mind finds it easier to understand data when presented in terms of numeric figures. So, we must quantify the status of affiliate marketing and other factors to increase the efficiency of data processing.

A survey has been conducted and Pearson's chi-squared test (χ^2) is carried out for checking the dependence of the tabulated parameters. In order to figure out results via Data Analysis application using Statistical Package for the Social Sciences, a sample size of 251 individuals was considered relevant.

➔ **Crosstabs**

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender Of Respondant * advertisement utility	251	100.0%	0	0.0%	251	100.0%

Table 1: Frequency Distribution of gender vs advertisement utility

251 respondents completed the survey out of which 100% were present in the dataset and there is 0% missing information about the respondents.

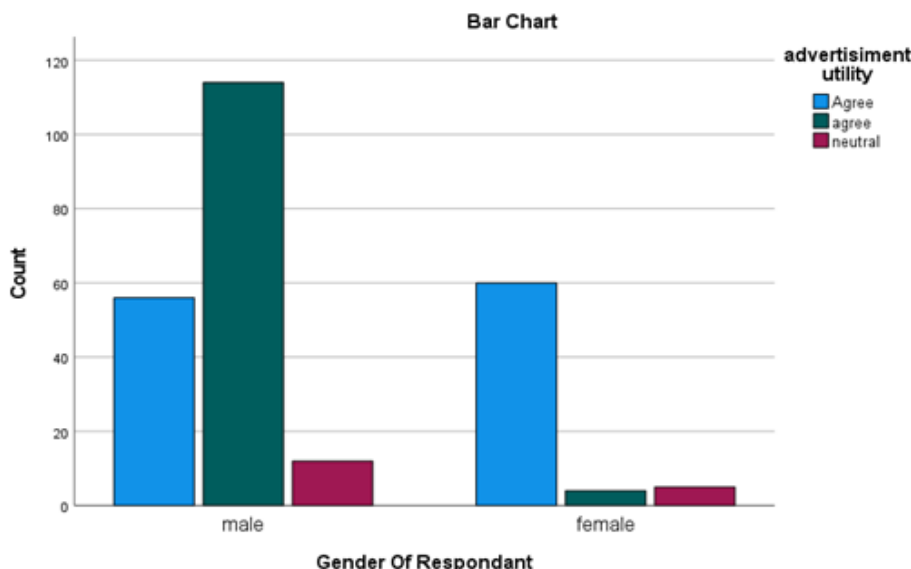


Figure 3: Gender of respondent Vs advertisement utility

Pearson’s chi-squared test (χ^2) is a non parametric statistical test used to find out whether there is relation between the categorical variables or data sets. Moreover, it measures whether

observed data sets fit with expected distribution if the variables are independent in the latter case. It is used for relatively large sample size where categorical variables are not paired in any way.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	68.592 ^a	2	.001
Likelihood Ratio	79.005	2	.001
N of Valid Cases	251		

Table 2: Chi-Square Test Table

While reading the above table, the focus should be on the results of the “Pearson Chi-Square” row. Pearson Chi-Square = 68.592, p = .001. Since, the p-value is less than our chosen significant level (0.05), we will have to reject the null hypothesis. This shows that there is a statistically crucial association between the gender of the respondent and advertisement utility.

CONCLUSION

After analyzing the above data it is clear that there is a strong relationship between gender and advertisement utility. Majority of the male population believes that advertisement does not get their attention and thus the content of the advertisement should be improved in order to increase its influence on the consumer buying behavior. However, when it comes to female population, they are happy with the content of the advertisement and believes that it influences their buying behavior. Thus, it is safe to say that for different gender, the advertisement utility is different.

This research will have huge implications as the world is moving from a regular towards online business at a fast rate. Affiliate marketing offers low overhead cost and high revenue opportunities. The companies having affiliate programs should automate their tracking process for visitors and monitoring system for content providers to minimize the errors and increase the creditability of the rogram. This research gives affiliate marketers an overview of the factors that influence consumer buying behaviour. E-commerce and affiliate marketing gives a good scope for to do business online effectively and increase the revenue in the long run.

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