

# **Affiliate Marketing and the Possibilities of its Use Today in Selected Company**

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Bachelor's thesis  
2024

 Tomas Bata University in Zlín  
Faculty of Management and Economics

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Univerzita Tomáše Bati ve Zlíně  
Fakulta managementu a ekonomiky  
Ústav managementu a marketingu

Akademický rok: 2023/2024

# ZADÁNÍ BAKALÁŘSKÉ PRÁCE

(projektu, uměleckého díla, uměleckého výkonu)

Jméno a příjmení: Igor Petrenko  
Osobní číslo: M21707  
Studijní program: B0413A050024 Ekonomika a management  
Specializace: Ekonomika a management podniku  
Forma studia: Prezenční  
Téma práce: Affiliate marketing a možnosti jeho dnešního využití ve vybrané společnosti

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- Provedte literární rešerši na základě odborných poznatků v oblasti affiliate marketingu.

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- Na základě zjištěných informací navrhnete využití affiliate marketingu u vybrané společnosti.

### Závěr

Rozsah bakalářské práce: **cca 40 stran**  
Forma zpracování bakalářské práce: **tištěná/elektronická**  
Jazyk zpracování: **Angličtina**

**Seznam doporučené literatury:**

BERGER, Jonah. *Contagious: How to build word of mouth in the digital age*. London: Simon and Schuster, 2013. ISBN 978-1471111709.  
CHAFFEY, Dave a ELLIS-CHADWICK, Fiona. *Digital marketing*. Eighth edition. Harlow: Pearson, 2022. ISBN 978-1-292-40096-9.  
CIALDINI, Robert B. *Influence, New and Expanded: The Psychology of Persuasion*. Harper Business: New York, 2021. ISBN 978-0062937674.  
CLARK, Michael T. *The Affiliate Marketing Bible: [5 in 1] The Pathway to Financial Freedom and Passive Income | A Complete Guide to Niche Selection, Website Building, Content Creation, and Scaling Your Business*. ViralPivot Publishing, 2023. ISBN 978-1801718653.  
ZAHAY, Debra L.; ROBERTS, Mary Lou; PARKER, Janna; BARKER, Donald a BARKER, Melissa S. *Social media marketing: a strategic approach*. 3e. Australia: Cengage, 2023. ISBN 978-0-357-51618-8.

Vedoucí bakalářské práce: **doc. Ing. Michal Pilík, Ph.D.**  
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Datum zadání bakalářské práce: **5. února 2024**  
Termín odevzdání bakalářské práce: **17. května 2024**

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## **ABSTRAKT**

Tato bakalářská práce se zaměřuje na aplikaci strategií Affiliate Marketingu ve vybrané firmě a navrhuje přizpůsobenou kampaň Affiliate Marketingu pro společnost.

Teoretický rámec práce vymezuje základní koncepty a nástroje digitálního marketingu nezbytné pro pochopení Affiliate Marketingu. Následně prozkoumává systém Affiliate Marketingu, identifikuje klíčové účastníky a zkoumá současné výzvy a inovace v oblasti. Praktická část práce zkoumá využití nástrojů digitálního marketingu firmou, zahrnuje SWOT analýzu a posuzuje strategie Affiliate Marketingu konkurenčních společností. Tato práce si klade za cíl vyvinout a navrhnout strategii Affiliate Marketingu pro vybranou společnost na základě podrobné analýzy.

Klíčová slova: Affiliate Marketing, digitální marketing, affiliate program, affiliate síť

## **ABSTRACT**

This bachelor's thesis focuses on the application of Affiliate Marketing strategies in a selected firm and proposes a customised Affiliate Marketing campaign for the company.

The theoretical framework of the paper outlines the basic digital marketing concepts and tools necessary to understand Affiliate Marketing. It then explores the Affiliate Marketing system, identifying the key participants and examining current challenges and innovations in the field. The practical section of the thesis examines the firm's use of digital marketing tools, includes a SWOT analysis, and considers the Affiliate Marketing strategies of competing companies. The thesis aims to develop and suggest an Affiliate Marketing strategy for the chosen company, drawing on detailed analysis.

Keywords: Affiliate Marketing, digital marketing, affiliate program, affiliate network

I would like to express my profound gratitude to my thesis supervisor, Ing. Michal Pilík, Ph.D., for his invaluable guidance, patience, and expert advice throughout the writing of this bachelor's thesis. His mentorship was crucial for the direction and success of this work. His professional knowledge and experience were a significant asset during the writing of this thesis, and I am very grateful to have had the honor of working with Ing. Michal Pilík, Ph.D. I am immensely thankful for his dedication and the time he invested in helping me achieve my goals.

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## INTRODUCTION

The last decade has shown maximum revenue growth in Affiliate Marketing across the globe, which has become an integral part of digital marketing. Today, this tool has evolved from a novelty to an essential instrument for brand promotion and increasing the number of sales. Considering the significant impact, this bachelor's thesis explores the evolving dynamics of Affiliate Marketing strategies and their effectiveness when implemented for a selected firm in a highly competitive environment.

The theoretical section is based on literature and online materials authored by digital marketing experts globally. It introduces the fundamental concepts of digital marketing and outlines its key communication tools. The subsequent section delves into Affiliate Marketing, recognized as the pinnacle of performance-based digital marketing. It examines its role within the broader marketing domain, essential features, stakeholders, and various models. Additionally, this part discusses current trends in Affiliate Marketing and the contemporary challenges it faces.

The practical part focuses on a chosen coffee craft firm and the possibilities of implementing Affiliate Marketing to increase sales. This part contains an analysis of the current state of the main digital communication tools used by the selected firm, SWOT analysis, analysis of Affiliate Marketing campaigns of the selected competitive firms. Based on the data obtained in this part, such as the main setting characteristics for the implementation of an Affiliate Marketing campaign for the selected firm, an Affiliate Marketing strategy proposal will be created.

## **OBJECTIVE AND METHODOLOGY**

The aim of this bachelor's thesis is to explore the potential use of Affiliate Marketing for the selected firm and to propose optimal settings for the future implementation of an affiliate campaign to enhance the firm's marketing strategy.

The marketing data was collected from public and internal sources to create the practical part. This part analyses such methods as: concurrence analysis, analysis of the current state of digital communication tools, SWOT analysis was used. In addition, such online analytical softwares as InstaHero and ProSimilarWeb were used for certain parts of the analysis of communication tools.

## **I. THEORY**

## 1 DIGITAL MARKETING

Digital marketing can be understood as achieving marketing goals through digital media, data, and technology (Chaffey & Ellis-Chadwick, 2022). Indeed, in digital marketing, using innovative media platforms and data analysis tools is one of the primary forms of digital marketing manifestation. In the author's opinion, digital marketing works not on the process itself but on achieving the results of this process. Therefore, this definition does not affect the focus of this sphere on the main goal, the impact on the consumer.

Tom van Laer and Ian Lurie (2018) define digital marketing as a polite, measurable, two-way conversation with the goal of selling “something”. That definition does not include explicit indications of digital marketing's progressive technological composition or its set of digital core tools.

Krishen (2021) gave the most descriptive definition. According to him, digital marketing is a data application based on ICT technologies such as artificial intelligence, media platforms, social networks and other devices that can extend the scope of marketing in physical and virtual space. The author also points out in the definition that all these tools aim to improve consumer relations, keep them informed and attract new customers. Such a definition reveals the foundation of digital marketing and is the most up-to-date description of the ever-changing digital reality.

### 1.1 Transition from Traditional Marketing to Digital Marketing

Digital marketing has proliferated in the 21st century due to technological advances, with businesses increasingly using information and communications technology to showcase their products and understand more about their customers. This transition has led to e-commerce and businesses actively using digital marketing, establishing a two-way connection between customers and businesses (Durmaz & Efendioglu, 2016).

In his book *Marketing 4.0* (2017), Kotler identifies four major transitions that define the shift from Traditional to Digital Marketing. Segmentation and Targeting to Customer Community Confirmation: Permission-based marketing should be the preferred method of establishing customer trust rather than rigid segmentation. Brand Positioning and Differentiation to Brand Clarification of Characters and Codes: With social media and changing consumer attitudes, brands must be responsive to authentic assessments of authenticity from a consumer perspective. Selling the Four Ps is to Commercialise the Four Cs: the marketing

mix shifts from product-focused to customer-centric strategies (Co-creation, Currency, Communal Activation, and Conversation). Customer Service Processes to Collaborative Customer Care: The shift from resolute processes to responsive and collaborative care occurs.

## **1.2 Digital Marketing Communications Tools**

### **1.2.1 Website**

A website is a virtual online place that provides access to information, products, and services (Rogers, 2016). This acts as a virtual showcase, allowing users to glimpse the brand's personality. Websites are essential for online marketing as they serve as a central destination to attract potential customers (Vaynerchuk, 2018).

It typically consists of multiple web pages organised under a common domain name and can include content, products, services, and interactive elements (Deiss & Henneberry, 2020).

Website is considered an effective tool if filled with quality content, for example, in the form there is a blog with useful articles, it contributes to optimisation and further attract organic traffic (GTECH Information Technology, © 2024).

### **1.2.2 Email Marketing**

Despite the growing popularity of other virtual information delivery services, email remains one of the most popular tools for online marketing. Based on Statista's analysis, in 2022, the number of email users worldwide is 4.26 billion and will grow to 4.73 billion in 2026. In 2020, around 306 billion emails were sent and received globally daily. This is projected to increase to more than 376 billion daily emails in 2025 (Lynch, 2023).

Email Marketing is a form of direct marketing and can be used for acquisition and retention, supporting other forms of digital marketing, such as Search Engine Marketing (hereafter referred to as SEM) and Social Media Marketing (hereafter referred to as SMM). It involves sending promotional messages, typically to a group of people, by email (Chaffey & Ellis-Chadwick, 2022). Email Marketing is an effective tool for nurturing leads, engaging with customers, and driving conversions (Rogers, 2016).

### 1.2.3 Social Media

American professor of psychology and marketing Robert Cialdini (2021) believes that social media is one of the most influential tools in business.

Indeed, social media manage people's lives and unite like-minded people. People can determine the future reputation of a firm, while at the same time the firm can see negative feedback and rearrange its strategy (Berger, 2013).

Social media is a popular website, or platforms used for microblogging, collaboration, sharing e-materials. Firms use social media to attract customers, sell services or products, or strengthen brand position (Zahay et al., 2023).

It can be used to create awareness of a company and its products or services; they can be used to affiliate themselves with colleagues serving the same concentrated industry. With such a tool, companies can become "real" through client communication (Sajid, 2016).

Table 1 The world's most used social media platforms (Source: Meltwater, © 2024)

<b>Rank</b>	<b>Name of social media platform</b>	<b>Number of users figures (in millions)</b>
<b>1</b>	Facebook	3 049
<b>2</b>	YouTube	2 491
<b>3</b>	WhatsApp	2 000
<b>4</b>	Instagram	2 000
<b>5</b>	TikTok	1 562
<b>6</b>	WeChat	1 336
<b>7</b>	FB Messenger	979
<b>8</b>	Telegram	800
<b>9</b>	DouYin	752
<b>10</b>	Snapchat	750
<b>11</b>	Kuaishou	685
<b>12</b>	X (ex. Twitter)	619
<b>13</b>	Weibo	605
<b>14</b>	QQ	558
<b>15</b>	Pinterest	482

### 1.2.4 SEO

Search Engine Optimization (hereafter referred to as SEO) is a tool to optimise a website in order to achieve greater visibility in search engines and improve the organic result ranking, which is provided to google and is shown above other searches because the website is competent and contains better quality information (Lee, 2022).

The cost of reaching the maximum number of customers is significantly lower with SEO than other marketing methods with limited reach (Ahmad et al., 2024). Keyword research, content creation, backlink evaluation, domain ranking, and SMM are all vital components of SEO tools that help optimise websites (Panchal et al., 2021).

By technically assessing a website's web pages, SEO tools can assist SEM by improving landing pages overall. Enhancing code and schema, getting rid of wrong links, and pointing out any other places that could use work all contribute to better performance, increased traffic, and conversions on the website (Arokia et al., 2018).

**1.2.5 SEM**

The collection of tasks known as SEM includes SMM, SEO, and other search engine-related tasks. It involves incorporating all SEO efforts with an emphasis on return on investment (ROI) rather than generating relevant traffic (Arokia et al., 2018).

Getting a website more attention on search engines so that users who type in a specific keyword phrase will be encouraged to click over. Search engine optimisation (SEO), which involves placing ads in natural or organic rankings for free when search engines do not charge for clicks, and paid placements utilising pay-per-click (hereafter referred to as PPC) are two important search marketing strategies (Chaffey & Ellis-Chadwick, 2022).

Table 2 Comparison of SEO and SEM (Source: Arokia et al., 2018)

	SEO	SEM
<b>Features</b>	Organic SEO and Paid SEO	Integration of SEO with SMO
<b>Focus</b>	Keywords with high popularity	Keywords that generate high Return on Investment (ROI)
<b>Measure</b>	Number of website visitors	Number of successfully converted goals.
<b>Landing pages</b>	SEO pages are content-heavy and informative, designed to use keywords and subject relevance to rank well on any search engine.	It generally leads to direct, clean landing pages with an obvious call to action and designed to capture sales.
<b>Prediction</b>	It is not predictable due to uncertainty of traffic.	It is predictable as putting enough money will produce high ROI
<b>Skill required</b>	Fluency in SEO tools.	Require more skills than SEO.

### 1.2.6 SMM

SMM is an integral part of digital marketing, establishes digital presence, works on brand awareness, finding and reaching potential customers, promoting products and services by managing the firm's activity on various social media platforms to increase conversions (Lee, 2022).

It is an important business force that involves the process of attracting traffic, attention to a website through social media. By creating content that attracts attention and encourages social media users to interact with it, SMM achieves the goal of increasing brand awareness and increasing the number of loyal users (Zahay et al., 2023).

The responsibilities of SMM include the intensification of word of mouth, survey creation, general promotion, development of ideas and products, modern innovations, customer benefits, working communications and fame management. In addition to increasing attention to products, brands, and websites, it also helps to improve search optimisation and thus helps to stimulate more conversions (Karami et al., 2014).



## 2 AFFILIATE MARKETING

Affiliate Marketing is a marketing strategy that leverages a community of users loyal to a business or brand to attract new users (McDAY, 2023). It is the highest form of performance-based digital marketing. The performance-based characteristic of Affiliate Marketing is that the advertiser only pays affiliates if the results of their activities have been achieved. An advertiser usually pays for the purchase of a product or service by a customer who has been referred through an affiliate. This system has a low risk for the advertiser compared to investing in other digital marketing tools. This is why more and more advertisers are using Affiliate Marketing in their marketing portfolio (Visser et al., 2021).

Influencing individuals to make purchases and promoting products are the goals of Affiliate Marketing. Publishers and affiliates strive to draw in customers and persuade them to purchase goods. The goal of this type of marketing is to encourage consumers to make impulsive purchases, which will increase sales of the items being advertised (Amelia et al., 2023).

The figure 1 shows the basic process of Affiliate Marketing. Visit a website that goes to the affiliate's website and then goes to the merchant's website. At the moment of going to the affiliate's site, the potential buyer, if he agrees, starts to be tracked with the help of a cookie. If a purchase is made within 1, 7, 30, 60 or 90 days, the partner will receive a commission on the sale of the product (Chaffey & Ellis-Chadwick, 2022).

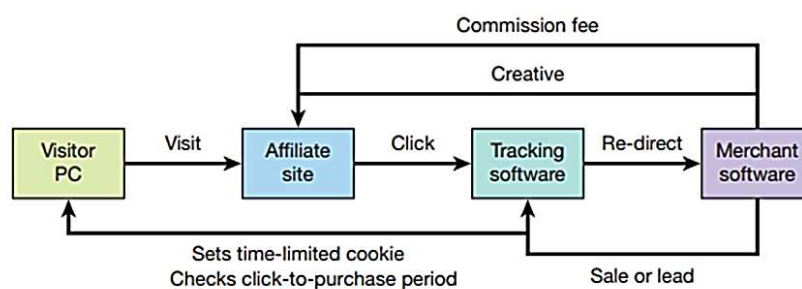


Figure 1 The Affiliate Marketing Model (Source: Chaffey & Ellis-Chadwick, 2022)

The most popular areas in Affiliate Marketing are the retail sector (clothing, batts, books, games, and gadgets), the telecoms sector (mobile phones, subscriptions, and sim cards), the travel sector (flights, hotels, and voyages), the financial sector (mortgages, loans, and insurance) (Visser et al., 2021).

It is important not to confuse Affiliate Marketing with referral marketing. According to Robert Cialdini (2021), referral marketing is when a customer of an existing company invites

a friend or acquaintance to purchase a product or service of the company and for the invitation receives a reward such as a discount on further products or services. Expert Megan Mosley of ReferralRock (2024) believes that the differentiating factor is that Affiliate Marketing has no obligation that the affiliate must be a customer of the company, the affiliate has an audience that does not know personally and redirects traffic to the merchant with the interest of later receiving commissions.

Using this form of digital marketing is not only available to big businesses, but small businesses as well. For this size, Affiliate Marketing offers a practical approach to expanding market presence without huge costs. In addition, risks are reduced and return on investment is increased because Affiliate Marketing is a performance-based model (Kappel, 2024).

### 2.1 Advantages and disadvantages of Affiliate Marketing

Every digital marketing process has its advantages and disadvantages. **The advantages of Affiliate Marketing** are described in Table 3:

Table 3 The Advantages of Affiliate Marketing (Source: Aydin, 2019)

<p><b>For paying companies</b></p>	<ul style="list-style-type: none"> <li>▪ Increase profits by offering products and services in more places and reaching a larger audience.</li> <li>▪ Saving time, money, and labour resources.</li> <li>▪ Helps in attracting new customers and building a brand.</li> <li>▪ Provides easy identification of potential customers.</li> <li>▪ Low costs for producers and intermediaries.</li> </ul>
<p><b>For site-owners</b></p>	<ul style="list-style-type: none"> <li>▪ Generating income opportunities through commissions for the promotion of goods and services.</li> <li>▪ Expand product reach to a wider audience through affiliate networks and partnerships.</li> <li>▪ Helps in brand building and attracting new clients.</li> <li>▪ Low cost of labour and monetary investments.</li> <li>▪ Generating revenue without logistical costs.</li> </ul>

**The important disadvantages** of Affiliate Marketing are limitation of additional profits, exploitation of the brand name and advertising on websites that are inconsistent with the brand image, damage to the brand reputation due to false or deceptive content created by affiliates, unethical methods used by affiliates to increase income (Chaffey & Ellis-Chadwick, 2022).

## **2.2 History**

The history of Affiliate Marketing began at a cocktail party in 1997. A woman told Amazon founder Jeff Bezos the idea of being able to sell books on her website (Lammenett, 2021). According to this version, Jeff Bezos agreed to the offer. This meeting became the starting point for the creation of the "First on the Web" Amazon.com Associates Programme (Tumwesigye & Nkansah-Asamoah, 2008).

However, prior to 1996, some websites were already using affiliate programs for promotion (Gray, 1999). One of those was PC Flowers & Gifts. Its founder, William J. Tobin, invented, realised, and patented the concept of Affiliate Marketing in 1989 on the Prodigy Network. PC Flowers and Gifts used the Prodigy service to achieve sales that exceeded \$6 million annually. The business strategy of PC Flowers and Gifts, which pays a commission on purchases to The Prodigy network, was developed in 1998 (Venugopal et al., 2013).

The second first affiliate programme can be identified as CDnow's WebBuy platform in 1994. Jason Olim and Matthew Olim created a website allowing users to purchase reviews of music albums and artists. After signing a contract with Geffen Records to allow users to leave a link on the WebBuy site to attract more listeners to Geffen's music group and setting a commission of 3% of sales, CDnow's financial situation changed completely. This agreement brought the firm 700,000 visitors and five million hits per day, making the website the fourth most visited site in the world (Dawn et al., 2019).

## **2.3 The role of Affiliate Marketing in digital marketing**

Affiliate Marketing has a significant role to perform in digital marketing. It provides a platform for businesses and online marketing tools to track different affiliate companies and evaluate their performance and profit. It also serves as a provider of creative content and facilitates the utilisation of skills to generate financial returns in various markets (Chattopadhyay, 2020).

Affiliate Marketing adds value to marketing processes by fomenting unique experiences in consumers and complementing brand marketing strategies. Affiliate Marketing adds value to marketing processes by fomenting unique experiences in consumers and complementing brand marketing strategies. It helps generate leads and increase click-throughs, attracting new customers and building trust among consumers through the quality of information provided by partner marketers (Ghosal et al., 2020).

### **2.3.1 Synergy between Affiliate Marketing and other online marketing strategies**

In order to enhance a brand's own marketing initiatives, Affiliate Marketing is used in tandem with other online marketing techniques (Ghosal et al., 2020). Integrating Affiliate Marketing into online marketing strategies promotes an integrated approach to digital promotion. Affiliates promoting content created by the firm can amplify the impact of content marketing. Affiliate Marketing can complement SMM by engaging Influencers to reach a specific target demographic. Affiliates can attract traffic to a website, thereby improving SEO (Chattopadhyay, 2020).

This can reduce advertising costs and increase return on investment (ROI). This integration leads to cost-effective marketing and the ability to outsource goods, resulting in increased productivity growth and new customers (Patrick, 2019).

## **2.4 Tracking Affiliate Link Performance**

Affiliate Marketing requires setting the commission and duration of cookies to be set for proper tracking and calculating the correct reward.

### **2.4.1 Cookie and Cookie Duration**

Cookies play an important role in Affiliate Marketing by allowing advertisers to track affiliate performance. When a potential customer clicks on an affiliate link, a cookie is placed in their browser, allowing the advertiser to identify and credit the affiliate link for all future purchases or other actions taken by that user. Cookies are small data files that link users to specific websites, allowing personalisation and tracking user behaviour across sites. The advantage of this tool is that advertisers can track the performance of affiliate efforts (Chargebacks911, 2023).

There are two main types of cookies: first-party and third-party cookies. First-party cookies are used for Affiliate Marketing and have functions such as authentication, shopping basket

service and saving login data. The second type of cookies is called third-party cookies because the information about the user is sent to other platforms without the user's consent. This type of cookie is used for illegal purposes to profile and track users (Sramek, 2023).

An important aspect of such a tool is its duration. The average duration is often between 1 and 30 days. Affiliates are interested in longer storage of cookies because it gives the affiliate a better chance to make a purchase and, thus, a better chance to receive a commission from the merchant. This is why affiliates most often choose affiliate networks where there is an interval of 15-30 days of cookie storage (Palmer, 2022).

On the other side, only the seller, not the affiliate network, can decide the length of the cookie retention period. Each merchant has different policies and marketing strategies. It may offer the merchant a shorter cookie retention period but compensate with a high commission percentage or a longer retention period but lower commissions (West, 2024).

The benefit of keeping cookies longer is that it allows affiliates to build longer relationships with customers, increases customer satisfaction by keeping them in a familiar buying cycle, and provides creative promotional opportunities for the affiliate. The disadvantage of a longer retention period can be highlighted as reducing the ability of affiliates to run high-impact campaigns. Customers may purchase from different affiliates, which can lead to lower commissions and decreased customer loyalty (Sramek, 2023).

#### **2.4.2 Commission**

Since Affiliate Marketing is a commission-based agreement, commission plays one of the main roles in the functioning of Affiliate Marketing (Chaffey & Ellis-Chadwick, 2022). The commission amount is in the interest of all affiliate marketers. There are three types of commissions: Percentage rate commission, flat rate commission and tiered commission rates. The percentage rate commission supposes payment of a percentage from the sale of a product or service and is more often used in Affiliate Marketing. The flat rate is the exact amount that the affiliate will receive for the sale of a product or service; the advantage of this rate is to attract more new affiliates because, with a flat payment, they will know the exact amount for the goods or services sold. With a tiered commission rate, the commission percentage increases as the number of affiliate sales increases, which motivates affiliates to sell more and more products or services (Palmer, 2024).

Table 4 Commission rates in various categories (Source: own processing according to Phonexa, 2023)

<b>Category</b>	<b>Commission Rates</b>
<b>Physical Products</b>	5-20%
<b>Digital Products</b>	20-50%
<b>Subscription Services</b>	20-50%
<b>Travel and Luxury</b>	2-10%
<b>Fashion and Beauty</b>	5-20%
<b>Health and Fitness</b>	5-30%

The commission assignment can be different for various partner types (more about affiliates in the chapter Types of Affiliates). According to Affiliate Marketing specialist Dušan Souček (2022), the difference in commission values always translates into lower commissions for an affiliate type like Cashback Website and Coupon Website compared to Content Publishers. This is because these types of affiliates offer a discount to customers, reducing for the merchant the revenue from conversions, in order to keep the revenue, the merchant sets a different commission value.

## 2.5 Participants

The main participants in Affiliate Marketing are the Affiliate Network, Merchant, Partner and of course the customer, understanding their roles requires distinguishing their aspects and functions in Affiliate Marketing.

### 2.5.1 Network

Affiliate networks act as a bridge between affiliates and merchants, providing a centralised platform that facilitates collaboration (Clark, 2023). Network's function is to list products and services for further promotion and receive payment from the advertiser. Each platform has the right to decide how much to offer affiliates for their services (Chattopadhyay, 2020). In general, payments by merchants to affiliate networks are directly proportional to the amount of commissions that merchants pay for the technical tracking services provided (Edelman & Brandi, 2015).

Affiliate networks are third-party brokers (affiliate managers) engaged in building the infrastructure to manage a merchant's affiliate programme in the form of links and tracking the payment of a number of affiliates. Some of the prominent chains in the American and European segments are CJ™ ([www.cj.com](http://www.cj.com)), Rakuten Advertising™ ([www.rakutenadvertising.com](http://www.rakutenadvertising.com)), Tradedoubler™ ([www.tradedoubler.com](http://www.tradedoubler.com), mainly European). The effectiveness and efficiency of a particular affiliate network can be assessed using the price tag, order ID, sales information, number of promo codes used, and units of product kept in stock (Chattopadhyay, 2020).

### **2.5.2 Merchant (Advertiser)**

Merchants in Affiliate Marketing means, more often than not, a website with the goal of selling products and services through online advertising. This category of participants in Affiliate Marketing covers the entire spectrum of online commerce. They can be internet giants like amazon.com or small family websites (Edelman & Brandi, 2015).

To achieve the goal (generating sales and attracting traffic), they are willing to share a portion of the revenue with the affiliate and the affiliate network (Chattopadhyay, 2020). The payout amount is based on factors such as the merchant's goals (leads, sales, traffic, branding, visibility), quality of content created for their product or service, competition in affiliate networks, price per sale or lead in other channels (Visser et al., 2021).

Since the affiliate network sets the number of commissions, merchants are interested in strengthening closer ties with the affiliate network in order to create more favourable business conditions for further work. This is also referred to as “super-affiliates” (Chaffey & Ellis-Chadwick 2022).

### **2.5.3 Affiliate (Partner)**

An affiliate, partner or publisher is an individual or a company that takes on the task of promoting the merchant's products or services. A partner promotes a product or service in order to convince consumers that the product or service is valuable to them and ultimately induce them to make a purchase. The affiliate uses appropriate information channels such as a website, social media, blog, or other channels to promote the product (Clark, 2023).

When an affiliate manages to attract the attention of a potential client, he has the opportunity to earn money. To achieve this goal, the affiliate receives various assistance from the advertiser in the form of promotional materials. There are a large number of types of

partners. The common thing among them is the presence of an affiliate link that contains an affiliate code. If the client clicks on this link and takes the desired action, the affiliate will receive a commission from the merchant (Lammenett, 2021).

#### **2.5.4 Customer**

People or organisations purchasing goods or services online This Affiliate Marketing participant is an Internet user and performs a certain action (Chattopadhyay, 2020). Such an action could be providing contact information (leads), purchasing a product or service, subscribing to a newsletter, and others that can further help generate income for the advertiser (Haraharvi & Nasabi, 2020).

The consumer plays a decisive role in Affiliate Marketing; his click on the affiliate link and completion of the desired action determines whether the affiliate will receive a commission or not. Customer journey analysis is also important. By analysing how customers interact with affiliate links, companies gain insight into the customer decision-making process. This analysis helps companies uncover weaknesses and identify areas for improvement (Clark, 2023).

### **2.6 Types of Affiliates**

Choosing the type of affiliates is one of the most basic challenges when setting up and running an affiliate campaign. There are many types of affiliates, the most prominent being Coupon Websites, Comparison Websites, Cashback Website, Niche Website, Email Marketing Affiliate and Influencer.

#### **2.6.1 Coupon Website**

This is a website that promotes discount coupons from merchants directly to consumers. The customers benefit by saving money on their purchases. The coupon sites receive a portion of the proceeds from the sale of the product through the use of the coupon. 90% of customers use coupons to save money on online shopping - making this type of affiliate one of the most important in Affiliate Marketing (Palmer, 2022).

The main advantage of coupons in Affiliate Marketing is that affiliate networks have a trial period for the coupon site, during which the affiliate network and the advertiser can test the relevance of traffic. Advertisers who aim to attract new customers should choose the conditions under which payment to the affiliate will be received only for new customers. In



such cases, the coupon is issued for the first registration or purchase (Affiliate Academy, 2021).

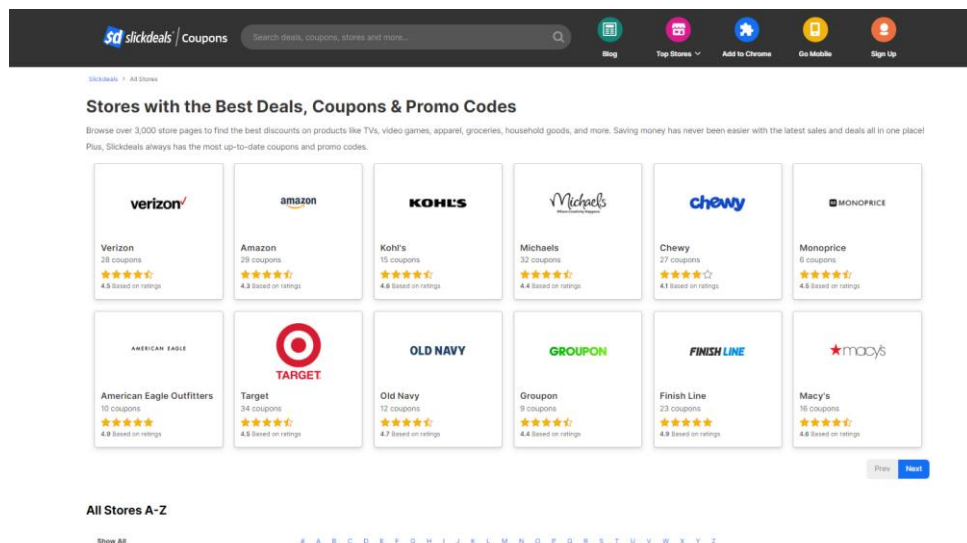


Figure 2 An example of a coupon website (Source: coupons.slickdeals.net, © 2024)

## 2.6.2 Comparison Website

Warwick Economics cites statistics that 85% of online users use comparison sites before making a purchase (Referralrock, 2023). Comparison sites are a unique type of partner that brings value to consumers. Their benefit lies in the fact that users are provided with various information such as product characteristics, its price, advantages, and disadvantages. Comparison sites take such information from various sources and present it in a form that is understandable to the consumer. Comparison sites do not sell products or services; they redirect users to advertisers' sites using affiliate links (Cotter, 2024).

Examples of comparison sites:

- NerdWallet – provides comparisons for financial products such as credit cards.
- Kayak – compares flights, hotels, car rentals.
- TripAdvisor - compares travel services.

The advantage of comparison sites is the ability to promote products to a wide audience through targeting and keywords. The disadvantage is that the creation of this site will require a whole team of specialists, a high investment in staff, and SEO (Kapralos, 2024).

Credit card	NerdWallet rating	Annual fee	Intro offer	Rewards rate	Apply now
Chase Freedom Unlimited*	★ 5.0 /5	\$0	\$300	1.5%-6.5% Cashback	APPLY NOW <small>on Chase's website</small>
Wells Fargo Active Cash* Card	★ 5.0 /5	\$0	\$200	2% Cashback	APPLY NOW <small>on Wells Fargo's website Rates &amp; Fees</small>
Capital One Venture Rewards Credit Card	★ 4.7 /5	\$95	75,000 Miles	2x-5x Miles	APPLY NOW <small>on Capital One's website Rates &amp; Fees</small>
Capital One SavorOne Cash Rewards Credit Card	★ 5.0 /5	\$0	\$200	1%-10% Cashback	APPLY NOW <small>on Capital One's website Rates &amp; Fees</small>
Chase Sapphire Preferred*	★ 5.0 /5	\$95	60,000 Points	1x-5x Points	APPLY NOW <small>on Chase's website</small>

Figure 3 An example of a comparison website (Source: Nerdwallet.com, © 2024)

### 2.6.3 Cashback Website

Today, during times of constant economic turmoil, people are becoming more frugal with their finances. In an effort to save money, customers are increasingly using cashback sites. A study published in the Cashback Industry Report (2020) revealed that cashback platforms provide merchants with a 3.4-fold increase in conversion rate and a 46% increase in average order value (Cramer, 2022).

The figure 4 demonstrates the process of Affiliate Marketing in which a cashback website acts as an affiliate. The consumer who goes to the cashback service website finds the desired product or service and follows the affiliate link to the merchant's website. After buying the product or service, the merchant uses the PPS method and pays commissions to the cashback website as an affiliate. Confirmation of the purchase of goods or services is done by checking cookies. The cashback website passes a part of the commission to the buyer and keeps a part as profit (Xinyong, 2022).

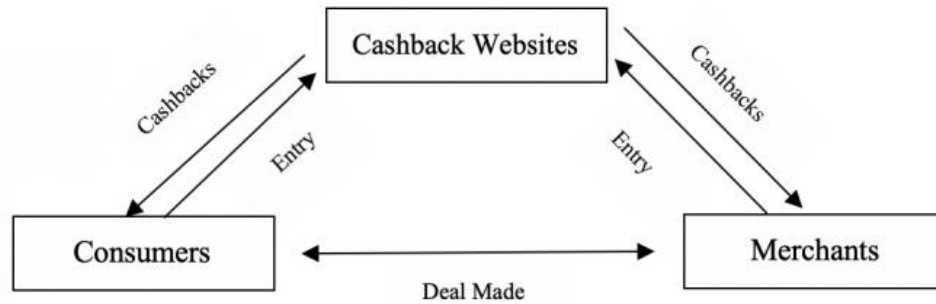


Figure 4 Affiliate Marketing Model of Cashback Websites (Source: Xinyong, 2022)

Senior Strategy Consultant at Loyalty & Reward Co., Federico Couret (2022) highlights the following examples of cashback platforms working with Affiliate Marketing:

**SwagBucks** is a cashback service with promo codes and coupons that has its own bonus and savings incentive system. These bonuses can be exchanged for gift cards to popular shops or Paypal cash. It is available in the USA, the UK, Canada, and India.

**ShopBack** is a cashback reward programme with up to 30% cashback, working with over two thousand brands, with its own mobile app and browser extension. It is popular in the Asian market in countries such as Singapore, Malaysia, Australia, the Philippines, Indonesia, Taiwan, Thailand, Vietnam, and Korea.

**Rakuten Rewards** is a cashback programme owned by Japanese online commerce firm Rakuten. The programme works with over 3,500 merchants and is available in the US, Canada, South Korea, Singapore, Japan, and China.

#### 2.6.4 Niche Website

This type of affiliate is a website that is geared towards a specific target audience. In more general terms, it is an interest-based website. The more the advertiser's products or services are relevant to the topic of the niche site, the better the conversions will be (Visser et al., 2021).

Niche websites can use Affiliate Marketing to increase their income by sourcing user information or sharing it with affiliate networks to attract advertisers. It provides relevant information about and for a niche audience and can, therefore, be useful as an affiliate (Indie Media Club, © 2024).

The best niches, according to marketing expert and founder of the Authority Hacker, Gael Breton (2024), for a niche website to use Affiliate Marketing are education, gardening, pets, technology, travel, finance, home protection, gaming, parenting, outdoor and healthy food.

### **2.6.5 Emailing Affiliate**

Many internet users are opt-in to promotional mailings from websites and are constantly informed about special promotions and promotional offers. Marketers use this database of email addresses to send promotional offers from merchants. Sometimes, this database can include more than a million email addresses (Visser et al., 2021).

This method is only effective if the email marketing affiliate focuses on providing value in their email newsletters and offers the most relevant products to their audience. Email marketing affiliates commonly use affiliate links, coupons and, in some cases, images (Howe, 2023).

The advantage of choosing this affiliate is the availability of accurate segmentation. The merchant can select the email address databases of interest depending on his goals and thus achieve higher conversion rates (Affilae, © 2024). Another advantage is that this method is completely independent of Google's traffic and algorithms, but a disadvantage is that tracking the effectiveness of Affiliate Marketing via email can be problematic (Nguyen, 2023).

### **2.6.6 Influencer**

The increase in user audience on platforms like TikTok and YouTube has fueled the growth of content creators. Influencer outreach is a way for brands to promote products or services through the endorsement of influencers and content creators online. Companies can work with agencies or use an influencer dashboard to find the appropriate influencer, such as those offered by Klear or Upfluence. In an affiliate context, advertisers should pay attention to the influencer's size and key performance indicator, which can denote engagement rates, conversions, sales revenue, reach, impressions, and brand mentions. (Zahay et al., 2023).

To develop affiliate relationships and attract traffic more effectively, companies should choose influencers in the micro-influencer category (10,000 to 100,000 followers), as this category of influencers is known to have a better rapport with their audience. Micro-influencers pay more attention to their audience and know more about their interests, which helps with conversions (Syrdal et al., 2023).

Generally, traffic is attracted through discount codes and affiliate links. Discount codes try to make it aggressive to capture the interest of the blogger's audience. There is also the possibility of combining codes with affiliate URLs (to increase the number of clicks and conversions), which is why discount codes are easy to track. In this case, the tracking of conversions is done independently of social networks through Google Analytics (Dajah, 2020).

## **2.7 Affiliate Marketing models**

Affiliate Marketing uses different payment methods or criteria for scoring conversions. There are four payment methods between the most used ones:

### **2.7.1 Pay-Per-Click (PPC)**

This affiliate model involves placing text ads that will appear on the search engine results page as an affiliate link when users enter a keyword phrase. The name of this model means that advertisers have to pay every time users click on an affiliate link. If the same user clicks several times, the system will recognise fraud and will not count the click (Chaffey & Ellis-Chadwick, 2022).

This model is very effective in driving targeted traffic to websites because advertisers can set specific keywords and target demographics. This is why it is so often used in search engines such as Google and social networks such as Facebook. Today, in the competitive digital environment, the PPC model has become an integral tool for companies that seek to increase online visibility and convert users into customers (Almestarihi et al., 2024).

### **2.7.2 Pay-Per-Sale (PPS)**

This is a performance-based pricing model. The affiliate receives commissions only after the user makes a purchase of a service or product. The advertiser, in turn, pays the affiliate only after the client has purchased the product or service. This model is the most used for advertisers, both low-cost and low risk because payment occurs only after obtaining the desired result (Aydin, 2019).

This model only incurs costs if the product or service is successfully converted. Suppose a product costs \$50, 10% commission. An example is the purchase of goods by two thousand people, the cost of paying the merchant commission will be 10000 US dollars, which is a

large amount, at the same time the profit from this conversion will be 100,000 US dollars (Ezeanaka, 2021).

### **2.7.3 Pay-Per-Lead (PPL)**

For this model, the system works in the same way. However, the difference is that the affiliate receives a commission if the buyer clicks on the affiliate link and provides their leads on the merchant's website (Prasanth & Jyothsna, 2018).

In other words, this is a pricing model in which the partner receives a monetary reward if the user follows an affiliate link to the merchant's website and registers there (Aydin, 2019).

### **2.7.4 Pay-Per-View (PPV)**

PPV, or Pay-Per-View, is one of the affiliate payment methods. In this model, advertisers pay a commission every time their ad is viewed. The biggest use of this system is in video advertising (Kapoor et al., 2016).

Under this model, advertisers provide partners with advertising materials for publication on partner services. This model is based on results since payment is made for viewing advertising by the target audience. The advantage of this system is a significant increase in brand awareness since advertising is broadcast to a wide audience and, unlike other models, does not require specific interactions from users (Clark, 2023).

## **2.8 Today's Status of Affiliate Marketing**

Affiliate Marketing has become one of the fastest growing and largest areas in online business these days, estimated to be worth approximately \$17 billion. Internet users' interest in Affiliate Marketing is growing rapidly, as indicated by Google Trends statistics; the number of queries for the keyword "Affiliate Marketing" has increased four times since 2020. Despite the fact that the US is the dominant country in Affiliate Marketing, the size of the global Affiliate Marketing market will increase by 63% to \$27.78 billion in the next four years (Webster, 2024).

### **2.8.1 Trends**

With the rapid growth of this industry, its participants and the emergence of new technology, Affiliate Marketing is seeing new trends in various areas of internal and external development. According to Rob Davinson, Global Head of Content at Awin (2024), more

merchants will partner with affiliates directly or create their own affiliate networks, bypassing paid social networks. This type of direct partnership helps reduce platform-dependent risks and increases the stability of affiliate revenue.

HubSpot's senior director of paid advertising and Affiliate Marketing, Rex Gelb, says Affiliate Marketing will move towards diversifying content as it helps connect with audiences. Marketers will have to look for affiliates who are present on multiple platforms and whose content is organic to those platforms (Mohr, 2023).

The main trend is the implementation of Artificial Intelligence (hereafter referred to as AI) in most of the processes of Affiliate Marketing. AI will help identify specific customer needs through its prediction, and its other tools will help optimise operations and personal experience. Implementing chatbots based on AI will increase the number of conversions. (Simplilearn, © 2009-2024)

### **2.8.2 Challenges in Affiliate Marketing**

Affiliate Marketing is a successful and popular field, but everyone involved in it still faces some challenges. One of the challenges is the high level of competition. For affiliates, this problem is common, as they advertise the same products or services and target the same audience as their competitors. Another problem is choosing an affiliate network. Due to the huge number of existing affiliate networks (there are about 11,400 programmes in the USA alone), the choice of programme directly affects the working conditions and the amount of earnings for affiliates (Affiverse, 2023).

As in any field, Affiliate Marketing also has the threat of fraud, which has a significant impact on business. However, proper tracking of traffic sources, checking for unusual patterns, monitoring conversion rates, implementing strict affiliate network rules, establishing closer relationships with affiliates, and constant monitoring prevent possible cases of fraud (AIContentfy, 2023).

## **2.9 Ethical and legal aspects of Affiliate Marketing**

With the industry flourishing, questions have also arisen regarding the legality and ethics involved in the operation of this field. One aspect is the policy of disclosure and transparency of information provided. This includes disclosure of the sponsorship of content and the presence of affiliate links in the content to the user through prominent labelling at the beginning of the content and properly labelled hyperlinks. Transparency should be visible to

the consumer before they interact with the sponsored content or affiliate link. Transparency and honesty should be prioritised over potential financial gain, as this is the only way to achieve trust and long-term relationships between partners and users (Clark, 2023).

Visibly and clearly disclosing the existence of a partnership is a required part. This can be done through disclaimers, labels, or direct statements in content. Privacy and data protection regulations such as GDPR are considered an ethical aspect of Affiliate Marketing. Such regulations prohibit the resale or transfer of user data to third parties without their consent. For this reason, when collecting any information, the consent of the audience must be asked for (Donen, 2023).

Another important aspect of legalisation is the use of cookies, for example in the European segment there is a law on electronic communications, which requires user consent to store and access non-essential cookies on users' devices. Changes in legislation create new challenges as the traditional use of cookies to track user activity and calculate commissions becomes more complex. But exceptions allow the necessary data to be used for services explicitly requested by users (Hejtmánek, 2021).



## **II. ANALYSIS**

### **3 INTRODUCTION OF THE COMPANY**

This chapter provides an overview of the selected coffee craft company. It explores the history of the company, its market positioning and the characteristics of its product range.

#### **3.1 Company profile**

Mr. Coffee s.r.o. is a family-owned company located in Zlín, Czech Republic, dedicated to the coffee craft. The company has its own coffee shop in the center and is the first roasting company in the region. Their main products are roasted coffee beans, prepared espresso blends, and coffee accessories for various coffee preparation methods. The company sells its products via website and social media in the Czech Republic. The distinctive feature of the company is the focus on high quality products, respect for its customers and interest in the development of new marketing communication channels, the possibility of opening new geographical markets and increasing the number of online sales.

#### **3.2 Company history**

The story of the family firm began long before the coffee shop opened, when the founding family travelled the world and underwent years of coffee craft training in London. In October 2013, the family opened a coffee shop with the original name "Kavárna v kostce" with the aim of bringing foreign experience and coffee quality to Zlín in the Czech Republic. In August 2014, the company purchased a roasting machine to delve more into the coffee making process and to explore the coffee flavour of different varieties. As of 2018, the coffee shop changed its name to Mr. Coffee and moved to one of the main streets of Zlín. The reason for the rebranding and change of the company name was the desire of the owners to be more associated with a coffee roaster than with a coffee shop.

#### **3.3 Products and services**

The firm procures products from reliable suppliers from many countries. It roasts, blends and mixes to create espresso mixes and sells them on its website. Table 5 shows the assortment of roasted coffee beans, the name of the product corresponds to the place where the beans are imported from. The company packages the products in portions from 100 to 1000 grams.

Table 5 Roasted coffee product range (own processing according to Mr. Coffee, © 2024)

<b>Origin</b>	<b>Description</b>	<b>Price in CZK (For 250g.)</b>
<b>Peru Churupampa</b>	Refreshing, wine-like acidity, cherry notes; organic and Fair Trade.	325
<b>Ethiopia Guji Ana Sora</b>	Citrus acidity, blueberry, herbal tea notes; ideal for filters.	325
<b>Malawi Pamwamba</b>	Citrus, plum, sweet grape flavours.	315
<b>Costa Rica Cascara</b>	Dried coffee pulp, tea-like, apple and honey flavours; 50% caffeine of coffee.	275
<b>Nicaragua UCA San Juan Del Rio Coco</b>	Rich, light acidity, marzipan, jam, nuts; organic, Fairtrade, RFA.	230
<b>Brazil Decaf</b>	Decaf Santos, nutty, chocolate flavours; CO2 decaffeination.	220
<b>Honduras Marcala</b>	Medium roast, suitable for espresso, almond, vanilla, chocolate; organic, Fair Trade.	215
<b>Espresso Blend 1</b>	Brazil and Colombia mix; chocolate, nuts, caramel.	210
<b>Mexico Chiapas</b>	Creamy, velvety, caramel, cocoa.	200
<b>Guatemala Huehuetenango</b>	Strong body, chocolate, cinnamon, almond.	190
<b>Colombia Excelso Medellin</b>	Milk chocolate, apricot, vanilla, cherry flavours; versatile.	190
<b>Espresso Blend 2</b>	70% Brazil, 30% Guatemala; chocolate, nut flavours, minimal acidity.	185
<b>Brazil Santos</b>	Nutty flavour, minimal acidity, good for espresso and milk drinks.	185

Highest selling product from the coffee category of the selected company is Ethiopia Guji Ana Sora, Espresso Blend 1 and Colombia Excelso Medellin, at the same time the least-selling type of coffee is Guatemala Huehuetenango. Among the products that bring the highest margin to the firm are: Brazil Santos, Colombia Excelso Medellin, Espresso Blend 1 and Espresso Blend 2.

For this type of customer who wishes to purchase multiple types of coffee beans, the company offers two tasting sets on its website. Both degustation sets consist of 3 packs of coffee beans of 150 grams each. The first set costs CZK 585 and consists of coffee beans from Malawi, Ethiopia, and Peru. The second set costs CZK 435 and consists of: Brazil, Colombia, Ethiopia.

Additionally, the company offers a variety of online tools for preparing coffee, such as scales, heat meters, aeropresses, coffee grinders, filters, and other coffee makers. A variety

of unique coffee-drinking utensils are also available on the website. Highest selling items from this category are, coffee filters and moka coffee maker. Among the coffee accessories that bring the company the highest margins are the Hario mini slim plus bean grinder and Kaffia barista scales.

Mr. Coffee provides subscriptions of 3, 6 and 12 months. Each month the holder of the subscription receives to his address packages of freshly roasted coffee selected by the company in packages of 250, 500, 1000 grams. Each month the type of roasted coffee changes, which allows the subscription holder to constantly discover new flavour possibilities. Approximately 30 people uses this service, during the Christmas period the number of people can double.

The company delivers its products using two logistics services: Dpd and Zasilkovna. The company offers several promotions, according to which 75 grams of coffee beans are added to the parcel free of charge for purchases over CZK 750 and delivery is free of charge for purchases over CZK 2,000.

## 4 ANALYSIS OF THE COMPANY'S DIGITAL MARKETING COMMUNICATION TOOLS

This chapter presents an analysis of the selected company's digital marketing communication tools. It examines the strategic use of their website, social media, and PPC campaigns to enhance customer engagement and drive sales, highlighting their impact on business growth.

### 4.1 Website

The firm developed the first versions of the website back in 2015, but the current website with the URL: <https://mrcoffee.cz/> was created in 2018 using the PHP programming language with the Craft Commerce content management system.

According to Pro Similar Web analytics (Similarweb LTD, © 2024), in the last three months (Jan-March 2024), the majority of users found a website by organic search in the browser with an estimated visit time of 1 minute 13 seconds, visiting approximately 1.54 pages. The most popular keywords in organic search are dripper coffee quantity, coffee supplier, Brazil Santos coffee.

In addition to the e-shop with various categories, the site contains a created mini-blog in which the company shares its experience and methods of preparing high-quality coffee. The site generates approximately 30 orders per month, with the number of orders increasing during Christmas time.

### 4.2 Social media

The firm uses two social networks to promote its products, promotions, organise events and communicate with clients:

**Facebook** - the company's page was created in August 2014 and today has 3.4 thousand subscribers, and the total number of likes from all publications of the group is 3.4 thousand. On its Facebook page, the firm publishes short Reels music videos, plans events, and holds prize draws among subscribers.

**Instagram** - the account was created in December 2016. For the moment, 796 publications have been published on the profile, which have gathered a total of 1,476 followers. On its page, the firm publishes videos and photographic images of informational, sales and entertainment format. The anchored account stories provide information such as product catalogue, testimonials, and highlights of the company. According to InstaHero © 2019-

2022 analytics, the majority of the account's audience is female, with 85% of the audience living in the city of Zlín, Czech Republic.

The firm runs advertising campaigns on Facebook and Instagram. The firm spends an average of CZK 15,000 per month on these advertising campaigns. The company's target audience is male and female people from 18 to 45 years old who are interested in high-quality bean coffee and accessories for its preparation.

On Figure number 5 is a screenshot from the advertising account of the selected company, thanks to this advertising account it is possible to see by the name of the adverts on which types of products or events the adverts are set up, which of them are working or switched off, the characteristics when the result is counted, the price for the result or the amount of money planned to spend on a particular type of advert.

Vyp/zap	kampaň	Doručování ↑	Strategie nabídky	Rozpočet	Nastavení atribuce
<input type="checkbox"/>	MrCoffee - Vánoce 2022	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - studenti	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - promo (kariéra)	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - promo (fotky)	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - propagace videí (zájem o příspěvek)	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - Vánoce 2021	Vyp	Používá se strate...	Používá se rozpo...	7denní kliknutí ...
<input type="checkbox"/>	MrCoffee - promo (novink... <b>Nezveřejněné úpravy</b> )	Vyp	Používá se strate...	Používá se rozpo...	Více nastavení...
<input type="checkbox"/>	MrCoffee - dynamicky remarketing - NEW	Vyp	Nejvyšší množství	150,00 Kč Denně	7denní kliknutí
<input type="checkbox"/>	MrCoffee - dynamicky prospecting	Vyp	Nejvyšší množství	50,00 Kč Denně	7denní kliknutí
<input type="checkbox"/>	MrCoffee - dynamicky remarketing	Vyp	Nejvyšší množství	300,00 Kč Denně	7denní kliknutí
<input checked="" type="checkbox"/>	MrCoffee - Vánoce	● Dokončeno	Používá se strate...	Používá se rozpo...	28denní kliknu...
<input checked="" type="checkbox"/>	Prispevek_zruseno_posezeni	● Dokončeno	Používá se strate...	Používá se rozpo...	28denní kliknu...
<input checked="" type="checkbox"/>	MrCoffee - degustační balíčky	● Dokončeno	Používá se strate...	Používá se rozpo...	28denní kliknu...

Figure 5 Screenshot of social media campaign management (Source: Meta Administration)

### 4.3 PPC

The firm actively uses paid advertising of the Google Ads service from Google. The firm has chosen PPC as its payment model. Figure 6 shows how this firm's advert appears in Google's search engine in the top section dedicated to paid advertising. The advert consists of the company name, a hyperlink to the website and a short description with the types of coffee and a bonus with 75 grams of coffee free of charge for purchases from CZK 750.

Sponsored



Mr. Coffee Zlín

Vyzkoušejte naši kávu — V naší rodinné pražárně najdete kávové speciality z celého světa! Při nákupu nad 750 Kč vám zašleme 75 g balení kávy zdarma. Kenya. Mexico. Guatemala. Peru. Brazil.

Figure 6 Screenshot of a view of a paid advert (Source: Google Search)

Mr. Coffee targets the Czech Republic in its advertising settings, with age, gender, and interests as criteria. The company considers the target group to be users aged 18-45, male and female, interested in coffee and gastronomy. The company has budgeted an average of 60 000 CZK monthly for this type of advertising. Coffee beans and speciality coffee accessories are the most frequently advertised products.

In Figure 7 shows the advertising cabinet of Google Ads, where can be seen the configuration of this type of advertising and important results such as: the number of clicks on different types of ads, the number of times the ad is shown, the amount of money allocated to a particular type of advertising, as well as the important value of the average CPC, which indicates the average cost per click through which can evaluate the cost-effectiveness of the campaign.

Kampaň	Rozpčet	Stav	Skóre optimalizace	Typ kampaně	Interakce	Míra interakce	Prům. cena	↓ Cena	Zobrazeno	Typ vztahu k cíli	Prokliky	Konverzní poměr	Hodnota konverzí	Hodnota konverzí / 1 000	Konverze	Prům. CPC
SEARCH - Káva podle původu	200,00 Kč/den	Výběrná realizace	79,1 %	Ve vyhledávání	69 prokliků	12,41 %	21,19 Kč	1 426,79 Kč	548	CPC (vyplnění)	68	0,00 %	0,00	0,00	0,00	21,19 Kč
DSA - kategorie webu	200,00 Kč/den	Aktivní	91,4 %	Ve vyhledávání	183 prokliků	6,99 %	5,09 Kč	620,40 Kč	2 333	CPC (vyplnění)	193	0,00 %	0,00	0,00	0,00	5,09 Kč
SEARCH - Brand	200,00 Kč/den	Aktivní	73,2 %	Ve vyhledávání	154 prokliků	37,38 %	3,92 Kč	604,31 Kč	412	CPC (vyplnění)	154	0,00 %	0,00	0,00	0,00	3,92 Kč
SEARCH - Dřívější kávy	200,00 Kč/den	Výběrná realizace	91,7 %	Ve vyhledávání	49 prokliků	12,17 %	8,31 Kč	382,06 Kč	378	CPC (vyplnění)	46	0,00 %	0,00	0,00	0,00	8,31 Kč
PLA - performance max - káva	350,00 Kč/den	Aktivní	89,5 %	Máximální výkon	18 prokliků interakce	0,71 %	4,33 Kč	69,29 Kč	2 248	Máximální hodnoty konverzí (Cílová návrstnost investice do reklámy, ROAS)	15	0,00 %	0,00	0,00	0,00	4,62 Kč
PLA - performance max - příslušenství	200,00 Kč/den	Aktivní	89,5 %	Máximální výkon	23 prokliků	1,12 %	2,64 Kč	65,86 Kč	2 242	Máximální hodnoty konverzí (Cílová návrstnost investice do reklámy, ROAS)	25	0,00 %	0,00	0,00	0,00	2,64 Kč
SEARCH - Prodlejší kávy	200,00 Kč/den	Aktivní	89,6 %	Ve vyhledávání	3 prokliků	7,69 %	13,92 Kč	46,96 Kč	39	CPC (vyplnění)	3	0,00 %	0,00	0,00	0,00	13,92 Kč
SEARCH - Přidělané kávy	236,03 Kč/den	Aktivní	91,3 %	Ve vyhledávání	4 prokliků	5,56 %	8,96 Kč	95,86 Kč	72	CPC (vyplnění)	4	0,00 %	0,00	0,00	0,00	8,96 Kč
SEARCH - Degustační sady	200,00 Kč/den	Aktivní	89,5 %	Ve vyhledávání	0	0,00 %	–	0,00 Kč	18	CPC (vyplnění)	0	0,00 %	0,00	0,00	0,00	–
Celkem: všechny aktivní kampaně v aktuál. ☺			–	–	479 prokliků interakce	5,78 %	7,23 Kč	3 461,24 Kč	8 290	–	478	0,00 %	0,00	0,00	0,00	7,24 Kč
Celkem: Účet ☺			–	–	479 prokliků interakce	5,78 %	7,23 Kč	3 461,24 Kč	8 290	–	478	0,00 %	0,00	0,00	0,00	7,24 Kč

Figure 7 Screenshot from advertising campaign management (Source: Google Ads, 2024)

## 5 SWOT ANALYSIS

The SWOT analysis below (in Table 6) is a structured examination of internal strengths and weaknesses against external opportunities and threats facing the Mr. Coffee company. A thorough examination of these critical elements provides a detailed view of the strategic environment of the chosen firm.

Table 6 SWOT analysis of Mr. Coffee (Source: own processing)

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Website design.</li> <li>▪ Broad target audience.</li> <li>▪ Company name.</li> <li>▪ Own blog.</li> <li>▪ 75 grams of coffee as a gift.</li> <li>▪ Own production.</li> <li>▪ Family company.</li> <li>▪ Pioneers.</li> <li>▪ Caffeine-free coffee.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Limited website functionality.</li> <li>▪ Brand recognition.</li> <li>▪ Limited scale.</li> <li>▪ Coffee beans are priced higher.</li> <li>▪ Absence of discounts.</li> <li>▪ Small selection of electronic payment methods.</li> <li>▪ Small selection of delivery methods.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Expansion of social networks.</li> <li>▪ E-mail marketing.</li> <li>▪ Affiliate marketing.</li> <li>▪ Increase in b2b sales.</li> <li>▪ New product categories.</li> <li>▪ Online delivery application.</li> <li>▪ Expansion into other countries.</li> <li>▪ Electronic loyalty system.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Rising coffee bean prices.</li> <li>▪ Rising electricity prices.</li> <li>▪ Logistical problems.</li> <li>▪ Climate changing.</li> <li>▪ Increased competition.</li> <li>▪ Consumer preference changing.</li> </ul>



## 5.1 Explanation of the parts of the SWOT analysis

### 5.1.1 Strengths

**Website Design:** the company's website features a cohesive design code, ensuring that all product cards are aligned with the general color palette and the company logo. This visual consistency can enhance user experience and reinforce brand identity.

**Broad Target Audience:** high demand for quality coffee beans in the Czech Republic and globally signifies a vast potential market. The company's positioning allows it to cater to a wide audience of coffee aficionados.

**Company Name:** with a company name in English, there is an inherent strength for brand recognition, making it conducive for business expansion into international markets.

**Own Blog:** the presence of an in-house blog on the company website serves as an effective tool for organic attraction of new customers, providing valuable content and engaging potential buyers.

**75 Grams of Coffee as a Gift:** the company's promotional strategy to give away 75 grams of coffee beans with orders over CZK 750 can set it apart from competitors, adding value to the customer purchase experience.

**Own Production:** having control over the entire production process, from supplier selection to packaging, empowers the company to maintain high-quality standards for its products.

**Family Company:** being a family-owned business can be leveraged as a strength in marketing, evoking trust, and personal touch in the brand, and potentially leading to cost savings on staffing.

**Pioneers:** as the first roaster in the region, the company has a pioneering advantage that can be utilized for promotional activities, establishing it as a leader and innovator in the market.

**Caffeine-Free Coffee:** offering caffeine-free coffee options allows the company to cater to a broader segment of the market, including consumers who are avoiding caffeine for health or personal reasons.

### 5.1.2 Weaknesses

**Limited Website Functionality:** the website's reliance on a content-constructor limits the ability to create new site features or modify existing ones, potentially hindering user experience and the company's ability to scale its online presence.

**Brand Recognition:** the company may face challenges in brand recognition, especially if it is relatively new or has not yet engaged in extensive marketing campaigns, which could impact its expansion and customer loyalty.

**Limited Scale:** roasting coffee beans in small batches once a week may not keep up with increasing order volumes, risking delays and impacting customer satisfaction.

**Higher Priced Coffee Beans:** being a premium product, the coffee beans are priced higher than those roasted by larger companies, which might deter price-sensitive customers.

**Absence of Discounts:** the lack of discount offerings on the company's website could be a competitive disadvantage, as it may fail to attract bargain-seeking customers.

**Small Selection of Electronic Payment Methods:** offering a limited number of payment options can restrict customer convenience and potentially decrease sales conversions.

**Small Selection of Delivery Methods:** a limited choice of logistics companies for delivery may lead to less flexibility and potentially higher costs for the customer, affecting the overall competitiveness of the company.

### 5.1.3 Opportunities

**Expansion of Social Networks:** diversifying the social media strategy to include platforms like Pinterest and TikTok could significantly boost the company's brand awareness, tapping into new demographics and engaging with customers through rich, visual content.

**E-mail Marketing:** implementing an email marketing strategy presents an opportunity to nurture customer relationships, promote new products, and communicate directly with consumers, encouraging repeat business and loyalty.

**Affiliate Marketing:** by establishing an Affiliate Marketing program, the company could leverage the networks of coffee enthusiasts and influencers to reach a wider audience, increasing brand visibility and sales.

**Increase in B2B Sales:** there is a substantial opportunity to grow the subscription system among B2B clients, securing stable, long-term revenue streams from businesses such as cafes, restaurants, or offices.

**New Product Categories:** the addition of new product categories, such as sweets or gift sets, to the e-shop could cater to a broader range of customer needs and occasions, potentially increasing average order value and market share.

**Online Delivery Application:** partnering with online food delivery apps like Wolt and Foodora could simplify the ordering process for customers, making it more convenient to purchase the company's products.

**Expansion into Other Countries:** given that 15% of the organic visitors to the e-shop are from Poland, international expansion, starting with nearby countries, represents a significant growth opportunity.

**Electronic Loyalty System:** transitioning from a physical loyalty system to an electronic one could streamline the customer experience and enhance customer retention, as well as gather valuable data on purchasing behaviours.

#### 5.1.4 Threats

**Rising Coffee Bean Prices:** fluctuations in global coffee bean prices could impact the cost structure of the firm. An increase in coffee prices might necessitate raising product prices, potentially reducing consumer demand if the price point becomes less attractive.

**Rising Electricity Prices:** increased costs for electricity could affect the overall operational expenses, especially given the energy-intensive nature of roasting coffee. Higher production costs might lead to higher retail prices or reduced profit margins.

**Logistical Problems:** challenges such as the closure of sea channels or other disruptions in logistics supplies could lead to delays in receiving raw materials. This could result in production delays, affecting the ability to meet customer orders on time.

**Climate Change:** global climate change poses a significant threat to coffee production, potentially leading to crop failures or reduced crop quality. This could impact the availability and cost of raw materials for the company.

**Increased Competition:** the presence of several companies with personal roasteries in the Zlín region increases competition. This not only reduces the uniqueness of the company as a pioneering roaster but also pressures market share and profitability.

**Consumer Preference Changing:** changes in consumer lifestyle, such as moving away from coffee consumption, could lead to a decrease in demand for the company's products. Keeping up with and adapting to changing consumer preferences is crucial for sustained business success.

## **5.2 SWOT Conclusion**

The coffee company's SWOT analysis highlights its strengths in website design, brand recognition, and quality control, which poise it for domestic and international growth. However, it faces challenges like limited website functionality and higher product pricing, along with external threats such as rising raw material costs and increased competition. To sustain growth, the company should enhance its digital capabilities and expand its market reach through innovative marketing strategies, including social media and Affiliate Marketing.

By focusing on these strategic initiatives and monitoring market trends, the company can strengthen its market position and effectively navigate a competitive landscape.

## 6 ANALYSIS OF AFFILIATE MARKETING IN COMPETITIVE FIRMS

This section investigates different models and strategies of Affiliate Marketing campaigns in competitive firms. For this analysis, six firms have been selected that occupy the same niche, focus on selling the same product and have the same geographical market as the selected firm. This analysis is crucial in identifying successful practices in setting up an Affiliate Marketing campaign for the selected Mr.Coffee firm.

### 6.1 Manucafe.cz

It is a Czech company that sells roasted coffee and additional equipment for coffee preparation. The company was formed as a result of the rebranding of PlantážníKáva.cz, the foundation of which was built in 2005. The company has two websites, one dedicated to the coffee niche “Manucafe.cz” and the other to loose tea “Manutea.cz”. The firm searches all over the world for quality coffee and assures customers of handmade coffee roasting, production, packaging, and craftsmanship (Manucafe.cz, © 2011-2024).

Table 7 Rating of Manucafe.cz Affiliate Marketing (Source: own processing)

Term	Values
Technical solution	eHUB
Cookie duration	30 days
Commission amount	Content publishers: 8% Cashback website: 6% Coupon website: 5%
Promotional materials	XML feed

With an average order value of CZK 1050, the average total commission for affiliate programmes is 5.89%. The firm's conversion rate is 26.52% for all approved conversions on unique clicks. The type of tracking is advanced as it uses Redirect, Java script and Pixel tracking. This advanced tracking helps in tracking conversions even if the buyer is using ad blockers.

### 6.2 Uprazeno.cz

It is a Czech online shop operating from 2019. The company specialises in the sale of roasted coffee, which is roasted on its own roasting machine. As a testament to the quality of its coffee, the firm considers the awards it has received in the UK for three coffee varieties. The company also supplies high-quality non-original capsules supported by Nespresso and

Dolcegusto coffee machines, local teas, and delicacies. The online shop has its own loyalty programme and awards points for every purchase (Uprazeno.cz, © 2024).

Table 8 Rating of Uprazeno.cz Affiliate Marketing (Source: own processing)

Term	Values
<b>Technical solution</b>	VIVnetworks
<b>Cookie duration</b>	30 days
<b>Commission amount</b>	13 - 20% of the purchase
<b>Promotional materials</b>	XML feed, Custom creatives

The firm has selected VIVnetworks as its affiliate network. The firm's commission is divided into two categories, the firm provides affiliates with 20% commission on roasted coffee beans and 13% commission on other products. The firm uses Redirect tracking as its tracking. The firm does not use coupon and cashback websites as affiliates and allows SEM, but not SEM on the brand.

### 6.3 Lazenskakava.cz

It is a Czech coffee roasting company located in a small town in Luhacovice, Zlín region. The company focuses on the Czech and Slovak market. On its e-shop the company sells tea sets, coffee accessories and coffee machines of more than 190 brands, but the main product of the company is roasted coffee beans of 16 types from different suppliers from different parts of the world. Lazenskakava offers cooperation with cafes, hotels, offices, and shops, and organises educational courses on coffee craft (Lazenskakava.cz, © 2016-2024).

Table 9 Rating of Lazenskakava.cz Affiliate Marketing (Source: own processing)

Term	Values
<b>Technical solution</b>	Dognet
<b>Cookie duration</b>	30 days
<b>Commission amount</b>	Content publishers: 8 - 12% Cashback websites: 2,67 - 4% Coupon websites: 1,33 - 2%
<b>Promotional materials</b>	XML feed, Banners, PR articles

Commission rates for each affiliate type are different and depend on the type of product. The highest percentage of 12% for a content publisher is for coffee products (bean coffee and blends), 8% for other product categories. This system of commission splitting works for all other affiliates. The minimum payout is from CZK 1000. The firm has a standard cookie duration of 30 days with IP tracking of 1 day. Its affiliate campaign also allows such types

of affiliates as email marketing, Google CSS and direct PPC affiliate. The maximum duration on commission decision is 75 days.

#### 6.4 Zlatezrnko.cz

It is a coffee roasting company that focuses on the Czech and Slovak market. The company's e-shop supplies quality coffee from various suppliers all over the world and coffee blends for different taste preferences. The company receives international awards and is popular in offices, homes, and cafes (Zlaté Zrnko, © 2015 - 2024).

Table 10 Rating of Zlatezrnko.cz Affiliate Marketing (Source: own processing)

Term	Values
Technical solution	VIVnetworks
Cookie duration	120 days
Commission amount	10% of the purchase
Promotional materials	XML feed, Custom creatives

In the selected characteristics of the affiliate programme, the firm chose a long cookie duration. The firm approves SEM, branded SEM, use of Cashback sites and Coupon sites. Tracking is done using a redirected domain.

#### 6.5 MilenialCafe.cz

This is a company specialising in coffee roasting with its own online shop. The company uses premium quality coffee from various suppliers and focuses on the Czech market. The advantages of the company are roasting and dispatch of goods within 24 hours, favourable promotional offers for the best coffee of the month and free delivery for orders from 1000 CZK. The campaign targets coffee drinkers between 25 and 60 years of age. The company also focuses on the B2B market, as 10% - 20% of the total orders are made by other companies (MilenialCafe.cz, © 2024).

Table 11 Rating of Milenialcafe.cz Affiliate Marketing (Source: own processing)

Term	Values
Technical solution	Dognet
Cookie duration	30 days
Commission amount	Content publishers: 12% Cashback websites: 8% Coupon websites: 8%
Promotional materials	XML feed, Banners

The approximate average order amount is 1000 CZK, the company approves partners working in the field of email marketing and Google CSS. All partners are offered a free small amount of coffee beans for tasting. Tracking is done on the client side with the help of Java Script. The duration of IP address tracking is 1 day and the maximum time to consider a conversion is 75 days.

## 6.6 GourmetKava.cz

Is one of the largest online shops specialising in roasted coffee and additional coffee making devices. The Czech company focuses on sales in the Czech Republic, Slovakia, and Hungary. GourmetKava roasts coffee every week and offers a wide range of products for every customer (GourmetKava, © 2024).

Table 12 Rating of Gourmetkava.cz Affiliate Marketing (Source: own processing)

<b>Term</b>	<b>Values</b>
<b>Technical solution</b>	VIVnetworks
<b>Cookie duration</b>	30 days
<b>Commission amount</b>	up to 7% of the purchase
<b>Promotional materials</b>	XML feed, Custom creatives

The company allows Cashback websites and Coupon websites to be partners. SEM on brand is prohibited in the program, but SEM is allowed. The benefit of the program is tracking using the S2S system (server-to-server), which does not use third-party cookies, but generates unique identifiers to track each user action.



## 7 AFFILIATE MARKETING PROPOSAL

### 7.1 Objectives

Before setting the target, it is necessary to understand the implementation criteria for the introduction of Affiliate Marketing, to consider the interests of the firm and its characteristics. Mr. Coffee is not a large firm; however, the chosen niche of the firm is quite broad. The firm has its own marketing channels such as social media and website and has the interest and finances to fund new opportunities.

Seven objectives should be identified to create an Affiliate Marketing strategy:

**Increase sales through affiliate channels** - attract targeted partners to increase sales of roasted coffee and coffee accessories in a way that will help to significantly increase sales figures through targeted partner promotions that will emphasise the uniqueness of Mr. Coffee's promotional offers.

**Expand customer base and enter new markets** - reach new customer segments and geographic regions while utilising Affiliate Marketing tools. The aim is to co-operate with strong partners in untapped markets where there is interest in the coffee sector.

**Enhance online brand presence** - Increasing Mr. Coffee brand awareness and engagement through social media interaction and a common presence on various online platforms in cooperation with partners who specialise in the coffee niche.

**Drive traffic to Mr. Coffee's website** - the aim is to attract potential customers directly to Mr. Coffee's e-commerce platform through affiliate links.

**Improve quality of traffic and conversion rates** - Selection of partners who are interested in creating interesting content and have a reliable reputation. The goal is to focus on attracting quality traffic that will provide higher conversion rates in sales.

**Strengthen affiliate relationships** - Identify key affiliates and build, maintain productive relationships with them. Providing them with promotional materials and product samples, as well as regular communication with them to increase their familiarity and motivation.

**Track and optimize campaign performance** - continuous analysis of traffic, sales, and affiliate performance to identify the effectiveness of the Affiliate Marketing tools used and possible adjustments to the strategy in the process of its implementation.

## 7.2 Possible technical solutions

Each firm, when choosing the technical equipment for the functioning of Affiliate Marketing and achieving the set goals in Affiliate Marketing, considers three main ways: creating its own affiliate programme, implementing an Affiliate Marketing software (Saas) or joining an existing affiliate network. In this case, it is worth choosing services or software that is actively used in the country where the company is located, as this can help with the quick resolution of problems that have arisen, as well as with achieving maximum use of the tools that have tools configured to work in the same geography.

Creating your own affiliate network or purchasing and implementing affiliate software (Saas) requires the work of professionals: recruiting a team of programmers, financial costs for providing the team, more time for modification and configuration. These solutions are most suitable for large companies that are interested in long-term planning, investing large amounts of money and more detailed control and customization of an Affiliate Marketing strategy.

The Mr. Coffee company is, as has already been said, not a large company; the company does not have the necessary funds to implement the first two decisions. Therefore, the optimal solution for a company would be to choose to join an existing affiliate network. When choosing an affiliate network, it is worth considering an analysis of competitive firms, from which it is possible to identify the leading network, which was chosen by the largest number of competing firms.

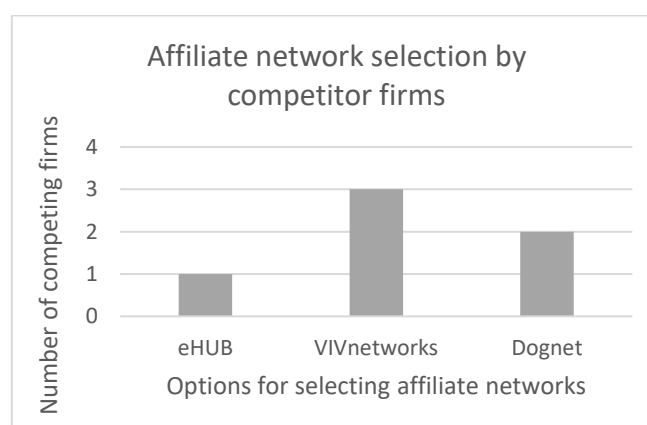


Figure 8 Affiliate network selection by competitor firms (Source: own processing)  
MilennialCafe.cz and Lazenskakava.cz chose the Dognet affiliate network as a technical solution, which focuses more on large online stores. One competitive company chose eHAB as its partner network. However, the majority of competitive companies gave their

preference to VIVnetworks. Based on this analysis, the choice of technical solution for Mr. Coffee will be the VIVnetworks affiliate network.

**7.2.1 VIVnetworks**

It is an affiliate network that has existed since 2009. In 2022, the VIVnetworks affiliate network became part of Commission Junction (CJ.com), which provides the most effective technologies in the field of Affiliate Marketing. Thanks to this model, the company was able to achieve a turnover of CZK 6 billion in the same year with online stores and partners. The affiliate network is the leader and the largest affiliate network in the CEE region. Over the past 12 months, the company has helped achieve approximately 5.4 million orders with a total value of CZK 9.397 billion, attracting 46.5% of new customers to online stores using VIVnetworks (VIVnetworks.com, © 2024).

Table 13 Advantages and disadvantages of the VIVnetworks (Source: own processing)

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>▪ High-quality American technologies.</li> <li>▪ Opportunity to open new markets geographically.</li> <li>▪ Organization of educational events and seminar.</li> <li>▪ Provision of a dedicated affiliate manager.</li> <li>▪ Flexibility to choose partners.</li> <li>▪ Control room services available in Czech.</li> <li>▪ Responsive and fast support service.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exclusion for minor violations.</li> <li>▪ Some training materials only in English.</li> <li>▪ Requires deposit for advertising payments.</li> </ul>

**7.3 Tracking Method**

Tracking is one of the key settings for a properly functioning affiliate strategy, lack of functional tracking entails lack of order capture and commission payment for affiliates.

VIVnetworks recommends using a server-to-server tracking. The server-to-server or otherwise called redirect URL implies a technique for measuring conversions using an

individual identifier, all actions take place on the side of the online shop. When using this method, the accuracy of conversions is 99.9% The other side of the coin is the implementation time, the cost of the programmer and the technical complexity of setting up the process (VIVnetworks.com, © 2024).

Another way of tracking is client-side tracking using tags or pixels, achieved by placing them on an online shop page. When the user interacts with them, these tags are transmitted to the servers of the affiliate networks. This method is the most popular and easy way to transfer data from the web page. Also, this method does not require a lot of money and time compared to the first method. The disadvantage of this method is the lack of bypassing the ad blocker and more demanding conditions for the user's privacy policy (Tealium, © 2024).

Table number 14 presents the best ways that are compatible with the new amendments to the law outlined above. Evaluation characteristics such as whether the method is compatible with the law (described on p. 32), whether the method bypasses ad blockers, whether showing ads on Apple devices (Apple ITP) is compatible, and whether there is room for extending the features were highlighted.

Table 14 Comparison of tracking methods provided (Source: own processing according to VIVnetworks.com, © 2024)

<b>Method of tracking</b>	<b>Possibility of use in view of the law</b>	<b>Adblock bypass</b>	<b>Apple ITP</b>	<b>Advanced functions</b>
<b>Client-side tracking (Image, Iframe Pixel)</b>	Yes	No	Yes	No
<b>Client-side Tracking (Universal Tag)</b>	Yes	No	Yes	Yes
<b>S2S</b>	Yes	Yes	Yes	No
<b>S2S + Universal Tag</b>	Yes	Yes	Yes	Yes

Even based on the fact that the server-to-server combination with a Universal Tag gives the maximum result in the efficiency and quality of tracking, to choose a tracking method it is worth basing on the interests and characteristics of the selected company, which is why, based on the size of the online store and the financial capabilities of the company, it is worth

choosing tracking on client side using a Universal Tag, what consists of two components: the site tag and the conversion tag.

### 7.3.1 Site Tag

This method requires adding a site tag written in the form of a JavaScript, obtained from the affiliate network to the HTML on each page (exception: order confirmation page) of the online shop so that tracking is activated for each visitor.

```
<script type="text/javascript">
OMID={MID};OPID={PID};ORef=escape(window.parent.location.href);
!function(){var a=document.createElement("script");a.type="text/javascript",a.async=!0,
a.src="//track.omguk.com/e/qs/?action=Content&MID=" + OMID + "&PID=" + OPID + "&ref="+ ORef;
var b=document.getElementsByTagName("body")[0];if(b)b.appendChild(a,b);
else{var b=document.getElementsByTagName("script")[0];b.parentNode.insertBefore(a,b)}}();
</script>
```

Figure 9 Example of a Site Tag form (Source: Optimise Media Group, © 2024)

Site tags will create the main cookie file on the site e-shop, so when any manipulation of the site's URL information about the user's actions will be redirected but only if the tag will be executed as an asynchronous script.

### 7.3.2 Conversion Tag

The Conversion Tag, different from the site tag, is directly responsible for counting the sale, and therefore is placed only in the code of the order confirmation page on the website of the online shop.

```
<script type="text/javascript" src="https://track.omguk.com/e/ss/?APPID={SaleReference}&MID=
{MID}&PID={PID}&Status=&TransactionValue={TotalOrderValue}&Shipping={ShippingValue}&Tax=
{TaxValue}&Action={Event}&iID={SKU}&iName={ItemName}&iVol={ItemVolume}&iVal={ItemValue}&iCategory=
{ItemCategory}&iBrand={ItemBrand}&Vcode={VoucherCode}&Channel={Channel}&CustType={CustomerType}">
</script>
<noscript></noscript>
```

Figure 10 Example of a Conversion Tag form (Source: Optimise Media Group, © 2024)

In case there is an update or rebuild of the page code, there is a risk that the data will be lost. Loss of such data as price, quantity of goods leads to the transmission of incorrect information and in the end to incorrect determination of the commission for the affiliate.

That is why it is recommended to implement it through Google Tag Manager (VIVnetworks.com, © 2024).

This requires defining the traffic request parameter `affiliate_id`. An example URL can be “`https://mrcoffee.cz/?affiliate_id=12345abc`”, followed by creating a variable address in GTM. The next step is to configure custom tags in HTML in the same manager. After that you need to configure the trigger to automatically open the cookie setting only if `affiliate_id` is present in the URL.

### **7.3.3 Control for measurement codes**

For testing the correctness of conversions, conversion tag can be connected to Google Analytics. To do this, it is required to send `affiliate_id` from the cookie file to Google Analytics, setting it as a special parameter at the session level. There is a special GTM preview and debugging session to test this, after which Google Analytics will generate reports that show affiliate identifiers and correlated sales. With this tracking and linking of the two platforms, the selected firm will be provided with a comprehensive view of affiliate performance.

## **7.4 Cookie duration**

Choosing the duration of cookies is one of the key characteristics when setting up an Affiliate Marketing strategy. As already mentioned, a longer period of cookies will attract more partners, but at the same time may negatively affect conversion tracking.

The tracking method also influences the choice of duration; for companies choosing server-to-server tracking, it is possible to choose a shorter or medium duration due to the efficiently and technically complex customized tracking model.

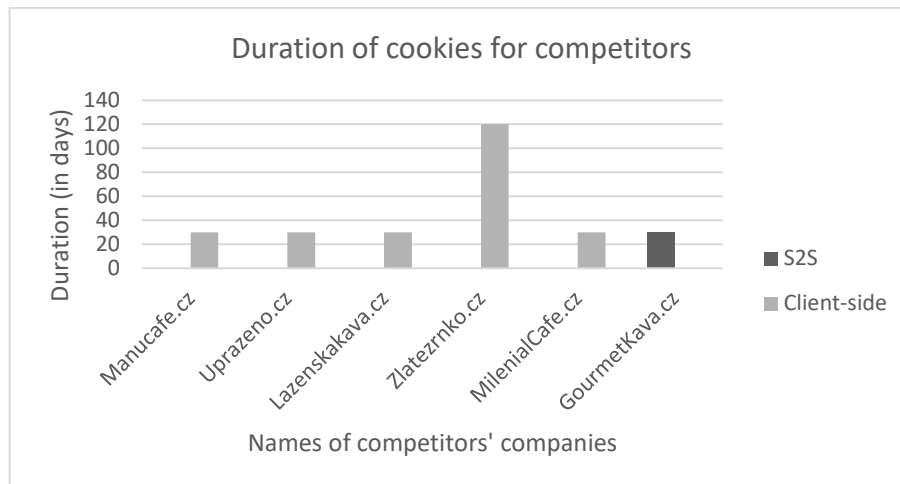


Figure 11 Duration of cookies for competitors (Source: own processing)

Zlatezrnko.cz has chosen a cookie duration of 120 days, which is quite a large number even for their type of tracking. It can be assumed that their choice was made in order to attract more partners. However, if look at the entire analysis, which is presented in Figure 11, we can conclude that the vast majority (four out of five firms using client-side tracking) chose a 30-day duration, which is an average acceptable value and would also be suitable for the Mr. Coffee company.

## 7.5 Commission amount

Another key point when organising an affiliate campaign is choosing the type of commission, its amount, and for which products and types of affiliates. A commission that is too large will help attract more affiliates, but on the other hand, its impact will have a negative impact on the company's profits. Commissions that are too small will lead to little credit from affiliates, which can also lead to a failed affiliate strategy.

Although some firms set a stable commission that is independent of affiliate type and product type, other firms set different commission values for different product types or affiliate types.

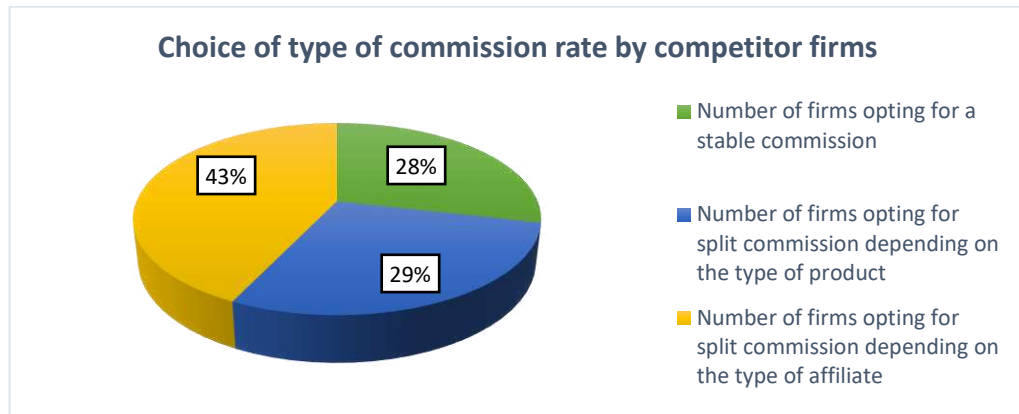


Figure 12 Choice of type of commission rate by competitor firms (Source: own processing)

Zlatezrnko.cz and GourmetKava.cz have chosen a stable commission for all types of products sold on their online shop, while Uprazeno.cz has made an interval commission depending on the type of product purchased, ranging from 13-20%. MilenialCafe.cz and ManuCafe.cz have chosen a commission that differs depending on the type of affiliate. Lazenskakava.cz has set up a double commission split depending on the type of affiliate and the type of product, so it approaches two split categories.

Based on this analysis it is possible to offer the selected firm a commission divided according to the type of affiliate. The choice of a specific commission value for content publishers, for cashback sites and coupon websites during the initial phase of affiliate campaign setup can be set equal to the arithmetic average: 10% for content publishers, 7% for cashback sites, 5% for coupon websites. The commission of 5-10% corresponds to the approximate commission for the category of physical products presented in Table 4.

The competition within the affiliate network of VIVnetworks for attracting affiliates is also very important, that is why we can determine the possible increase of the commission in case of inefficiency of the starting maximum commission of 10%. If to calculate the average commission among affiliates in one affiliate network it is possible to get a value of 11,17%, which opens the possibility for the company to use this value for content publishers in case of inefficiency of 10% commission value.



## 7.6 Promotional elements

### 7.6.1 XML Feed

The most basic and common advertising element is the XML Feed. This is an XML file that is used to automatically exchange information between platforms as part of an Affiliate Marketing campaign. The file contains information about online shop products: name, price, product identifier, URL address (EHUB.cz, © 2010 - 2024).

XML feed can be used to create a catalogue on the affiliate's website, thus linking users directly to specific Mr. Coffee products. This product feed can be submitted either by the affiliate itself or suggested by the merchant.

For example, based on the product code on the Mr. Coffee page, the XML feed for the Brasil Decaf product could be created in this way:

```
<?xml version="1.0" encoding="UTF-8"?>
<products>
  <product>
    <name>Brazilian Decaf Coffee 100g</name>
    <sku>mrc-brazil-bez-kofeinu-100g</sku>
    <price>88.00</price>
    <currency>CZK</currency>
    <url>http://example.com/product/brazilian-decaf-coffee-100g</url>
    <image>http://example.com/images/product-brazil-decaf-100g.jpg</image>
  </product>
</products>
```

Figure 13 Example XML feed for Brazil Decaf product (own processing)

### 7.6.2 Deep link

The selected VIVNetworks affiliate network also allows you to use the deep affiliate link generator together with XML feeds to improve the quality of information transfer between the two platforms. To do this, insert the XML feed into the VIVnetworks deep link generator, the result will be a special deep affiliate link that should be inserted back into the XML feed. This change will allow to monitor conversion rates and sales for further optimisation of the campaign (VIVnetworks.com, © 2024).

## 7.7 Affiliate programme proposal

Following the analysis of digital marketing communication tools and SWOT analyses of the firm it was obtained that there is an opportunity for Mr. Coffee firm to open a new marketing channel in the form of Affiliate Marketing. The analysis of possible technical solutions on the basis of the firm's characteristics, as well as the analysis of competition, has shown that

the choice of joining the VIVnetworks affiliate network is the optimal solution for the firm. While considering different tracking methods, the size of the firm, its financial capabilities, experience of the selected competitive firms were taken into account, based on this, the client-side tracking method using Universal Tag was chosen.

The following optimal parameters have been identified in Table 15 for setting up an affiliate campaign:

Table 15 Parameters for configuring an affiliate campaign for Mr. Coffee (own processing)

<b>Term</b>	<b>Values</b>
<b>Technical solution</b>	VIVnetworks
<b>Cookie duration</b>	30 days
<b>Commission amount</b>	Content publishers: 10% Cashback website: 7% Coupon website: 5%
<b>Promotional materials</b>	XML feed, Custom Creativities, Banners

The choice of the type of commission, its size, and the duration of the cookies were determined from analysing the competition of firms of the same niche and size. XML feeds with possible use of Deep Link combination from VIVnetworks partner network, custom creatives and banners were chosen as promotional material.

During the calculation of the commission, the competition among merchants within VIVnetworks was also taken into account, and a possible increase of the commission up to 11.17% was determined, this difference of 1.17% can also be paid by the firm as a bonus to affiliates who will demonstrate the highest conversion rates to stimulate incentives and strengthen partnerships

## CONCLUSION

Affiliate Marketing is one of the most effective and rapidly gaining popularity as a digital marketing tool, as evidenced by the literary and online resources used related to the topic of work in the theoretical part of the work.

The goal of the thesis was to evaluate the possibility of opening a new digital Affiliate Marketing tool in the selected company and to propose a customised strategy for the company. For this purpose, the practical part analysed the communication tools of digital marketing, from which an open opportunity for the introduction of Affiliate Marketing was identified. Further, the analysis of the competition of firms with the same niche as the selected firm was carried out, from this analysis were obtained such data as: type of tracking, type of commission split, size of commission, technical solution, choice of affiliate network and duration of cookies.

In the final stage, a plan was prepared to configure a future affiliate campaign for the selected firm, also paying attention to the competition within the affiliate network itself and calculating the possibility of increasing the commission percentage in case of competitive pressure.

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## LIST OF ABBREVIATIONS

AI – Artificial Intelligence

CD – Compact Disc

CPC – Cost Per Click

CSS – Cascading Style Sheets

GDPR – General Data Protection Regulation

GTM – Google Tag Manager

HTML – HyperText Markup Language

ICT – Information and Communication Technology

ID – Identification

IP – Internet Protocol

ITP – Intelligent Tracking Prevention

LTD – Limited Liability Company

PHP – Hypertext Processor

PPC – Pay Per Click

PPL – Pay Per Lead

PPS – Pay Per Sale

PPV – Pay-Per-View

RFA – Rainforest Alliance

ROI – Return on Investment

SaaS – Software as a Service

SEM – Search Engine Marketing

SEO – Search Engine Optimization

SMM – Social Media Marketing

URL – Uniform Resource Locator

XML – Extensible Markup Language

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