apma

Downloadable software & browser extensions in affiliate marketing: FAQs

January 2025

Overview

In December 2024 YouTuber MegaLag posted a video entitled *"Exposing the Honey Influencer Scam"*. In the video, MegaLag alleges the affiliate Honey uses deceptive practices to generate revenue through the channel.

The video raises questions about affiliate marketing and how the industry operates.

Therefore, the Affiliate and Partner Marketing Association (APMA) has prepared an explainer and set of FAQs on some of the issues identified and how businesses in the UK work with companies whose commercial models are linked to technology like Honey's.

This document is not a critique of any single business and we cannot answer some of the accusations as we don't have access to the data and information to draw a conclusion.

However, we can use the opportunity to explain how technology such as downloadable software and browser extensions exists in the UK affiliate ecosystem and how the industry measures and monitors it.

In particular, we will show how the industry has created certain checks and balances that support the delicate balance of affiliate and partner marketing interests.

It will always be important for companies to assess the importance of their partners based on their perception of value. This can be subjective and is often driven by the availability of data to show where an affiliate is influencing a sale, what type of customer they are helping to attract, and how their traffic interacts with other affiliates and non-affiliate interactions.

TL:DR

While it's important to provide the full context and history of how the industry has approached downloadable software and browser extensions, we're providing a one-pager set of FAQs that give you the top-level information you need.

- We know the issues. Affiliate marketers have known about the challenges of working with this technology for more than 15 years
- What are the challenges? The technology can be disruptive and networks and platforms have adapted new ways of working with them
- Why do you let other affiliate cookies be overwritten? We don't. One of the main changes networks implemented was new cookie rules, protecting other affiliates.
- How does it work? Called soft-click or standing down, the technology protects earlier affiliates involved in a sale that is converted by the technology
- How big are these sites? We can't categorically say how big they are because of the way the technology is tracked and categorised, but downloadable software and browser extensions accounted for 0.13% of affiliate brand spend in 2023.
- Should I work with companies that offer browser extensions? That's up to you. Ask your network or agency what their views are.
- Are there other affiliates who use the technology? Some cashback and reward sites have implemented rebate reminders to ensure their users get what they're owed. Speak to them about whether they use this technology and what volume of sales they account for.
- Does the soft-click technology apply to other affiliates? Yes, networks have their own policies on which affiliates this applies to. You can find a matrix with more information at the end of this document.
- What about fake codes? Fake codes are unacceptable and could fall foul of advertising standards. All networks operate systems to distribute and track codes that work.
- What are you doing about fake content? The APMA is aware that some bad actors push fake codes. We are working with members to clear up this space and maintain the reputation of the channel.
- Are there any standards in place that networks commit to? An existing code of conduct is now ten years old. While networks generally stick to the principles, a refresh is due.
- When will that refresh happen? Watch this space. The APMA Governance Board is aware of this issue and will be discussing an update later this year.

What does the video claim?

In the video, claims are made that Honey diverts commissions away from other affiliates who would have earned revenue from promoting brands. As we will explain, the industry has been well aware of the consequences of these technologies on other affiliates over the years. It has implemented checks and balances to address such concerns; we will explain how this works.

Honey is also accused of prioritising its own or partner discount codes over more advantageous deals available to consumers elsewhere. In this area, we have less direct control and knowledge.

Finally, it states that the influencers who promote the company are having their revenue undermined by the company. Often these relationships and commercial deals will sit outside of the affiliate channel, therefore we won't address this final point.

Why are browser extensions and downloadable software part of the industry?

To understand why extensions and software have become part of the affiliate landscape, we need to roll back more than 15 years.

At the time similar technologies to Honey weren't prevalent in the UK. The technology existed but wasn't a revenue stream for UK brands running affiliate programmes.

Conversely, the US affiliate industry worked with many different businesses offering downloadable software but they generally had a poor reputation. Luckily British affiliate marketing didn't have to deal with many of the issues our American counterparts had, and the UK affiliate industry had the opportunity to put contingency plans in place to avoid repeating the same mistakes.

Before we tackle those issues, let's clarify what activity we're including as part of this discussion.

The definition

Broadly speaking, anything that can be downloaded in a browser is included for discussion in this document.

When the UK industry, via the IAB's Affiliate Marketing Council, first discussed this issue back in 2010, we agreed the definition should be *"any downloadable software applications whose primary or secondary function is to direct website traffic to Advertisers, which may include:*

- software programs and applications;
- plugins, add-ins or extensions;
- toolbars; or
- software widgets."

Often these were sold as standalone pieces of software that you may be encouraged to download, such as a browser extension, or an ancillary service offered by an affiliate partner. In the intervening years, these technologies have coalesced around browser extensions, like Honey, which users choose to download to their web browsers.

Alongside this trend, several major UK affiliates developed toolbar extensions as part of their general propositions, and there was unease about how disruptive they could be to existing affiliate programmes, so these were also included in scope.

A consensus emerged that a set of standards should be developed to ensure any new technology was assimilated within the UK industry in a way that offered transparency while not disrupting existing affiliate models. These standards would be observed by the affiliate networks and platforms who were IAB members.

What were the issues the standards addressed?

Let's deal with the US market first.

Some US businesses had downloadable software that offered (sometimes only superficially) a consumer benefit. However, when the consumer downloaded the tech, other software was installed on the user's machine.

This led to a situation where numerous pieces of software were active in the background on users' machines, with little idea of what they were doing. In the worst examples, they were dropping cookies without any user awareness. The activity was often spammy, disruptive and misleading.

There's no doubt they would break network terms and conditions as they are today.

In response, the industry stipulated the following rules for any businesses entering the UK market:

- No **software bundling** was allowed; a user had to know that whatever they were downloading was limited to the offered service.
- Additionally, it had to be easy for users to **uninstall** the tech.
- Consumers had to give **informed consent** to the download (it couldn't download in the background or automatically).
- A user's **reasonable expectations** had to be met, i.e. the action they were expecting was equal to what happened.

Each of these points were designed to address the issues facing US marketers.

Additionally, to address some of the developments in the UK, further requirements were included:

- Publishers should use their best endeavours to inform advertisers they would be offering toolbar or software tools, especially if the publisher already had a relationship with the brand using different promotional methods.
- Publishers should offer performance data on this new activity, distinct from their other affiliate activity (separate reports to show volumes coming from the technology).

While the IAB guidelines didn't include a requirement to split the activity into separate affiliate accounts, some networks asked for this to be done or at the very least provide to the network a regular report so they could monitor performance from the software.

These points, alongside additional detail, were incorporated into a code of conduct for UK marketers in 2010, with a beefed-up and more legal version arriving in 2015.

All member networks of the IAB's Affiliate Marketing Council agreed to uphold the code of conduct and the enforcement procedures.

The code still exists, but it is due a reassessment given the long period between the last iteration and now. This will be a focus for the APMA in 2025 as all standards are re-evaluted for their usefulness.

You can access the existing code and coordination procedure here:

Downloadable Software Code of Conduct

This document updates the Downloadable Software Applications Code of Conduct (previously revised in May 2010). The code of conduct applies to affiliates and online publishers which use downloadable software applications to direct website traffic to online merchants as part of an affiliate marketing program operated by any of the affiliate marketing networks which enforce the Code.

Downloads

DOWNLOADABLE SOFTWARE CODE OF CONDUCT COORDINATION PROCEDURE (MAY 2015)

DOWNLOADABLE SOFTWARE CODE OF CONDUCT (MAY 2015)

Click here for the Downloadable Software Code of Conduct

Click here for the Downloadable Software Code of Conduct (Coordination Procedure)

What about cookie rules?

The code of conduct includes important checks and balances about how downloadable software and toolbars should be incorporated within the affiliate industry.

One important element you won't see included in it, is how sales are tracked.

Standard affiliate marketing tracking is applied to downloadable software and toolbars, so the technology works in the same way as any other affiliate. However, their emergence initiated a wider discussion about whether their sales and revenue should be treated as **equal** to other affiliates.

Let's use an example affiliate journey that involves the technology to explain why this became an area of discussion.

A consumer interacts with affiliate content, clicks through to the advertiser and, because the consumer has downloaded a toolbar, a prompt appears that shows a discount or offer. The consumer clicks, sets a new affiliate cookie, and transacts.

Last-click attribution rules that remain standard within the industry kick in and the toolbar claims the sale.

Is this fair and should the industry do something to protect the existing affiliate ecosystem?

This became a hotly discussed topic among the Affiliate Marketing Council and an agreement was reached that in this instance, tracking for the toolbar interaction should be 'stood down'. In other words, the network would look back at the affiliate interactions in the journey and, where a toolbar or downloadable software was the last referrer, award the sale to the previous affiliate referrer.

Where no previous affiliate cookie existed, the toolbar would be credited for the sale.

At the time the technology didn't exist for all affiliate companies, so it wasn't included within the code of conduct, however, a verbal agreement was reached that every company would endeavour to work towards implementing stand-down rules for software and browser extensions. Some implemented it as standard practice from that point forward and it remains commonplace.

What is the technology called?

Typically networks call it 'soft-click' but it has also been called 'standing down' and 'cookie hierarchies'. We have produced a matrix (please see pages 12 and 13) that signifies how the affiliate networks and platforms refer to the technology.

As soft-click is most commonly used, we will continue to refer to it as such.

Consumer expectations

If consumers download browser extensions, they expect them to work. That's why the technology needs to function when a user is browsing online. Sometimes, however, the technology may be suppressed which can be confusing.

The former is a better customer experience.

In the case of some existing affiliates who launch rebate catchers as part of their overall offering, the activity will likely be tracked in their standard affiliate account and it is unlikely soft-click can be enabled.

Where this happens, the code of conduct is clear that affiliates should offer transparency on the proportion of their sales derived by the technology. If you are concerned about this or require more information, please reach out to your network, agency or affiliate partners.

Consequences of soft-click

Soft-click is a very important aspect of the discussion around extensions and software as one of the main criticisms is that the technology wipes out other affiliate efforts at the point when the consumer is about to transact.

This has formed the major criticism of Honey from the commentary and articles published to date. It is important, therefore, to reiterate that mainstream affiliate networks are fully aware of the issue and have sought to tackle it head on.

The APMA recommends speaking to your network on this subject and asking whether they have it set up for all appropriate affiliates, including Honey whose business model is subject to soft-click rules

It's also an indicator that networks and platforms using soft-click rules recognise their role in protecting the wider affiliate ecosystem.

Companies that are not members of the APMA may or may not be using soft-click. Where tracking occurs outside of these established soft-click rules, we cannot guarantee that longtail and earlier funnel affiliates like content creators are not having their cookies overwritten by the more conversion-orientated partners.

Where browser extension activity is tracked through subnetworks, it's important to work with companies that can guarantee you that soft-click standards will be upheld. A transparent subnetwork should be able to share the way they work with these businesses and provide advertisers with data points to make informed decisions.

As noted, soft-click was absent from the general discussion about Honey. In a public statement on the story, the business responded, "Honey follows industry rules and practices, including last-click attribution, which is widely used across major brands".

We interpret this to mean they follow the general last-click attribution logic of affiliate marketing. The APMA can confirm that major affiliate businesses have implemented soft-click logic for Honey (see matrix on pages 12 and 13).

One additional point we note is that any activity that is tracked outside of the affiliate ecosystem as part of an overall marketing mix (including influencer campaigns) will also not be subject to the same rules.

Finally, there has been considerable criticism of the last click attribution model. This has existed since the industry began and alternative payment models have emerged which you can explore. The matrix gives some examples of what networks offer. Last-click attribution is not broken, it's the essence of affiliate marketing, but the channel has become more sophisticated over time and does allow for more nuanced commercial models.

Any brand and affiliate should recognise that affiliate interactions are typically far more likely to be overwritten by a non-affiliate channel, than another affiliate. Research has shown that de-duplication by brands against other marketing channels has the most impact on commissions.

Does the technology apply to other affiliate types?

As the affiliate channel has developed, more and more business models are now incorporated within the wider affiliate landscape.

While there is no requirement for soft-click to apply to any of them, some networks have chosen to apply the logic to other areas.

The APMA asked 12 networks to complete a survey on cookie rules for different publisher types and we asked what other business models the soft-click rules apply to. We received responses from eight of them.

Here are some quoted examples of other technology and business models some networks apply soft-click to:

- Chatbots
- Basket Abandonment
- Display
- Retargeting
- Onsite overlays

There is no definitive list of affiliate types and this will vary from network to network.

Our matrix (see pages 12 and 13) includes additional information and we encourage you to speak to your network or platform to ask what their policies are.

How much revenue does the technology generate?

The APMA published a breakdown of the affiliate marketing spend through toolbars, browser extensions and downloadable software in its 'State of the Nation 2024' report:

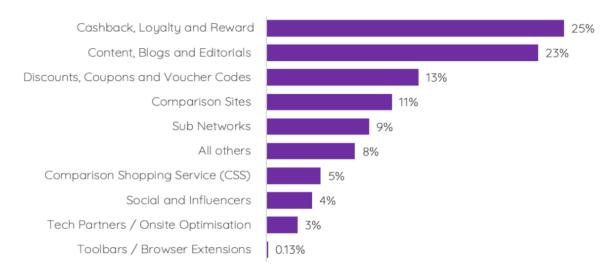


Figure 4: Investment in the UK affiliate market by affiliate method

Data Source: Financial Submissions by Networks (n=9)

Approximately £1 in every £770 is spent on this activity, so the financial investment is relatively small compared to other affiliate types.

It is important to remember that this spend is likely apportioned to standalone accounts that are labelled as this category on the networks surveyed. Where the activity is tracked through subnetworks or isn't split out into individual accounts, the spend will not necessarily be captured within this category.

Good quality subnetworks will adhere to network terms and conditions and work with brands to uphold soft-click standards.

What about the other claims about Honey?

As we mentioned, this document is not a dissection of the Honey controversy, but an opportunity for the UK industry to explain how it works with affiliate partners, particularly those that operate business models with a high propensity to overwrite the credit of other partners.

It is worth mentioning that all our network members have robust approval processes when publishers sign up for their platforms. While there is no standardised approach, this will typically be a multi-layered process whereby an affiliate is approved at a network level, with a secondary approval onto individual programmes, followed by ongoing monitoring and auditing.

All networks will have their own set of terms and conditions that publishers are required to adhere to which will focus on ethical marketing practices.

Advertising rules in the UK also cover affiliate marketing. You can read more about this on the <u>Advertising Standards Authority site</u>.

Specific claims about false voucher code usage or Honey choosing to present the end user with codes that are not the best available cannot be verified.

Generally, code distribution within the industry is subject to the individual processes of each network as well as the technical ability of brands to provide discounts. It is contingent on affiliates offering consumer codes to ensure the codes are active and they are permitted to promote them.

Often brands will have specific and individual deals in place with their major code partners. How these are tracked can vary. It is worth noting that some networks offer the ability to reapportion sales to affiliates who have exclusive codes if these are being promoted by affiliates who the codes are not designed for.

The issue of fake content and fake codes remains an issue in the affiliate industry that the APMA is aware of and has recognised as an area to be tackled.

There are various robust ways for codes to be effectively controlled and distributed, including voucher code tracking, which is commonplace among networks, single-use codes because single-use codes cannot be leaked or misappropriated by affiliates they're not designed for, and hero codes for individual affiliates.

We encourage all companies to contact their network partners to clarify all the points we've raised in this document. We've collated network policies in the next section of this document.

This document was prepared by the APMA in January 2025.

The APMA is a not-for-profit trade association, advocating for the affiliate and partner marketing industries in the UK. Read more about our work and find out how you can get involved: <u>www.theapma.co.uk</u>

Affiliate networks and platform matrix: how they work with downloadable software and browser extensions.

Company	Do you allow toolbars and similar tech?	Do you have tracking that doesn't overwrite other affiliates?	What do you call it?	Is it applied to browser extensions and similar technologies?	ls it activated per affiliate?
Optimise	Yes	Yes	Soft-Click	Yes	Yes
Tradedoubler	Yes	Yes	Soft-Click	Yes	Yes
Adtraction	Yes	Yes	Cookie Hierarchies	Yes	Yes
Webgains	Yes	Yes	Soft-Click / Soft-Cookie	Yes	Yes
Awin	Yes	Yes	Soft Click	Yes	Yes
Rakuten Advertising	Yes	Yes	Soft-click, multi-touch, and stand-down	Yes	Yes
CJ	Yes	Yes	Stand-down policy	Yes	Yes
Partnerize	Yes	Yes	Soft Click	Yes	Yes

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Company	Do you apply it to other types of affiliate?	What additional affiliates can this apply to?	Do you offer tech for alternative commissioning?	Examples
Optimise	Yes	On request	Yes	First click, last click, assisted conversion
Tradedoubler	Yes	Onsite tech, cart abandonment, Display	Yes	Defined by KPIs
Adtraction	Yes	Display, programmatic	Yes	-
Webgains	Yes	Onsite tech, cart abandonment, Display	Yes	Dynamic commissioning, CPA, CPC, Exclusive code, fixed fees
Awin	Yes	Tech partners, basket recovery, checkout overlays	Yes	Commission Manager, Attribution Manager (first click, last click), Voucher Attribution, Commission by Assist
Rakuten Advertising	Yes	Publishers of any business model type offering a browser extension, or integrating affiliate brands into a DSA must submit to rigorous and ongoing testing to ensure compliance.		First-click, last-click, and multi-touch commissioning
CJ	Yes	Tech partners, such as on-site optimisation partners, cart abandonment	Yes	CPC, Viewthrough, Coupon / voucher, code attribution, Situational Commissioning last-touch channel commissioning first-click
Partnerize	Yes	Advertisers can set prioritisation and commission preferences at individual partner level; assign any partner a "soft cookie" to ensure that earlier referring partners retain priority.	Yes	Dynamic commissioning, spend allocation tools (Preferred Partner, Exclusive Code, Split Commissioning, Suppressed Code, First Click, In-Cart)

Additional reading:

- Rakuten Advertising: https://go.rakutenadvertising.com/hubfs/Affiliate-Network-Policies.pdf.
- Awin: <u>https://advertiser-success.awin.com/s/article/What-is-a-soft-click-cookie?language=en_US</u>
- Optimise: Advertiser FAQs | Optimise Knowledge Help & Support
- Webgains: <u>https://knowledgehub.webgains.com/home/publishers-and-soft-cookie</u>
- CJ: <u>https://www.cj.com/legal/software-policy</u>