

A Study on Awareness of Affiliate Marketing among MBA students in Puducherry

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ABSTRACT

Affiliate marketing is gradually emerging as a passive income opportunity for the tech-savvy youth. The power of affiliate marketing can be understood from the fact that AdSense users bagged more than 10 billion US Dollars as the revenue. Apropos to its popularity as an earning opportunity whether there is awareness level among the college students was the question in the minds of the researchers; hence the study on MBA students in Puducherry. This descriptive study used survey questionnaire to collect data from a sample of 211 students across engineering college MBA programs and used ANOVA as a major tool for hypothesis testing. It found that a majority of the MBA students showed lack of awareness on affiliate marketing, its working, and the sites that offer the earning opportunities. It found that there is no statistically significant difference among the respondents across gender. It is recommended that the colleges may take efforts to disseminate understanding on affiliate marketing programs as it could enhance the earning potential of the graduating students.

Key words: Affiliate Marketing, Awareness Study, Puducherry

JEL Classification: **M31, D83**

1.0 Introduction

When one is using the internet or smartphone for online shopping, s/he will come across a number of advertisements popping up. Those advertisements are 'sponsored' by individuals who work for third-party companies in posting those advertisements in various websites. Whoever clicks those advertisements, the sponsor-individual will get a 'per-click' reward. Considering the traffic in internet (either on laptops or smartphones), the chances of clicks are high – however depending on the 'usefulness' of the product advertised to the internet-user. This idea is widely known as 'Affiliate Marketing' or 'Associate Marketing'. Google AdSense is one of the most popular affiliate marketing options for the publishers. When the companies (who want to promote their products or services on the internet) places their promotion, they use Google AdWords, while the publishers (who 'sponsor' those advertisements in their web-contents in an attractive manner) use Google AdSense for their placement.

1.1 Definitions of Affiliate Marketing

In the words of Jake Frankenfield (2018): “Affiliate marketing is an advertising model where a company pays compensation to third-party publishers to generate traffic or leads to the company’s products and services. The third-party publishers are referred to as affiliates and the commission fee incentivizes them to find ways to promote the company”. According to Pat Flynn: “Affiliate marketing is the process of earning a commission by promoting other people’s (or company’s) products”. In the words of Neil Patel: “Affiliate Marketing can be seen as the process of spreading product creation and product marketing across different parties, where each party receives a share of the revenue according to their contribution”. According to him, there are four parties involved in affiliate marketing, viz., (i) the merchant, (ii) the affiliate, (iii) the consumer, and (iv) the network. Affiliate marketing or associate marketing is an arrangement by which advertiser pay commission to affiliate for generating sales or traffic on its website. Affiliate website may post ads, banners, and links of products or services from merchant’s website. (Prabhu & Satpathy, 2015).

2.0 Purpose and Methods

Affiliate marketing is viewed as a passive income source for many. It will be a solution to many who are in need of secondary income – to enable them meet both the ends. It could also a source of income to many unemployed people who are tech-savvy and vibrant. However, the question is whether the educated youth are aware of this ‘earning opportunity’. The paper is an attempt to study the awareness level of affiliate marketing as an earning opportunity among the students of MBA programs in number of affiliated colleges in Puducherry. Further, it tries to ascertain whether there is a significant variation in the awareness level across gender and colleges of study. For this purpose, the researchers took into account the Private Engineering Colleges who offer MBA program affiliated to Pondicherry University, India. This descriptive study used survey questionnaire for data collection (which is vetted by academic experts and pilot-tested). The survey was administered to the sampled number of MBA students across the affiliated colleges in Puducherry.

2.1 Sample Size Determination

There are a number of techniques and formulae available to determine the sample size for the research study. The researchers decided to choose a formula which takes into account the precision of the results, confidence level, degree of variability, as well as the response rate. Accordingly, the following formula was adopted from the Pennsylvania State University (Tipsheet available at <http://www.extension.psu.edu/evaluation/pdf/TS60.pdf>):

$$n = \frac{\left\{ \frac{P(1-P)}{\frac{A^2}{Z^2} + \frac{P(1-P)}{N}} \right\}}{R}$$

where, n = sample size required; N = Total Population;
 P = estimated variance in the population; A = Margin of Error;
 Z = Confidence Level; and R = estimated Response Rate

In this study, N = 630 (total number of MBA students in affiliated colleges), P is determined at 25% since the researchers believed that there is higher level of consistency in respondents’ views, A is kept at 5%, Z is kept at 95% confidence level, and R is taken at 95% since the survey data was collected through trained enumerators. Thus, the values N = 630, P = 0.25, A = 0.05, Z = 1.96, R = 0.95 applied in the given formula resulted in n = 208. Thus, the sample size is determined at 208 enterprises.

Table 1: Sample size determination

Sl.	Sampled study areas	Population	Proportion	Sample (taken at next whole number)	Percent Represented
1.	Aff. College 1	237	237/630 x 208	79	37.4%
2.	Aff. College 2	107	107/630 x 208	36	17.1%
3.	Aff. College 3	95	95/630 x 208	32	15.2%
4.	Aff. College 4	191	191/630 x 208	64	30.3%
	TOTAL	630		211	33.5%

Accordingly, 211 were finally taken as the appropriate sample size for this study.

2.2 Data Collection

Data have been collected by the trainer enumerators by administering the survey questionnaire among the MBA students of the affiliated colleges, during the last week of January 2019. Out of 230 questionnaires distributed, 228 have been collected and 211 were found to be complete in all respects.

2.3 Data Analysis Tools

The study used Statistical Package for Social Sciences (SPSS) version 20 for data analysis. It used the descriptive statistics, and Analysis of Variance (ANOVA) along with Pearson Chi-Square test.

3.0 Review of Relevant Literature

Not many studies have been conducted so far on identifying the awareness level of college students as to the earning opportunities offered by Affiliate Marketing. That way, this study is a kind of a pioneer effort in this direction. An earlier paper by Prabhu & Satpathy (2015) attempted to provide an overview of Affiliate Marketing by presenting the parties involved in it, and the operational facts then. Much earlier to that, Zia Ul Haq (2012) attempted to study consumer attitude towards affiliated marketing programs among Indian users. He found the usefulness, informativeness, incentives, and perceived trust as the stronger predictors of consumer attitude of affiliate marketing. In 2011, Mazurek & Kucia attempted to describe the concept of affiliate marketing activities through their paper on "Potential of Affiliate Marketing".

4.0 Results and Discussion

The table 2 presented below explains the gender-wise distribution of respondents across the colleges.

Table 2: Respondents' Gender-wise Distribution across Colleges

Affiliated College	Gender		Total	Pearson Chi-Square Test
	Male	Female		
College-1	32 (15.2%)	47 (22.3%)	79 (37.4%)	2.496 (p = 0.476)
College-2	11 (5.2%)	25 (11.8%)	36 (17.1%)	
College-3	11 (5.2%)	21 (10.0%)	32 (15.2%)	
College-4	29 (13.7%)	35 (16.6%)	64 (30.3%)	
Total	83 (39.3%)	128 (60.7%)	211 (100.0%)	

Source: Survey Questionnaire

Of the 211 respondents, 39.3% were males, and 60.7% were females. As to distribution across institutions, 37.4% were in College-1, while 15.2% were in College-3. Pearson Chi-Square test revealed

that there is no statistically significant variation among the gender-wise distribution of respondents across colleges surveyed.

4.1 Level of Awareness on Affiliate Marketing

Tables 3 and 4 present the awareness level of survey respondents (i) across gender and (ii) across colleges respectively. The survey found that a majority (55%) of the respondents expressed lack of awareness on Affiliate Marketing, while a quarter (25%) stated their having knowledge on affiliate marketing programs. Pearson Chi-Square tests revealed that there is no statistically significant variation across gender as well as across various colleges of their study.

Table 3: Awareness on Affiliate Marketing across Gender

No idea on Affiliate Marketing	Male	Female	Total	Remarks
Strongly Disagree	11 (5.2%)	6 (2.8%)	17 (8.1%)	Aware-Group (25.2%)
Disagree	5 (2.4%)	11 (5.2%)	16 (7.6%)	
Somewhat Disagree	8 (3.8%)	12 (5.7%)	20 (9.5%)	
Neutral	12 (5.7%)	31 (14.7%)	43 (20.4%)	Undecided (20.4%)
Somewhat Agree	13 (6.2%)	29 (13.7%)	42 (19.9%)	Unaware-Group (54.5%)
Agree	21 (10.0%)	29 (13.7%)	50 (23.7%)	
Strongly Agree	13 (6.2%)	10 (4.7%)	23 (10.9%)	
TOTAL	83 (39.3%)	128 (60.7%)	211 (100.0%)	
Pearson Chi-Square Test	11.614 (p-value = 0.071)		No statistically significant variation across gender	

Source: Survey Questionnaire

Table 4: Awareness on Affiliate Marketing across Colleges

No idea on Affiliate Marketing	College-1	College-2	College-3	College-4	Remarks
Strongly Disagree	3.30%	0.00%	0.90%	3.80%	Aware-Group (25.2%)
Disagree	2.80%	0.90%	1.40%	2.40%	
Somewhat Disagree	0.90%	1.90%	1.90%	4.70%	
Neutral	8.50%	1.90%	2.40%	7.60%	Undecided (20.4%)
Somewhat Agree	8.10%	4.70%	3.30%	3.80%	Unaware-Group (54.5%)
Agree	9.50%	6.20%	3.30%	4.70%	
Strongly Agree	4.30%	1.40%	1.90%	3.30%	
TOTAL	37.40%	17.10%	15.20%	30.30%	
Pearson Chi-Square Test	22.340 (p-value = 0.217)			No statistically significant variation across colleges	

Source: Survey Questionnaire

4.2 Results of Hypotheses Tests

Table 5: Summary of ANOVA Results

Responded Statements		Across Gender			Across Colleges		
		Mean Square	F	Sig.	Mean Square	F	Sig.
I have No Idea on Affiliate Marketing	<i>Between Groups</i>	0.005	0.002	0.967	7.521	2.56	0.056
	<i>Within Groups</i>	3.018			2.938		
I have Knowledge of how Affiliate Marketing works	<i>Between Groups</i>	2.368	0.842	0.360	2.104	0.746	0.526
	<i>Within Groups</i>	2.814			2.822		
Never thought Aff. Mkg. as an earning opportunity	<i>Between Groups</i>	3.565	1.337	0.249	4.981	1.888	0.133
	<i>Within Groups</i>	2.667			2.638		
Heard about "AdSense"	<i>Between Groups</i>	0.141	0.042	0.839	4.158	1.234	0.299
	<i>Within Groups</i>	3.397			3.37		
Aware of Aff. Mkg. Sites	<i>Between Groups</i>	0.024	0.008	0.930	7.673	2.501	0.060
	<i>Within Groups</i>	3.148			3.068		

Source: Survey Questionnaire

The null hypothesis for the study presumed no significant difference across gender as to: (i) Awareness on Affiliate Marketing, (ii) Knowledge on its working, (iii) AM as an earning opportunity, (iv) Awareness on “AdSense”, and (v) Awareness on other affiliate marketing sites. The Analysis of Variance (ANOVA) tests conducted failed to reject the null hypothesis (since the p-values of all the statements tested were above the threshold level of 0.05). Thus, it can be concluded that there is no significant variation across gender as to the Awareness on Affiliate Marketing, the knowledge on its working, and awareness on affiliate marketing sites.

5.0 Conclusion, Recommendations & Future Research

The study attempted to identify the awareness level of MBA students in affiliated engineering colleges in Puducherry, and to see whether there is a statistically significant variation across gender on the awareness. It found that there is no statistically significant variation on the level of awareness on affiliate marketing across gender and across colleges of their study. Based on this finding, it is recommended that the colleges may take efforts to disseminate knowledge on affiliate marketing as an earning opportunity – as it would enhance the secondary income options to the graduating students. They can even use it as a prospect for earning in their free time. The research can be extended further in its scope by including UG students – since the smartphone users are ever-increasing among the college-going youth.

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