

# THE VALUE OF THE AFFILIATE MARKETING NETWORK

## **Abstract:**

With the Internet as a commercial medium, new ways of doing business have developed in almost every industry sector. Business conducted over the internet, which often is referred to as e-commerce, is rapidly growing, and holds highly competitive characteristics and promises for the creation of value (Amit & Zott, 2001). With the growth of online marketing and e-commerce a new form of value network has come to attract more and more attention, the affiliate network, which has become a major strategic consideration for all companies working with e-commerce (Duffy, 2005). In this single-case study the author aim to identify how the affiliate network can create value for the participants (the affiliates, the marketer and the customers) involved and how this value is created. In order to identify the value creation process the author also identify the different roles that the participants take on as use them as a reference point when discussing the value creation. The main conclusion is that value creation is found to take place throughout the network and is identified through both the flow of goods, services, and revenue (GRS) and knowledge value as well as in the form intangible value. Further, the value is identified to be co-created by both the affiliates, the marketer and the customers. Even though, there are value to be found and created by engaging in the affiliate network some downside have been identified. This paper also attempts to identify potential implications that the value creation process within the affiliate network can pose for the marketer, in this case study represented by Unibet.

**Keywords:** Value creation, Affiliate marketing, Value networks.

## **Author:**

*Kim Norlander*

## **Tutor:**

*Björn Axelsson*

## **Dissertation:**

*2011-12-12*

## **Discussant:**

*Eleni Miliou*

## Acknowledgements

The author would like to give special thanks to...

### **Interviewees:**

Ahsan Shah

Mattias Stetz

Gustav Lipcsey

Kajsa Grip

Mikael Johansson

Jacob Gotestam

Björn Jonsson

Unibet

Casionospelguiden.com

Casionobonusar.com

### **Tutor:**

Björn Axelsson

## Table of contents

<b>1. Introduction.....</b>	<b>4</b>
1.1 Background .....	4
1.2 Purpose of thesis .....	6
1.3 Research model.....	8
1.4 Delimitations .....	9
<b>2. Methodology .....</b>	<b>10</b>
2.1 Research Method - Qualitative .....	10
2.2 Research design.....	11
2.3 Data collection.....	12
2.4 Implications of the quality of research .....	15
2.5 Ethical considerations.....	18
<b>3. Theoretical Framework .....</b>	<b>19</b>
3.1 Value definitions.....	19
3.2 Value creation .....	20
3.3 Value networks.....	21
3.4 Summary theoretical framework.....	26
3.5 Network actors.....	27
3.6 The Affiliate Network .....	27
3.6.1 Marketer.....	29
3.6.2 Affiliates .....	29
3.6.3 Customers.....	29
3.7 Summary of the Affiliate Network and potential implications. ....	30
<b>4. Empirical background.....</b>	<b>32</b>
4.1 Introduction - Empirical background .....	32
4.2 Network roles.....	32
4.3 Tangible exchanges .....	37
4.4 Intangible exchange.....	40

4.5 Transactions and Deliverables for value creation .....	46
<b>5. Analysis.....</b>	<b>48</b>
5.1 Keywords identified.....	48
5.1.1 Customer transaction .....	49
5.1.2 Interdependence .....	49
5.1.3 Risk sharing .....	49
5.1.4 Brand .....	47
5.1.5 Promotions .....	51
5.1.6 Network relationship .....	52
5.1.7 Information .....	53
5.1.8 Loyalty .....	53
5.1.9 Knowledge .....	54
5.2 Summary of the analysis.....	55
<b>6. Implications for Unibet.....</b>	<b>56</b>
6.1 Introduction implications.....	54
6.2 Implications identified .....	54
6.2.1 Co-branding .....	54
6.2.2 Affiliate customer for life .....	55
6.2.3 Loyalty .....	55
6.2.4 Auto-regulated.....	56
<b>7. Conclusions .....</b>	<b>59</b>
<b>9. References .....</b>	<b>63</b>

## 1. Introduction

*In this section, the author will provide a background to the research, define its purpose and its limitations. Firstly, the Introduction aims to present an overview of the topic on value creation as well as affiliate marketing. Secondly, the purpose and research questions will be presented. Thirdly, the author will illustrate the research steps through the help of a research model. Lastly, the research delimitations will be presented and motivated.*

### 1.1 Background

*“Without creating value for someone outside the firm, business to business or business to consumer, no firm will survive in the long run. Therefore it is as important understanding the value proposition as well as the perceived value that the firm is offering” (Goldschmidt et al., 2003).*

Competition across industries is becoming increasingly intense as companies seek new ways to develop sustainable competitive advantages to counter their rivals in the marketplace. An understanding of the competitive advantage is incorporated in the so-called “resource-based theory”, which emphasises the strategic value of an organisation’s intangible resources in the form of the distinctive knowledge, skills and competencies that can generate such sustainable competitive advantages (Barney, 1991). Further, Bowman and Ambrosini (2000) argue that the main source of competitive advantage for a firm is its value creation activities.

The concept of value is complex in the sense that it is often portrayed in abstract terms and there are many different definitions depending on the approach. Value has been the object of study both, in the field of economics in which, marketing, strategy and organisational behaviour is included, as well as in the field of psychology. Even though the definitions are many, there is no consensus on a common definition (Wikner, 2007).

In marketing literature, value is often described as the perceived difference between benefits and sacrifices (Ravald & Grönroos, 1996). Meanwhile, Anderson and Narus (1998) have described value in the business-to-business (B2B) context as the advantage that enables a company to justify its choice with a monetary evaluation. The concept of customer value has also been studied through various approaches (Vargo & Lusch, 2006; Prahalad & Ramaswamy, 2000). The central issue in understanding customer value is to comprehend what influences the customers’

perceptions of value (Wikner, 2007). Since the customer perception may change, it is, according to Anderson and Narus (1998), important for suppliers to have close contact with them to better understand their needs and what they value.

As with the concept of value, the concept of value creation is a complex term. It has different meanings depending on context and the various scholars who have studied it. The most referenced and researched value creation logic is Porter's Value Chain. This illustrates how a firm engages in value creating activities to a passive end-user recipient (Porter, 1985). But what was a strategic case 15 years ago might not be sustainable today and therefore, there is an ongoing theoretical discussion about the logic of value creation and how it is changing. Normann and Ramírez (1993), and various others after them argue that the logic of value creation is changing, and this notion becomes a key factor influencing success when it comes to finding the right strategy for value creation in the present day market. Today, the value chain is described as being non-linear and giving rise to a network structure, in which relationships and resource flows are complex. This has been described as the transition of the traditional value chain to a value network (Normann, 2001). This transition is highly linked to the ongoing global competition; changing markets and new technologies, which are introducing new ways of developing competitive advantages and creating value.

The Internet is arguably the single-most important business phenomena expediting this change in the market. With the Internet as a commercial medium, new ways of doing business have developed in almost every sector of the industry. Business conducted over the Internet, which often is referred to as e-commerce, is rapidly growing, possesses highly competitive characteristics and promises for the creation of value (Amit & Zott, 2001). With the growth of online marketing and e-commerce, a new form of value network has come to attract greater attention. This is the Affiliate Network, which has become a major strategic consideration for all companies working with e-commerce (Duffy, 2005).

The Affiliate Network is built around the concept of affiliate marketing, which is a revenue sharing marketing system. Affiliate marketing is a type of online advertising, where merchants share a percentage of sales revenue generated by each customer, who arrived at the company's website via an affiliate (Gallaughier et al., 2001). According to Goldschmidt et al. (2003), the transaction process makes the relationship between the marketer and the affiliate within the Affiliate Network more complex compared to the traditional advertiser-media relationship. The reason for

this is that, they are characterised by several back and forth transfers as against just a single transfer of input. Goldschmidt et al. (2003) describe affiliate marketing as a phenomenon that has rapidly changed the online business environment and marketers are only in the process of establishing a sustainable level of activities in this specific network area along with value creation within the Affiliate Network.

## *1.2 Purpose of thesis*

This paper attempts to fill this theoretical gap by seeking to identify the processes of value creation in the Affiliate Network. The primary aim of this research is to study the value creation process that takes place within the network that constitutes of Unibet (whom represents the marketer), affiliates and customers. The theoretical framework used for this study is built upon the value creating theories put forth by Allee (2008). In order to define value creation within the network, Allee (2008) argues that one must focus on how the participants in a value network utilise their tangible and intangible asset base by creating roles that convert those assets into more negotiable forms of value that can be delivered to other roles through transactions. Therefore, in order to identify the value created within the Affiliate Network and identify implications for its participants, it is necessary to understand the structure and the processes that underlie it. The author aims to do so by delivering a description of the network actor's roles, transactions and deliverables. This is needed to be able to identify the value created and it is also necessary for the research (Goldschmidt et al., 2003). Hence, the purpose of this thesis is to:

**Understand how value is created within the Affiliate Network examined.**

In order to fulfil the purpose, three research questions have been posed below to serve as the study's guidelines:

The first question focuses on the concept of value itself. Since the value concept comprehends the definition of value of all the different actors involved, it is therefore, important to study the different network actors separately and identify their views on what constitutes value. Incoherent views on what constitutes value can lead to tension and may be critical for the analysis (Payne et al., 2008). Therefore, the first research question is:

### **1. What constitutes value for each of the network participants, individually?**

The second research question focuses on value creation. This research aims to identify the flow of tangible and intangible value within the examined network. By identifying the flow of value, the author wishes to identify who initiates the exchange, what specific value or product is being conveyed and who is the recipient. The second research question is therefore:

***2. What are considered to create value within the network?***

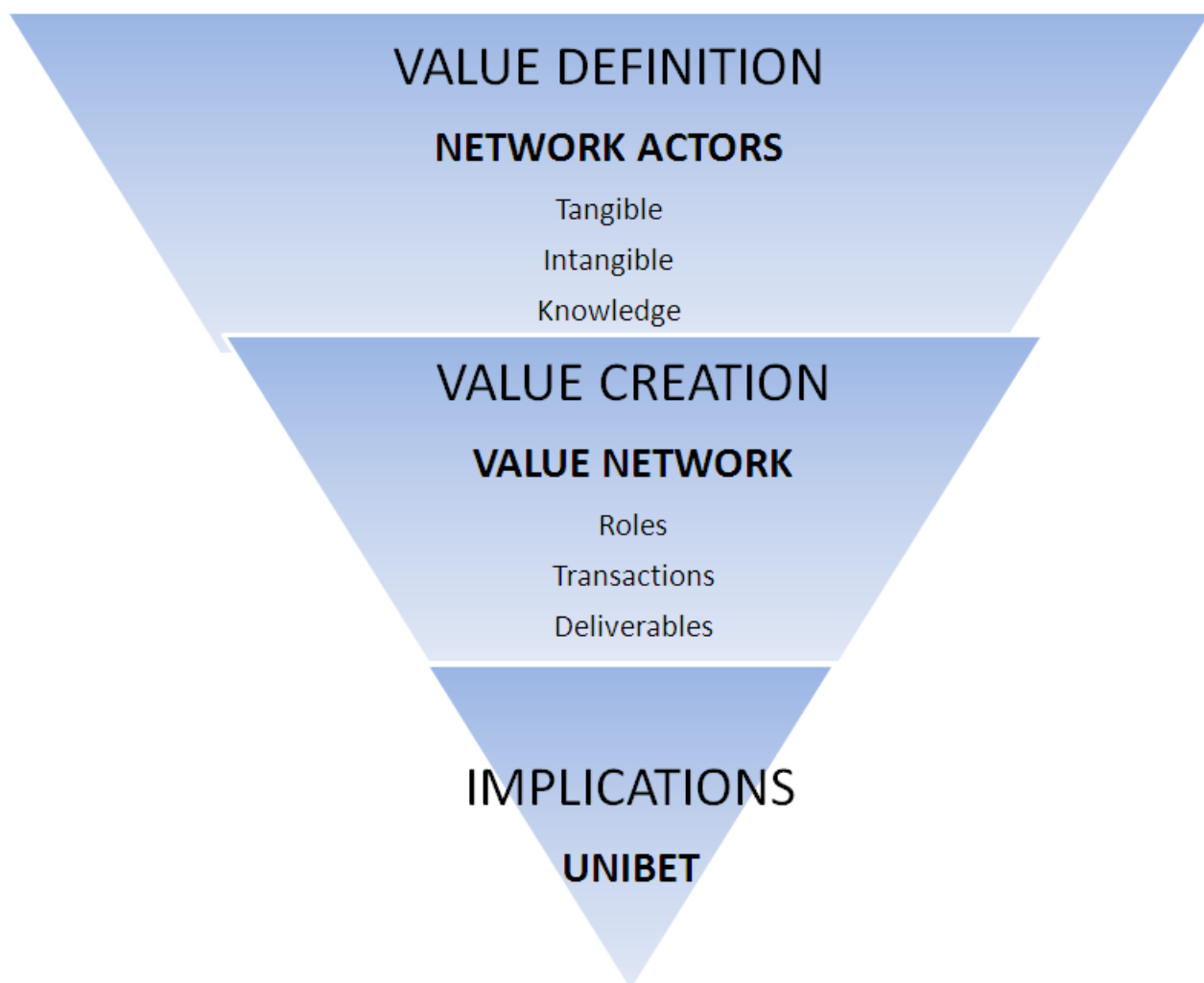
As the value created within the network can be of unequal importance to the network actors, it is therefore, as a final step, of importance to analyse the implications it can pose to the different actors. With regard to the extent of this paper, the author has chosen to focus on one of the network actors – Unibet – for this final step of the research. To be able to put the findings into context, the last question to be examined is:

***3. What are the value creation implications for Unibet?***



### 1.3 Research model

A model has been created to clarify the different steps of the research. As illustrated the first step focuses on the identification of the different networks actors' value definitions in relation to the dimensions of Tangible, Intangible and Knowledge value. The second step concerns how value is created within the network, with regards to the different roles that the network actors hold as well as how value is transferred and delivered amongst the network participants. The third, and last, step aims to identify what potential implications that the Affiliate Network may hold with regard to the marketer (Unibet).



**Figure 1 - The research model**

## 1.4 Delimitations

Since there are a number of different scholars on the subject of value creation, the author has limited the theoretical framework of this study to Allee's Models on Value Co-creation. A number of views on value creation, for example the resource-based view, have been studied and will be discussed but to be able to have a clearly structured paper, the theoretical framework that is the base for the empirical study will be a model created by the author and built on a combination of the two of Allee's (2000, 2008) models. Allee provides an extensive framework on the study of value creation and this thesis has limited its research to the three exchange currencies – *goods, services and revenue (GRS)*, *knowledge value* and *intangible value* and has combined these with the model on the *roles* that enables the *transactions* to take place and the value that will be *delivered* (Allee, 2008). Even though the author acknowledges the possibility for network participants to create value for themselves, accordingly to the theories of Allee (2000, 2008) which constitute that value can only be created in the exchange with other participants (roles) in the network, this thesis will focus on the value that is created in such exchanges and not by the network participants individually. Although this thesis will study the consumers as co-creators of value, it is not aimed at researching value creation from a Customer Dominant Logic point of view. The main reasons for this are that the Customer Dominant Logic would put the customer primarily at the centre of the study, whereas Allee focuses on the network as a whole, which is more suitable to the purpose of this thesis. As Payne et al. (2008) highlight the importance of each of the stakeholders in the markets, they all represent a broader network of stakeholders and it is by viewing this stakeholder network as a system that researchers can comprehend the role of companies within the network. Even though the author of this thesis argues that there is much value to be found by looking at the entire network of each of the participants, this thesis is limited to the study of only three groups of network actors within the selected network. This is mainly done to generate a deeper knowledge of the network exchanges compared to what would be possible if one were to study the entire network. It is also challenging to identify a complete network of stakeholders as they are positioned in many loose-knit systems where many may not even be fully aware of all the other stakeholders within their networks or their impact on that network as a whole (Payne et al., 2008).

## 2. Methodology

*Before reviewing the sources of value creation implied by a range of theoretical perspectives, this chapter will describe the methodology used when conducting this study. Firstly, the author will describe the research method and after that, the research design applied. Then, the author will continue to describe the methods used to collect the empirical data and in the last part of the methodology section, the author will also test the quality of conducted research.*

### 2.1 Research Method - Qualitative

Deciding which method to use in a study depends on the purpose of the investigation. Yin (2003) describes qualitative research as being “soft” and as dealing with inadequate evidence while quantitative research is described as being “hard-nosed, data-driven, outcome-oriented and truly scientific”. Further, Yin (2003) argues that the research can be either qualitative or quantitative. According to Yin (2003), a qualitative research is exploratory, and should be used when the researcher does not know what to expect beforehand. It is also used to go deeper into issues of interest and explore nuances related to the problem at hand.

Holmes and Solvang (1997) argue that qualitative research enables us to gain deeper knowledge and provides deeper understanding of the object of our study, rather than help analyse many subjects in a superficial manner. Further, the qualitative approach is used when the primary objective is to understand (Holme & Solvang, 1997). Miles and Huberman (1994) describe qualitative research as a way to reach beyond the questions of “what” and “how many” to the questions of “how” and “why” things happen.

Since the primary aim of this study is to identify and understand how value is created in the Affiliate Network, the author finds the qualitative method as being suitable to the research purpose. The main reason for choosing a qualitative research method is that the study by nature is exploratory and that the researcher does not know what to expect beforehand. Also, the qualitative research approach is used to go deeper into the issues of interest, explore and gain insight into the study objects’ value systems. The quantitative method, whose primary purpose is to cause to explain the phenomena under investigation, would therefore, not be suitable for the same reason (Holme & Solvang, 1997).

## *2.2 Research design*

The research design is the logical sequence that connects the data to the purpose of the study and is constructed so that evidence can lead to actual conclusions (Yin, 2003). There are many different approaches to studying the research design. The author proceeds to describe the research strategy of this paper here.

### *A case study*

The author has chosen to conduct a case study. Yin (2003) describes a case study as “the method of choice when the phenomenon under study is not readily distinguishable from its context”. The case study aims to answer the questions of “how” or “why” and as stated in the purpose, this thesis aims to identify the value creation process within a network making it literally impossible to distinguish it from its context thereby, making the case study suitable for the purpose of this research (Yin, 2003).

Yin (2003) identifies three different types of case studies. These are the Exploratory Case Study, the Descriptive Case Study and the Explanatory Case Study. According to Yin (2003), the Exploratory Case Studies are suitable for causal studies and when studying a problem that has not been clearly defined. Exploratory research is determined by the use of primary or secondary data and its formal or informal analysis. In an Exploratory Case Study, the collection of data occurs before theories or specific research questions have been formulated. In contrast, the Descriptive Case Studies require a theory to guide data collection. Finally, the Explanatory Case Study aims at explaining the course of events and understanding how things occur.

This thesis can be seen as a combination of the Descriptive and the Explanatory. Since this case study aims to answer “how” something is created, Yin (2003) defines this as an Explanatory Case Study. However, since it requires a theory for guidance, it is also considered a Descriptive Study.

### *Theoretical framework*

According to Yin (2003), the “reliance on theoretical concepts to guide the design and data collection for case studies remains one of the most important strategies for completing successful case studies”. Yin (2003) continues by stating that without guidance from theoretical concepts, it is hard for the author to define what to analyse, select candidates for the study and identify relevant variables of interest. Therefore, the author starts by undertaking extensive literature research to identify a theory that can support the aim of the study. Since a single theory alone

cannot fulfil the purpose of the study, the author has also integrated supporting theories in the theoretical framework.

#### *Choice of purpose of study*

An exploratory phase of a study can be of importance if the author is uncertain about some major aspects of a real case study. This could, for example, surround issues of finding the right questions to ask, the purpose of the study and how to pursue data collection (Yin, 2003). In order to gain clarity on the purpose of the thesis, two exploratory interviews with participants within the Affiliate Network were conducted before commencing the actual case study.

#### *Analytic strategies*

Yin (2003) argues that it is most important to have a general analytic strategy when it comes to analysis. For this thesis, the author has decided to rely on what Yin (2003) refers to as the theoretical propositions. A characteristic of the strategy is to follow the theoretical framework that has formed the design of the case study. This is helpful as it retains focus on certain data and ignores other data.

### **2.3 Data collection**

Yin (2003) has identified six sources of evidence for case studies. These are: documents (letters, agendas and progress reports), archival records (service records, organisational charts, budgets etc.), interviews (typically open-ended, but also focused, structured and surveys are possible), direct observations (formal or casual; useful to have multiple observers), participant observation (assuming a role in the situation and getting an inside view of the events) and physical artefacts. For the purpose of this thesis, and to increase the reliability of the study, the author has used multiple sources of evidence.

#### **2.3.1. Primary Data – Interviews**

Yin (2003) claims that one of the most important sources of information for case studies is interviews. This is especially when the event details cannot be observed directly. Since this research is focused on the creation of value, which is something that cannot be observed directly, the interviews will help represent the primary data for it.

When preparing for the interviews the author distinguishes between the three types of interviews: unstructured, semi-structured and highly structured. A semi-structured interview guide, which is

characterised by an open-ended nature, allows for a free-flowing discussion, while at the same time it gives the interviewer a modicum of control so that all the themes in the interview guide are covered (Yin, 2003). Therefore, the author chose the semi-structured type of interview for this research. This enabled the author to elaborate on the issues of particular interest as well as cover all the examined areas of interest. Further, having the interview guide helped to facilitate comparisons between the interviewees during the collation of results and analysis (Kvale & Brinkman, 2009). The choice of semi-structured interviews is also supported by Bryman and Bell (2007) who argues that the semi-structured interview is useful when a researcher has a relatively clear focus and understanding on a topic. Most interview questions therefore, had an open-ended nature, with the aim of getting the respondents' personal opinions about value, processes and insights into certain occurrences (Yin, 2003). During the interviews, the author tried to be as objective as possible so as to not influence the responses through posing leading or biased questions. The specified interview guide used for all interviews can be found in the Appendix.

#### *Procedures during interviews*

Even though it is not recommended as a procedure for gathering information, audio recordings have however, been made. Bell (1995) argues that the use of an audio recorder may cause people to be overly conscious about what they say because they know it is being recorded. Since the author conducted the interviews alone, the audio recorder was seen as being necessary in order to facilitate better focus on the actual interview instead of concentrating on taking notes (Kvale & Brinkman, 2009). The author would have done it differently had the respondents unwilling to use an audio recorder. But there was no obvious discomfort on account of the audio recorder. All the interviews were conducted in person and in separate conference rooms.

#### **2.3.2 Secondary Data – Documentation**

For this thesis, the author has used secondary data to complement the findings of the interviews and for quantitative data, such as company figures and general information about the industry. The main secondary source was Unibet – which delivered their annual report as well as other internal documents promptly, thus providing the author better understanding of the company and its business structure. It also provided insights into the affiliate partners suitable for the research.

Since the Affiliate Network is a fairly new concept, and not many scholars have researched it, an extensive review of newspapers and mass media on the concept has been undertaken as the basis for describing the Affiliate Network structures and foundations.

### **2.3.3. Empirical sources**

Kvale and Brinkman (2009) also states it is important for researchers to conduct interviews with as many relevant people as possible so that the study can achieve the best results. The respondents for this study have been selected because of the positions they hold, which should imply that they can contribute critical information, which will help the outcome of this study. All the company respondents participating in the research held key positions in their respective companies indicating that they participated in the formulation of their company's strategies and had a good understanding of the industry. As mentioned before, the author identified three different actor groups within the network of study. A brief presentation of the respondents' profiles will be provided to validate that the respondents have the necessary skills and insight to be the subjects of this thesis. A different designation will be used after the names of the respondents depending on whether they are marketers, affiliates or customers. The designations are: marketer (M), affiliate (A) and customer (C). This is undertaken to provide a better understanding when reading the empirical findings.

#### *Marketers*

For this thesis Unibet is considered a representative of marketers'. Since Unibet also serves as the reference company for this thesis, the author provides a short background for it. Unibet is an online gambling company that offers a comprehensive range of online gambling products, such as sports betting, live betting, casino, poker, lotteries, bingo and soft games through the Group's web site ([www.unibet.com](http://www.unibet.com)). Unibet was founded in 1997 and is listed on Nasdaq OMX Nordic Exchange in Stockholm. Unibet is one of the largest online gambling operators in the European market with over 5.1 million customers and as of January 2009, Unibet has registered customers from more than 150 countries ([www.unibetgroupplc.com](http://www.unibetgroupplc.com)).

Two employees and one consultant from Unibet have been interviewed by the author. The employees are Ahsan Shah (M), who holds the position of the Affiliate Program Manager, often referred to as Head of Affiliates, and Mattias Stetz (M), who holds the position of the Chief Commercial Officer (CCO). In addition to the contractual Unibet employees, interviews have also been conducted with Gustav Lipcsey (M), an Affiliate Marketing Manager Consultant currently on contract with Unibet.

### *Affiliates*

Two Swedish affiliate websites, casinospelguiden.se and casinobonusar.se have been represented in the study. For the interviews, the sites have been represented by the site managers, who in the case of casinobonusar.com, is also the owner of the site. The affiliate respondents chose not to participate using their actual names due to the regulated nature of the gaming industry in Sweden. The sites will be referred to as CSG (A), short for casinospelguiden.com, and CB (A), short for casinobonusar.se throughout the paper.

### *Customers*

A total of four customers have been interviewed. The respondents are; Kajsa Grip (C), Björn Jonsson (C), Mikael Johansson (C) and Jacob Gotestam (C). All of whom had signed up to Unibet using an affiliate referral. Customer respondents were found through my personal network with the use of Facebook. None of the customers are engaged in any business that is related to gaming.

## *2.4 Implications of the quality of research*

To certify that the thesis has fulfilled the purpose of the study and delivered a research of high quality, it is important to assess the validity and reliability of our research by assessing the study against certain criteria. Yin (2003) argues that there are four main tests commonly used for this purpose. These are the tests of: *construct validity*, *internal validity*, *external validity* and *reliability*.

### *Construct validity*

The construct validity test is done to certify that the author has managed to “establish correct operational measures for the concepts being studied” (Yin, 2003). The test of construct validity is especially problematic in case study researches and has been a source of criticism because of potential “subjectivity” in the phase of data collection. To meet the test of validity, two steps need to be covered. First, the researcher needs to provide a specification of the phenomena selected for the study, and second, it must demonstrate that the selected measures indeed reflect these phenomena (Yin, 2003). Yin (2003) also suggests three different tactics to enhance construct validity. These are the use multiple sources of evidence, the establishment of a chain of evidence and having the draft case study report reviewed by key informants.

In the thesis, some research steps have been undertaken to improve construct validity. Firstly, as described in the data collection section, the case study of thesis has used multiple sources of data. Secondly, the draft thesis has been sent to respondents for approval and certification of the fact



that they have argued about what is written in the thesis. This has been done in order to establish the chain of evidence. Further, the author argues that the research conducted has met the two tests of validity. The first test to provide a specification of the phenomena selected is met by providing a well-defined explanation of what the thesis aims to study and how value is created in the Affiliate Network. As far as the second test of validity is concerned, regarding selected measures, the author argues that the requirement has been met since it is justified that the method chosen is an effective way to reflect the phenomena studied.

According to Ryan & Bernard (2003) theme identification is one of the most essential tasks in qualitative studies in terms of validity. This is because theme identification does not create a unique solution and as “there is no single set of categories [themes] waiting to be discovered”. This is further enhanced by the many ways of “seeing” the data (Ryan & Bernard, 2003)

In order to make the theme identification valid the author have tried to maximize clarity outlining in detail the interviews technique applied by the author. In terms of identification the keywords; Customer transaction, Brand, Promotions and Risk sharing came about after only four interviews, Interdependence, Information, Network relationship and Knowledge was identified after six interviews and Loyalty after interview seven. After a total of nine interviews the author felt that saturation in terms of information had been met. In order to further improve the validity of the identification of themes one of the respondents, Gustav Lipcsey, were given the opportunity to examine and comment on the themes, in which he found the themes to be appropriate. The more concurrence between respondent and author, the more confidence the author has in themes being valid.

#### *Internal validity*

The test of internal validity is a concern mainly in causal case studies in which, the researcher tries to determine a cause-related event. The test of internal validity is concerned with the establishment of causal relationships, where certain causes are shown to lead to certain effects (Yin, 2003). Since the study of this thesis is exploratory and descriptive in nature, there are no causal relationships to examine for the test of internal validity.

### *External validity*

The test of external validity addresses the problem of knowing whether the thesis' findings can be "generalized beyond the immediate case study" (Yin, 2003). The test of external validity addresses whether a study is applicable to other situations besides the case of study. The critics therefore, claim that a single case study offers "a poor basis for generalizing" (Yin, 2003). However, that criticism is directed at the statistical and not the analytical generalisation that is the basis of case studies.

The author considers the research results of this thesis to be applicable to the industry as a whole in the Swedish market. All of the examined actors are part of several of similar-looking networks and the results of this research would likely be the same if one examined one of the other Affiliate Networks. Therefore, the research conducted for this thesis provides a good basis for generalisation. As for the shortcomings, the research only studies one type of industry (the gaming industry), which makes the generalisation of conclusions questionable for other industries. The Affiliate Network might have a different structure in a different industry, which in turn could affect the results of the study. Even though, since the Affiliate Network is highly dependent and structured around the commission-based payment structure, the author still argues that the findings of this research may be useful for others outside the examined network and industry.

### *Reliability*

Reliability is the last test with the objective of testing the ability of a future researcher, applying the same tools and procedures as in the case study of this thesis, to get the same results and arrive at the same conclusions. Yin (2003) describes the goal of reliability as directed at minimising the errors and biases in the study. To be able to do so, the documentation of the procedures undertaken is of high importance.

To obtain reliability a number of actions have been taken. Throughout the thesis, the author has thoroughly described the data collection process and methods used by this study (Yin, 2003). Also, by conducting semi-structured interviews with specified questions, a level of reliability has been reached. Depending on the conversation context, one should note that some questions were asked in a different order as well as rephrased depending on the context and the answers given. As mentioned previously, the specified interview guide, used for all interviews, may be found in the Appendix. It should also be noted that because of its structure it is difficult to exactly repeat a semi-structured interview, which can affect reliability. There is also a risk that some parts of the

empirical findings might have been misinterpreted or may be in any other way, faulty. There is also a possibility that the information provided during the interviews incorrect or based on personal opinions rather than what would be perceived as true within the rest of the organisation. This type of reliability gap is hard to avoid. By interviewing more than just one representative of each network actor groups, it is easier sort out personal opinions from more established truths. Due to this, the author argues that the study conducted also fulfils the requirements of reliability.

## *2.5 Ethical considerations*

There are a number of ethical issues that need to be considered when conducting research in the business, management and marketing areas. Bryman and Bell (2007) have noted a lack of informed consent as an ethical issue that need to be taken in to account while conducting a research. Accordingly the author has clearly informed all of the respondents about purpose of thesis and key concepts that would be addressed on forehand. The issue of confidentiality is also relevant for this thesis. The issues of confidentiality and anonymity involve legal as well as ethical considerations and have been taken into account for this thesis. Because of the nature of the business and the regulations regarding gaming in Sweden, two of the respondents, the affiliates, wanted to be anonymous. In order to respect this, the author will refer to the respondents with regards to the affiliate site they represent.

### 3. Theoretical Framework

*In this section, the author presents the reader with the existing theoretical frameworks that are the basis for this study. The theoretical framework constitutes three parts. Firstly, it establishes an understanding of the concept of value. Secondly, it presents different types of value creation theories. Thirdly, the author addresses the concept of value networks and presents the theoretical framework for this thesis. Lastly, the author presents the Affiliate Network and the actors involved.*

#### 3.1 Value definitions

In order to discuss value creation, it is imperative to understand what the term “value” means. Value has been the object of study both, in the fields of economics which includes marketing, strategy and organisational behaviour and psychology. Even though the definitions are many, there is no consensus among scholars with regard to a common definition (Wikner, 2007).

In marketing literature, value is often described as the perceived difference between the benefits and the sacrifices. Raval and Grönroos (1996) provide a good description of this view.

*“The perceived sacrifice includes all the costs the buyer faces when making a purchase: purchase price, acquisition costs, transportation, installation, order handling, repairs and maintenance, risk of failure or poor performance. The perceived benefits are some combination of physical attributes, service attributes and technical support available in relation to the particular use of the product, as well as the purchase price and other indicators of perceived quality”.*

In B2B literature, Anderson and Narus (1998) have described value as the advantage of a company to justify its choice with a monetary evaluation.

*“Value in business markets is the worth in monetary terms of the technical, economic, service and social benefits a customer company receives in exchange for the price it pays for a market offering”.*

Further, the concept of customer value has been studied through various approaches. According to Wikner (2007), the central issue for understanding customer value surrounds what influences the customers’ perceptions of value. Since the customers’ perceptions may change, it is important

for suppliers to understand their customers' needs and what they value in order for value creation to take place (Anderson & Narus, 1998).

According to Ulaga and Chacour (2001), the definition of customer value is connected to the benefits and sacrifice of value in use.

*"A value judgement is the customer's assessment of the value that has been created for them by a supplier given trade-offs between all relevant benefit and sacrifice in a specific- use situation".*

### 3.2 Value creation

Many scholars argue that the main source of competitive advantage for a firm is its value creation activities (Fjeldstad & Stabell, 1998; Bowman & Ambrosini, 2000). One of the most well-established and referenced researches on value creation logic is Porter's Value Chain. Porter's Value Chain framework analyses value creation at the firm's level and illustrates how a firm engages in value creating activities for a passive end-user recipient (Porter, 1985). Porter's Value Chain is based on the industrial production age and as the business environment has changed, new scholars have introduced new theories on how to analyse the value chain and studied the evolution of new value creating logics.

According to Collis and Montgomery (1995) value is created in an exchange between economic actors who exchange a variety of resources that go beyond goods and money. This theoretical framework is often referred to as the "resource-based theory", which emphasises the value of intangible resources in the form of the knowledge and competencies that can create sustainable competitive advantages for a company (Barney, 1991). While the "resource-based theory" literature is concerned with questions of value as a means of sustainability of competitive advantage (Barney, 1991) other scholars have focused on how value is created over time.

Today, there is a new understanding of economic exchanges where exchange processes are considered as being embedded in relationships. This change is a shift from a goods-dominant logic to a service-dominant logic (Vargo & Lusch, 2006). Vargo and Lusch (2006) introduced the service-dominant logic as a response to the traditional, goods-dominant paradigm to better understand economic exchange and value creation. According to the goods-dominant logic, suppliers were considered to be value producers. In contrast, according to Vargo and Lusch (2006), they were regarded as service providers who co-created value with their customers and integrated the

resources to do so. In other words, a firm by itself was not capable of creating value, they could only offer a value proposition and the actual value would be created only when another party participated and delivered that proposition (Vargo & Lusch, 2006). The most important insight with this shift of paradigm was the recognition of value from outside the firm (Payne et al., 2008).

The transition from a goods-dominated, “inside-out,” value chain towards a more collaborative and resource integrating value creation makes the firm’s boundaries less clear. As a result, a common theme is that value creation may no longer be perceived as residing within the firm’s boundaries. Instead, value is considered as being co-created among various actors within the market (Nenonen & Storbacka, 2010). These theories are closely connected to the theories on business networks.

Anderson and Narus (1998) describe a business network as a set of two or more connected relationships, where being connected refers to “the extent to which exchange in one relationship is dependent on exchange in the other relationship”. Moreover, the two connected relationships can be both, directly and indirectly connected with other relationships that have some impact on them, as a part of a larger business network. Since modern society is characterised by complex relationships between organisations, customers, actors etc. the focus of many scholars today, lies on studying the value chain as non-linear and giving rise to a network structure, in which relationships and resource flows are complex (Stabell & Fjeldstad, 1998). Normann (2001) has described this as the traditional value chain's transition to a value network.

### *3.3 Value networks*

Networks are complex phenomena, and many studies have examined network structure and value. Early discussions on value networks tend to be focused on supply chain networks and only on a business-to-business context (Gummesson, 2009). At the same time, the scholars of the resource-based view and the service-dominant logic have mostly been focused on the customer-supplier value creation. Not until more recently, have the service-dominant logic scholars extended their works to consider value configurations of social actors interacting and exchanging across networks (Vargo & Lusch, 2006). The same tendency can be found within the resource-based theory where Collins and Montgomery (1995) argue that resources cannot be evaluated in isolation, because their value is determined by their interplay with market forces. When reviewing different scholars’ theories, we can spot a trend in marketing research, that is, the increasing

interest in the broader stakeholder context. In this context is introduced a new concept: the Value Network. As in the case of most theories, there are a number of definitions of what the Value Network implies, but the one thing common to almost all definitions of Value Networks is that they recognise that both, the suppliers and the customers operate within complex network contexts. The Stabell and Fjeldstad (1998) quotation below provides a more generic description of the Value Network.

*“Value networks—a short form for ‘firms that can be modelled as value networks’—rely on a mediating technology to link clients or customers who are or wish to be interdependent”.*

Gummeson (2009) provides a more extensive description and refers to the Value Network as, a many-to-many marketing approach and describes it as a system where “partners, suppliers, shareholders, and other stakeholders offer access to external resources as an alternative to a company acquiring own resources”. Allee (2008) has undertaken extensive research on Value Networks and provides a broad definition of the Value Network as “any set of roles and interactions in which people engage in both tangible and intangible exchanges to achieve economic or social good”. Further, Allee (2000) argues that the Value Network is complex and contains more than mere transactions of services, products or revenues. To understand the dynamics of value conversion, one needs to comprehend the function of intangible assets as negotiable goods and deliverables. Allee (2000) argues that in addition to tangible assets, value can also take the form of knowledge and intangible benefits. Allee (2000) divides the networks’ exchanges into three currencies - goods, services and revenue (GRS), knowledge value and intangible value. Allee (2000) refers to the different network exchanges as currencies because all three serve as mediums of exchange, which is the basic definition of currency. The exchange currencies provided by Allee (2000) are:

(1) **Goods, Services and Revenue (GSR).** GRS, also referred to as the tangible exchange is defined as contractual transactions involving goods, services or revenue and consists of assets that are controlled by the firm. To elaborate, this consists of the exchanges for services or goods, including all transactions involving contracts and invoices, return receipts of orders, requests for proposals, confirmations or payments. Knowledge products or services that directly generate revenue or that are expected as a part of service are considered parts of tangible exchanges. The determination of whether an exchange may be considered tangible or intangible is therefore, dependent on its contractual nature.

(2) **Knowledge.** Knowledge and information are referred to as intangible exchanges, which support the core product and service-value chain. Knowledge can be in the form of strategic information, planning knowledge, process knowledge, technical know-how, collaborative design and policy development. These intangibles can evoke expectations from the involved actors, but still tend to be informal, not part of the contract and are rarely, deliberately negotiated. Intangibles' also includes what people do to help keep things running smoothly and build relationships. Further, Allee (1999) describes knowledge as something that is increasing in value with use and describes the process of sharing knowledge as a process that allows both parties "not only to retain the resource but to amplify and expand it through the exchange process itself". Allee (2003) argues that, of the value created in today's economy, knowledge and relationships are where most of it resides. Allee (2003) introduces the term *knowledge-based relationships*, and describes them as relationships that are founded on the ability to create knowledge together. This point of view can be found in other relationship marketing literature, where the relationship-based approach involves creating exchanges and interactions of mutually beneficial value (Christopher et al., 2002).

(3) **Intangible benefits.** Intangible benefits are advantages or favours that can be extended from one person or group to another, and are often used to build relationships. Intangible benefits are exchanges of value and benefits that go beyond the actual service, such as customer loyalty, image enhancement and a sense of community or co-branding opportunities (Payne et al., 2008). Blackett and Russell (1999) describe co-branding as "a form of co-operation between two or more brands with significant customer recognition, in which all the participants' brand names are retained". Co-branding can take place at different levels and Blackett and Russell (1999) have identified four such different levels. The lowest part of co-branding is referred to as the "reach awareness co-branding", and at this level, co-operations enables the actors involved to reach awareness through exposure of their partners' customer base. The second level is referred to as "value endorsement co-branding", which is specially designed to include an endorsement of the brand value and positioning from one or both actors involved. "Ingredient co-branding", is the third level described and involves creating brand equity for materials, components or parts that are contained within other products. At the fourth level, "complementary competence co-branding" involves two complementary brands, which work together to create a product



that is more than a sum of its parts and that is dependent on both actors committing a set of their core skills and competencies. Blackett and Russell (1999) argue a number of benefits with co-branding including reaching new customer and enhancing brand equity, but co-branding can also pose a risk since the choice of a wrong partner could damage the brands' reputations (Uggla, 2006). Uggla (2006) also stresses the loss of control as the main negative aspect and potential outcome of co-branding.

The intangible value – such as reputation, social capital and human competencies, is an important part for companies. It is important to remember that intangible value like knowledge can be exchanged for money in the form of a product or service, such as when professional expertise is converted into a more negotiable form of value, perhaps, in the form of consulting services. Thereby, this converts the intangible into what is tangible. Intangible value can also be exchanged for other intangibles, such as knowledge for other knowledge, or benefits for favours (Allee, 2003). In order to identify the value created within Affiliate Networks and to determine implications for its participants, it is necessary to understand the structure and the processes that underlie it. A more elaborate description of the network actors' roles, transactions and deliverables is therefore, necessary for the research (Helmstetter, 2000). Allee (2008) argues that every exchange of value is supported by some mechanism or role that enables the transaction to take place and the value to be delivered. In order to map the value exchanges across the network, Allee (2008) argues that three different elements have to be examined. These three elements are – roles, transactions and deliverables:

(1) **Roles** are carried out by the participants in the network. These roles can therefore, be played by individuals, small groups or teams, business units, whole organisations, collectives, communities or even nation states. According to Allee (2008), the roles of the participants entail contributions and execution of functions. Similarly, Anderson et al. (1994) refer to the participants in a network as the actors and state that actors have the power to initiate action, engage in interactions, add value and make decisions. As for value creation, the roles in a network have the responsibility of using the assets under their control to create value that can be exchanged for other forms of value. In other words, in order to create value, there has to be a transaction of such nature between different roles within the network (Allee, 2008). Further, according to Anderson et al. (1994) each firm delimits its own business network, the network horizon, which denotes how extensive an actor's view of the network is. Within this definition of the business

network, the firm develops its own network identity, which refers to how the actors see themselves in the network and how they are seen by other network actors. Moreover, the actors' overall perception of their own attractiveness as exchange partners is determined by the network identity. Against this reference point, the firm perceives and judges its own and other firms' actions (Andersson, 1994).

(2) **Transactions** are activities that begin with one participant and end with another and occur when a deliverable is originated by one role and received by another. Transactions are temporary and transitory in nature; they have a point of origin, a middle point and an end point. For an exchange to take place, two or more transactions have to occur. The roles, or participants, can also develop performance criteria for judging the quality, speed, timeliness, quantity and usefulness of the completed transaction. Involved roles can therefore, be held accountable for the effectiveness of a transaction (Allee, 2003).

(3) **Deliverables** are described as "the actual 'things' that move from one role to another". A deliverable can be both tangible and intangible, such as a specific type of knowledge, expertise, advice or information about something, as well as a favour or benefit that can be moved from one group to another. Further, when negotiating an intangible exchange, it is important that the intangible can be viewed as a deliverable (Allee, 2003).

These are the value exchanges and elements of exchange that the author will use as a theoretical reference frame while attempting to identify, analyse and examine the value created within the network.

### 3.4 Summary theoretical framework

The theoretical framework of this study is built upon Allee's Value Creating Theories (2008). In order to define the value creation within the network, Allee (2008) argues that, one must focus on how the participants in a Value Network utilise their tangible and intangible asset base by creating roles that convert those assets into more negotiable forms of value, which can be delivered to other roles through transactions. According to the theory value can only be created in the exchange with other participants (roles) in the network. Therefore, this thesis will focus on the value that is created in such exchanges. The model below, illustrates the flow of exchanges between three different network actors who will be studied in this research.

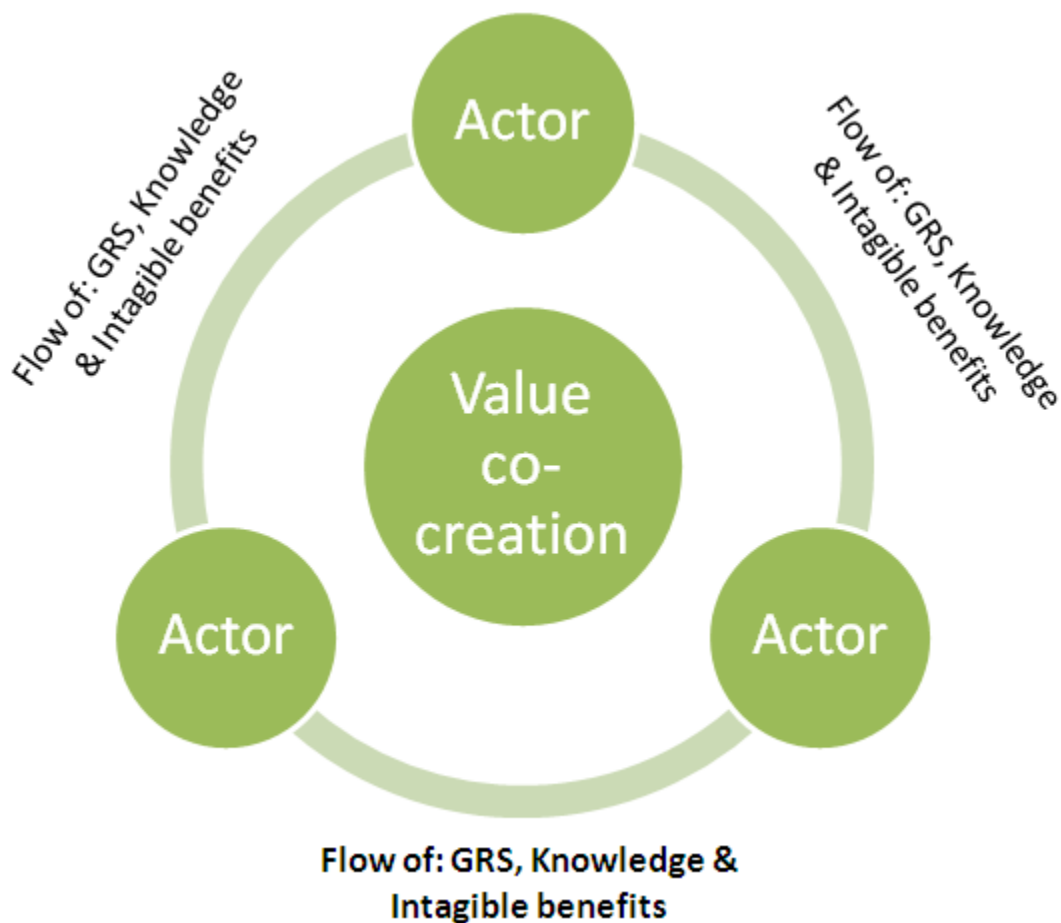


Figure 2 - Theoretical framework

### 3.5 Network actors

To understand value creation, it is imperative to study all the actors in the network. The author has chosen an online gaming company, Unibet, as the reference company. Since a company network is a complex and wide phenomena to study, the author has chosen to focus this study on the Affiliate Network of the company. To offer an understanding of the concept of the “affiliate” and the context wherein it takes place, the author now provides an introduction to the Affiliate Network.

### 3.6 The Affiliate Network

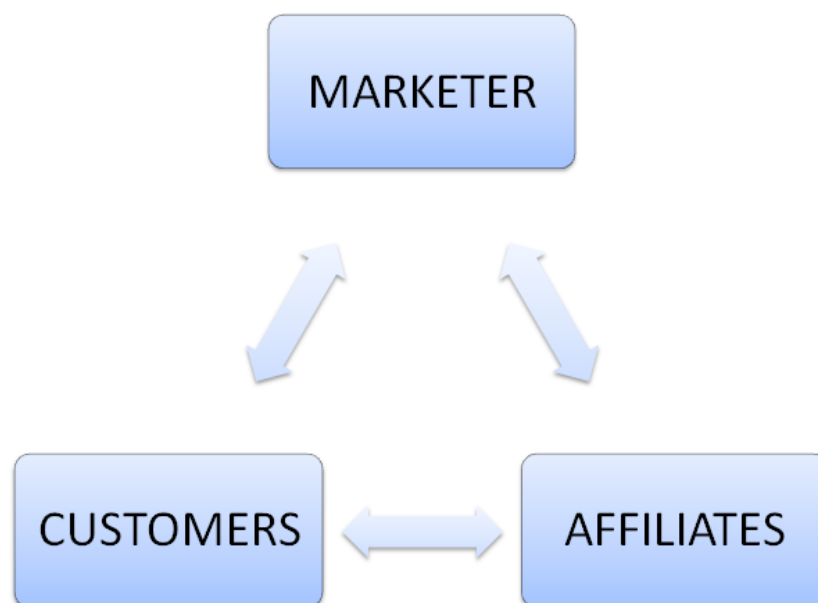
The Affiliate Network is built around the concept of affiliate marketing. It originates from Amazon.com’s introduction of commission-based marketing practices started in 1996 (Helmstetter & Metivier, 2000). Today, Amazon holds the biggest Affiliate Network and this consists of as many as 260,000 affiliates (Chatterjee, 2002). Goldschmidt et al. (2003) describe affiliate marketing as “when two legally independent entities form a mutual agreement where one party (the affiliate) communicates a message for the other (the marketer).” Further, Goldschmidt et al. (2003) define the term, affiliate marketing, as “an online business relationship where communication of a message to visitors at the affiliate’s website can lead to possible transactions on the marketer’s website”.

According to Gallagher et al. (2001), affiliate marketing is classified as a type of online advertising, in which the affiliate, for example, share a percentage of the sales revenue generated by each customer who arrived at the company’s website through that affiliate. Since the system is based on a performance-based payment method, the affiliates are only paid for the actual transactions that they generate. The commission compensation can differ depending on the marketer and the program but generally the affiliate generates commissions on *sales*, *leads* or *clicks*. *Sales* are the actual sales and which can be measured in financial terms, *leads* are actions performed by the customers, for example a submission of information which enables the marketer to follow up on the *lead* transferred by the affiliate, and finally the affiliate can be compensated for the *clicks*, where customers simply click on the marketers’ links and get transferred to the marketers’ website. This differs from impression-based online marketing, since an impression occurs already when the customer is exposed to a marketing message (Goldschmidt et al., 2003). A cookie technology is usually used to track the traffic to identify if, and which,

affiliate is responsible for a referral. Hence, there are many technologies developed to support the tracking of Internet traffic (Goldschmidt et al., 2003). Chatterjee (2002) compares the Affiliate Network to the notion of alliances, and constitutes that “in comparison to alliances that are collaborative relationships, affiliate relationships are short-lived and transaction orientated with no commitment of joint success, typically established or terminated with minimal effort and investment”. Contradictorily, Goldschmidt et al. (2003) state that the interdependence between the marketer and the affiliate often increases over time. This is related to an adaptation of the content and the conditions in order to be more effective as partners. Therefore, Goldschmidt et al. (2003) argue that Affiliate Marketing appears to engender long-term relationships. Figg (2005) argues that the utilisation of a variety of marketing and sales channels inherently suggests better profit and awareness and describes this as the fundamentals of Affiliate Marketing.

The Affiliate Network consists of the actors involved in the affiliate marketing process. Evidently, we have the marketer and the affiliates. Since the Value Network theories recognise the customers’ value-delivering process as one of the most important factors for establishing competitive advantage (Prahalad & Ramaswamy, 2000; Gummesson, 2007), the author also includes customers as part of the Affiliate Network to be examined.

The Affiliate Network to be studied consists of actors divided into three different groups representing: marketers, affiliates and customers.



**Figure 3 - The Affiliate Network**

### **3.6.1 Marketer**

A marketer can, in principle, be any firm that wants to reach out to an interest group, but in the context of affiliate marketing, the marketers represent the firm that seeks consumers to engage or buy their products or services online (Goldschmidt et al., 2003). The marketers participate in an Affiliate Network in an attempt to reach those customers better. Accordingly, the marketer has to formulate a revenue sharing system, which is referred to as the Affiliate Program (Goldschmidt et al., 2003). According to Stabell and Fjeldstad (1998), the marketer within the Affiliate Network is the actor who establishes and monitors relationships.

### **3.6.2 Affiliates**

According to an affiliate survey and a report published in the New Media Age (2007), the affiliates can have any size of company but they are typically much smaller than the marketers'. The affiliate's role in the network is to provide traffic, consisting of potential customers, to the marketer's website. The affiliate attracts the customers, who can generate potential revenue by providing the type of content that a group of customers would be interested in. Often, the affiliates' websites are specialised in a certain area of expertise or business, enabling them to target a certain group of customers or potential customers (Goldschmidt et al., 2003).

According to Goldschmidt et al. (2003) the affiliate that manages to build a relationship, built on credibility and trust, with his community appears to perform better than those who lack this relationship. Chatterjee (2002) argued that the main incentive for the affiliate was a commission-based income acquired by delivering traffic or sales referrals. Further, Chatterjee (2002) argued that being associated with a marketer could improve consumer's perceptions of the affiliate and this could also be a factor in the mindset of the affiliate when deciding whether or not to engage in a network.

### **3.6.3 Customers**

Thanks largely to the Internet; consumers have been increasingly engaging themselves in the creation of value (Prahalad & Ramaswamy, 2000). One major argument for this is market transparency, making it possible for consumers to make comparisons between company offers and engage in the same (Goldschmidt et al., 2003). According to Vargo and Lusch (2006), the consumer is a co-producer, who is involved in the value-creating process. The customer is therefore, viewed as an operant resource, who undertakes the role of a co-producer instead of an operand resource that serves as a target for value. Prahalad and Ramaswamy (2000) argue that

the consumer actively co-creates his or her personalised experience, which forms the basis of value to that consumer. This is described in the following quotation:

*“Companies can no longer act autonomously, designing products, developing production processes, crafting marketing messages, and controlling sales channels with little or no interference from consumers. Consumers now seek to exercise their influence in every part of the business system. Armed with new tools, consumers want to interact with firms and thereby co-create value”.*

The scholars address the different ways in which value co-creation with customers takes place. Gummesson (2007) recognises three different ways in which, the customers can participate in the value-creation process. Firstly, intellectually, by acquiring certain knowledge needed to co-create value, secondly, physically, by participating in the value-delivery process, and lastly, emotionally, by sharing the values of the network and by developing a sense of belonging. Regarding customer co-creation, Novak et al. (2000) takes this reasoning even further by arguing that the consumers interact not only with firms and other consumers, but also with the tools themselves. That is, they interact with computers and related devices that mediate in the commercial environment. There is also a customer-to-customer interaction to take into account while examining the Affiliate Network. Consumers can exchange experiences and help each other, both through the face-to-face contacts and the Internet. This is beyond the direct control of the suppliers (Gummesson, 2009).

### *3.7 Summary of the Affiliate Network and potential implications.*

The primary aim of the Affiliate Network is to market and sell products or services, drive Internet traffic and generate transactions and in return get a commission-based payment (Gallaughier et al., 2001). Although there is a growing interest in Affiliate Networks, fairly little research has been undertaken on the positive and negative implications this network structure can have for the actors involved (Mariussen et al., 2010). According to Mariussen et al. (2010), the most important, unintended and negative consequences are the risks of inconsistent branding and issues with customer distrust.

Duffy (2005) points out that there are thousands of affiliate programs and thousands of affiliates working for many different marketers, simultaneously. This can also have certain implications on the brand if the affiliate favours a competing brand. Gallaughier et al. (2001) argue that the answer

to this is often found in the payment structure and percentage share of sales revenue generated. According to Duffy (2005), most importantly, in order to create a successful Affiliate Network, it is imperative to create a win-win relationship that would lead to generating enough sales at the marketers' web sites and sufficient earnings for the affiliate providers. The positive outcome for all actors is therefore, key and if that is not realised, the Affiliate Network will not be successful (Duffy, 2005).



## 4. Empirical background

*The empirical section is structured in accordance with the theoretical framework in order to provide the reader with constant themes that are easy to follow. In this chapter the author tries to establish a general understanding of the perception of the different actors and the roles that they play in the network. Secondly, the author provides a description of the tangible, as well as intangible values that have been described. Lastly, the author provides an identification of the presented transactions and deliverables for value-creation taking place within the Affiliate Network.*

### 4.1 Introduction - Empirical background

In order to provide the reader with a better understanding of the empirical findings the author will here present an overview and description of the affiliate network structure of study.

There are a number of requisites that has to be met in order for the affiliate network to exist and function. First and foremost the marketer has to provide the affiliate with marketing material such as text links, banners, email templates or other type of marketing media. All marketing material collected by affiliates from the affiliate interface has a unique code. The affiliates then use this media on its website, in email send-outs or in any relevant way to market the brand represented by the marketer. The customers who clicks on the media will get a cookie tagged in their computer with the unique link code and once they completed their registration this code will connect their player account to the affiliates account. Such a cookie is only valid for a month and if the sign up is not made within this timeframe the customer is no longer linked to the affiliate. Moreover, if a player clicks on more than one link i.e visiting several different websites promoting the brand, the last clicked media is overruling old cookies. Once the connection between the player account and the affiliate account is done, the affiliate has a right to a percentage of the revenue generated from this customer. A customer is only allowed to have one account per gaming site and therefore also only allowed to sign up at the gaming site, and use an affiliate promotion, once.

## 4.2 Network roles

Allee (2008) defines roles as those functions carried out by participants in the network, who provide contributions. Participants in the network have the power to initiate action, engage in interactions, add value and make decisions.

Ahsan Shah (M) argues that the marketers' roles are represented by the Affiliate Program Manager.

*"It is the affiliate manager who represents the company to the third-party publishers, the affiliates, which includes selling the benefits of joining their affiliate program over others".*

Accordingly, Gustav Lipcsey (M) states that the Affiliate Managers' roles include, promoting the brand in question in order to recruit and then, maintain loyalty. This is, according to Gustav Lipcsey (M), done by providing good service, whilst optimising the deals. Additionally, Ahsan Shah (M) argues that the prior aspects are predominantly practiced remotely via online channels; however, the Affiliate Managers will also personally visit such affiliates and spend time with them at major affiliate conferences. Further, Ahsan Shah (M) highlights that an important part of the marketers' role is to research which affiliates they would want to work with in the future, analyse player activities in order to monitor the value of the relationships they are currently nurturing, study their portfolio for unprofitable or fraudulent trends in order to identify if deals need to be cancelled. This is confirmed by Gustav Lipcsey (M) who explains that the marketers' roles in the Affiliate Network are highly analytical and include a lot of monitoring of the other network participants. According to Mattias Stetz (M), a lot of the marketers' time is spent seeking to attract new customers through online campaigns across the Affiliate Network. For existing customers that have not been active for a while, the marketer puts much time on retention campaigns by offering new products and by adding softer values through loyalty schemes and so on and so forth.

Ahsan Shah (M) continues to describe the affiliate's role as the third-party, which has an audience which would be interested in purchasing a service or good from a company, and which has a commission-based incentive to direct that audience to the aforementioned company's offering. In this particular case, this refers to movement from an affiliate's website to Unibet.com. According to Mattias Stetz (M), the affiliate's role can be identified both as a customer to Unibet, as well as a supplier. Mattias Stetz's (M) quotation below clearly states the duplicity perceived in the affiliate's role.

*“When referring new customers, who would not have signed up at Unibet without being referred, the affiliate takes on the role of an extended customer. If the customers would have signed up either way, the affiliate has the role of a supplier”.*

As for the affiliates’ perspectives, both CB (A) and CSG (A) state that the affiliates’ functions are first and foremost to transfer traffic from their own website to that of the marketers’. In this transaction lies the revenue. CB (A) describes the affiliate’s role as sending traffic and taking on the role of a messenger for the marketer, preaching the marketers’ offers to its own visitors. According to Mattias Stetz (M), the affiliates are not in any way active in the retention campaigns for existing customers, who may have been inactive for some time, but are instead fully focused on attracting new customers.

Further, CSG (A) highlights that there are also other dimensions to the affiliate’s role that entails providing as many referrals as possible. (CSG (A)) states:

*“As an affiliate my main objective is to send as much traffic as possible to my different partners. But I also focus on reaching high quality costumers as my revenues are based on the earnings that these customers are generating for my partners. As much as I am building a player base for my partners, I also build my visitor base, and brand value through attractive campaigns from the gaming sites. The better campaign they run, the more value to my visitors, and therefore more value to my site”.*

According to Ahsan Shah (M), the customer in the Affiliate Network is described as someone who has been directed by an affiliate to Unibet, and who has since being referred by an affiliate registered and become a real money player at Unibet. Regarding the customer’s role in the network, Mattias Stetz (M) states that it is important to understand that there are two types of customers: those who arrive at the site without referral from an affiliate; and those who are referred by an affiliate site. Even though Mattias Stetz (M) highlights the importance of understanding the different customer groups, he admits that the company does not differentiate between them in any way once they are registered on the site. The differentiation between the two groups is only noticed in terms of compensation, where the affiliate shares a percentage of the earnings based on the customers, who have been referred to Unibet.com. A customer, who has been referred by an affiliate site is an “affiliate customer for life”, meaning that the affiliate,

who created that referral, would share the revenue of that customer as long as that customer gambled on Unibet.com. This could be regardless of the time of absence from the site.

The customers' own points of view about their roles in the network are not as clearly identified. Mikael Johansson (C) describes the difficulty in identifying the role from a customer's perspective.

*"Basically I don't feel like I have a role. If I go directly to the gaming site or through an affiliate site does not really matter to me as long as I get the same offer. But most of the time I end up on an affiliate site before playing. This is because the affiliate provide me with the kind of information that I want regarding odds, bonuses etc. How the reward to the intermediary is done I don't know, but as long as I am not affected I don't really care".*

Kajsa Grip (C) gives a similar description and states that the main function of the marketer and the affiliate is to attract players. The most attractive offer or marketing will also get the traffic.

*"I just chose the best offer I get and where I can get it. Therefore the roles are highly interdependent in my point of view".*

### 4.3 Tangible exchanges

Tangible exchanges are defined as contractual transactions involving goods, services or revenue and consist of assets that are controlled by the firm (Allee, 2000).

From the interviews it is evident that the most important tangible exchange and value delivered for Unibet is the players. According to Mattias Stetz (M), the main reason for participating in Affiliate Networks is in order to help affiliates reach potential new customers, customers that would not visit the web site if not referred by the affiliate. Similarly, Ahsan Shah (M) argues that, Unibet chooses affiliate partners who have to reach potential customers, who could be interested in Unibet's products.

First and foremost, the most important tangible exchange from marketers to affiliates, as argued by the affiliates, surrounds a generous and incentive-driven payment structure. CSG (A) describes the economic incentive as a must in order for the collaboration to take place.

*"A high revenue share deal is a must for us to even consider working with a brand. Even though we might not be the largest affiliate it gives me a sense and feeling that my partner believes in us and that we can become an important actor for them".*

In likeness, CB (A) states that revenue is the main incentive for any exchange to take place.

*"Revenue is at the end of the day the only thing that really matters. I can't afford to promote brands that I don't make any money from. But sometimes the revenue does not come at the same time as we start a promotion and that can be okay. The most important part of the revenue is that is long term, meaning that Unibet can monetize from the player that we refer on a long term basis".*

This is confirmed by the marketers, who also believe that the main value exchange for affiliates lies in the monetary compensation. According to Mattias Stetz (M), the affiliates seem to go where they get the best deal in terms of revenue share. Ahsan Shah (M) states that for the affiliate, a site that monetizes their traffic best also provides the best value.

Besides the aspect of monetary compensation, Gustav Lipcsey (M) describes a number of tangible values that he believes is delivered to the affiliates.

*“As the marketers’ role is to provide everything for the affiliates the exchanges hold number of other tangible dimension and functions. It is about to deliver payments in time, providing correct statistical data for affiliates, supply working tracking links, delivering interesting promotions for affiliates and customers”.*

This is confirmed by the CSG (A) that states that supporting exchanges can be as, or even more, important than the offered monetary compensation.

*“Even though the deal itself is important there are some factors that we need more than just a high revenue share. A good tool to follow statistics and earnings as well as a security that payments are coming on time. It is valuable that we are provided with and get access to the essential reports and statistics that we need to closely monitor its affiliate business. These reports are mainly player sign ups, revenue and monthly earnings”.*

When asking the customers about tangible exchange, the delivery of good promotion is mentioned by all respondents. Mikael Johansson (C) also states that good odds are considered tangible values provided by the gaming company (the marketer).

*“When playing most of the games I play, like casino games, poker and sometimes sport betting I want to win and if the campaigns can increase my chances of winning I am more likely to join them”.*

Tangible value exchange described for customers is also related to content. According to CSG (A), value for customers is not simply having good promotions put up on your website.

*“According to the core business model of affiliate marketing, it is all about getting people to click on banners and go to a desired location, and because of that the offer has to be good. But to attract the visitors in the first place you have to have good content”.*

This is supported by Jacob Gotestam (C), who argues, that the content that the affiliate site provides is what attracts him to their site.

*“I visit affiliate sites in order to obtain interesting content, and even though the promotions was not my reason for visiting the affiliate site in the first place, once at the site I am exposed to all these offerings”.*

Also, the product portfolio offered on the marketers' site is argued to deliver tangible value, and Mattias Stetz (M) describes Unibet's value as having a very strong product portfolio. Ahsan Shah (M) agrees with Mattias Stetz (M) and describes the tangible value offering from marketers to customers similarly, while stating that products' portfolios are of tremendous importance.

*"I think our players and therefore, our affiliates enjoy the fact that we are a site that offers a broad product portfolio with very high quality. We are a serious gaming company and both players and affiliates consider us in this way".*

The product offering is also mentioned as being of high importance by all customer respondents. Mikael Johansson (C) expresses the need to provide a wide range of gaming products. Thus, the customers are not in agreement and Jacob Gotestam (C) highlights the importance of providing good quality products as the most important factor rather than the product range.

*"A company that is totally focused on poker might therefore offer a better poker product compared to a company with a broad product range with poker as just one of the offerings".*

#### 4.4 Intangible exchange

Intangible benefits are exchanges of value and benefits that go beyond the actual service such as customer loyalty, image enhancement and a sense of community or co-branding opportunities.

According to Ahsan Shah (M), there are many intangible dimensions in the exchange with the affiliate and he states that they can be even more critical compared to monetary compensation.

*“Affiliates rarely care for 2% here or there on their commission deal, and prefer to have a hassle free, no-nonsense relationship. Their account manager needs to make their life easy, be reliable and trustworthy”.*

CSG (A) also describes the importance of the personal relationships in connection to long-term revenue.

*“The affiliate manager is key. The affiliate manager sets the tone for the whole collaboration. The gaming industry and the different marketers provide very similar products and promotions making personal relationships with the affiliate marketer highly important. With the right affiliate manager we create long-lasting relationships rather than just cash in which is not very effective in the long run”.*

Accordingly, the affiliates argue that the personal between relationships is of high importance since it helps to generate critical information.

*“Information and relationships are very important for me as they help to build revenue. The more information I can have on my site the more players I can attract and I need to have a good relationship with my affiliate manager in order to get that extra information that will make my site be more unique compared to my competitor affiliates”.*

Related to the importance of relationship is the intangible factor of trust. CSG (A) describes the importance of trust in the people you work with as well as the trust in that the brand you are promoting is converting players and taking care of those players who have registered on the site.

*“My company is as strong as my partners and therefore, I need to work with brands that have a good trust among the players. If my visitors trust the brands I work with they are more likely to play at these sites. Trust for players is more or less the same as for affiliates. Cash in and cash out*



*options are working and they can call someone like I can call my affiliate manager when I'm worried about something etc."*

From the customers' perspectives, the customer experience is crucial in order to generate value. Kajsa Grip (C) highlights the importance of providing a good customer support system.

*"Without a good customer support system I will use a different gaming site instead. To me the customer support system is key value creator".*

Similarly, Jacob Gotestam (C) describes how the customer support can affect the loyalty to a gaming company by stating that, the better the customer service, the more likely it is that customers will stay and use their site.

According to Mattias Stetz (M), customer relations are of high importance to Unibet. An important part of customer relationships is the VIP treatment, similar to the experience in any real-life casino, that Unibet offers its biggest players. This is done in order to create loyalty, as well as a feeling of belonging and safety.

*"It is important that the most active customers, the ones that gamble the most, feel that they are important and valued by the company. Unibet therefore, have put a lot on emphasis to create a well functioning support system that they can contact at any given time for help and service. This is highly important since a small number of players are contributing to a big share of the earnings. VIP treatment is something that we have established to bring satisfaction for those customers. The board realizes that customer satisfaction is something that drives loyalty, which in turn drives our business".*

Regarding the customer groups, Mattias Stetz (M) states, that Unibet can correlate the different customer groups to the aspects of loyalty, and that the customers referred from an affiliate site are less loyal than those who are not referred. The reason for this, according to Mattias Stetz (M), is the two-step relationship that the customer-affiliate-Unibet structure creates, where the affiliate has a first-hand relationship with the customer.

*"The customers that have been referred to us by an affiliate site tend to be less loyal to us and instead their loyalty lies with the affiliate. The affiliate sites have educated the customers about bonuses and promotions and the customers follow the affiliate when the affiliate stresses a new promotion".*

According to Gustav Lipcsey (M), the marketers also have affiliate customer service teams who have the same functions and goals of creating loyalty among their affiliates. Mattias Stetz (M) describes the Unibet Affiliate Managers as often being divided into two main categories, which are, those managers who work territorially, supporting affiliates who have local target audiences with bespoke campaigns, and secondly a central, more senior cadre of managers, working with those affiliates, who have visitors from many countries. According to Ahsan Shah (M), having staff members from many different countries gives the company innumerable possibilities for a great spread and provides cultural insights, which he argues, are important in order to serve the relationship in the best possible way.

*“The setup is based on the needs of the affiliates and as some are working locally and some operating on the global market we need to a setup of account managers who can serve these clients the best way possible”.*

Another intangible value that is reflected by all respondents is the value of the brand. Kajsa Grip(C) describes how the brand affects the customers’ choice of gaming sites.

*“I chose the site based on a brand I knew about and their offer. Today, it seems like all companies have the same offering where the prices and offering follow each other. Therefore, I usually chose a brand which has marketing support like TV campaign etc. In other words, a brand that is familiar”.*

Mattias Stetz (M) emphasises the value of having a strong brand and considers this to be Unibet’s strongest value of offer. Further, Mattias Stetz (M,) considers the value received as a result of having a strong brand as the loyalty the brand creates. He points out that by having such a strong brand, Unibet will never be the company that gives away the biggest share of revenue to their affiliates. Instead, he argues that they can compete with the strength of their brand. Additionally, Mattias Stetz (M) states that the marketer can have one or many objectives with an affiliate campaign.

*“The objective with an affiliate driven campaign can stretch beyond the actual referral of instant traffic. Another objective can be exposure of the brand to customers which can generate an interest for the brand. Even if the customer will not click through and sign up instantly through the affiliate site transaction, the customer can still have the brand in mind for next time. By existing on*

*a number of affiliate websites the marketer can generate a lot of brand exposure without having to pay for it”.*

The value of promoting a strong brand is confirmed by the affiliates.

*“Being one of the strongest brands in online gaming in Europe, Unibet provides a highly relevant advantage for us as affiliates. In a way, the brand markets itself, and as affiliates, you only have to focus on getting the traffic and to have a transaction banner that attracts your visitors’ attention”.*

Affiliates highlight the fact that they have no interest in promoting a brand just to create awareness. The awareness it creates should have a clear connection to an offer, if not, it will not be exposed on the affiliates’ website.

Further, CB (A) states that the material (banners and scripts) that the marketers provide must be easily obtained and up to date, and if they are not, they hold no value for the customers and their trust as well as the affiliates’ reputation can be damaged.

Gustav Lipcsey (M) states that affiliate websites tend to have at least 10 different gaming sites to choose from and that sometimes they can even promote up to 50-100 gaming sites simultaneously. Therefore, it is important to differentiate yourself from the others in order to get attention. According to Gustav Lipcsey (M), having attractive products as well as a known brand in your kitty is a key factor for success.

According to Jacob Gotestam (C) and Björn Jonsson (C), a strong brand also creates a feeling of security. Björn Jonsson (C) describes the value of good security as one where deposits and withdrawals are correctly monitored and where customers know that their money is safe in their accounts.

Knowledge is an intangible value that is exchanged throughout the Affiliate Network. CSG (A) argues that they deliver knowledge to the marketers, especially in terms of search engine optimisation (SEO).

*“The affiliate sites possess a high level expertise on internet marketing which adds value to the markets. We are experts on attracting visitors to our site, and the marketers want to reach those visitors”.*

As for the value delivered to the marketer, a greater segmentation is mentioned by both CSG (A) and CB (A).

*“TV commercials have a tendency to stretch to a very wide audience. Affiliate websites, such as our own, can be more focused on different products or offerings and hence be more targeted to a certain audience”.*

This is confirmed by Gustav Lipcsey (M), who states that, marketers have been reluctant to spend too much money on Google and SEO activities and instead want to spend the money on the products and systems. But Gustav Lipcsey adds that this trend is changing.

*“There is a clear trend amongst the gaming company to invest more money into SEO and by doing so taking on part of the affiliate function”.*

As for the customers, Mikael Johansson (C) highlights the importance of involvement and states that the more involved one feels in a certain gaming site, the more likely one will stay on that site. Mikael Johansson (C) continues by describing involvement as a feeling of being a part of something. As an example, he speaks of live chat, when gaming sites have a chat system where you can chat with the other player as you are gaming.

*“The live chat gives me a sense of belonging since I can chat with fellow players. Since I gamble quite often many of the other players are familiar and we chat more or less every time I gamble”.*

This is confirmed by Mattias Stetz (M), who states that user-generated resources, like the live chat, where players share experiences has a high impact on the value experienced. More importantly, he adds, affiliate websites, and their communities, have a significant impact on the whole industry because consumers now pass on advocacy in a way that they control. Gustav Lipcsey (M) agrees and states that the players use the affiliate sites’ forums to connect with each other and to discuss different gaming sites and promotions. This is confirmed by Jacob Gotestam (C) who describes the affiliate sites and networks, as the only source of finding good promotions.

*“I tend to play at 2-3 sites all the time and only test other sites when I get interesting offers. The only way of finding these promotions is through the affiliates”.*

Björn Jonsson (C) states that he uses affiliates as they give him better promotions but does not understand why the gaming companies themselves do not offer the same promotions.

*“I use affiliates for referrals as it gives me better offers as a player. Not sure why the companies do not offer the same bonus etc. directly on the site instead of giving it to the intermediaries since I guess the advertisement will have to be paid for”.*

#### 4.5 Transactions and Deliverables for value creation

Transactions are those activities that begin with one participant and end with another and occur when a deliverable is originated through one role and received by another (Allee, 2003). A deliverable can be both tangible and intangible, such as a specific type of knowledge, expertise, advice or information about something. It can also be a favour or benefit that can be moved from one group to another. In order to create value there has to be a transaction of such a nature between different roles in the network (Allee, 2008).

According to CB (A), the value transactions are highly interdependent.

*“We are dependent on activity from the sites we work with and without them we have no value. Also, as we are helping them build their site, they have less value without us. Therefore, they are required to deliver attractive material and campaigns for us to work with so that our visitors want to become their customers”.*

On the same note, CB (A) describes that the cost of the affiliate partnerships is sometimes considered to be high, but they explain that the overall cost including the non-performing websites give a very low CPM (cost per mille, the advert cost per thousand views) cost compared to traditional marketing.

*“With the use of affiliate marketing the advertising costs can be moved from fixed to variable costs, which can facilitate allocating money to advertising that generate the most money in return. This is the key value that we deliver to our marketer partners”.*

According to Gustav Lipcsey (M) a number of factors have to be in place in order for the value transaction and value creation to take place. Gustav Lipcsey (M) highlights the importance of software which is provided externally by a third party.

*“First we need to make sure that our affiliate program is competitive in terms of payment security, tracking security. We rely on third-party providers and their software to provide statistics, tracking codes and a platform for our affiliates to collect. Without these functions the network fails”.*

Further, Gustav Lipcsey (M) states that the marketer-to-affiliate relationship is auto-regulated.

*“As we, the marketers do not pay anything to their affiliates before they see the results, the time and effort spent on affiliates is auto-regulated. Meaning that affiliates that do not deliver any players, even though they advertise a marketers brand, get less attention than affiliates sending high amount of players. The real value exchange for the marketer is where they see results and get traffic of players that decide to register and deposit money at their site”.*

The affiliates provide different perspectives since it constitutes their core business say CSG (A).

*“Since our whole business idea is affiliate marketing we need to join the affiliate programs we like the most in order to make any money. Another reason is maybe also that the value we are making from affiliate marketing is superior to if we would charge fixed fee advertising, but to be honest I don’t know if that is the case”.*

Ahsan Shah (M) highlights not only the importance but also the difficulties of creating a win-win relationship for everyone involved in order to create value.

*“If you are a successful affiliate manager, the affiliates you work with benefit as the company benefits too. Therefore, affiliate marketing, provides an efficient tool in online marketing that can be measured scientifically”.*

The reasons for joining the Affiliate Network are closely connected to the value received from that network as well as highly dependent on the role that a certain participant plays. Accordingly, Ahsan Shah (M) states that the main value created for marketers, in the Affiliate Network, is the possibility of having an in-house network that can be micro-managed in a way many other facets of other marketing are incapable of doing – allowing you to closely monitor your returns on investment whilst maximising your online brand exposure.

## 5. Analysis

*The author has identified nine key words describing the Affiliate Network that is regarded as being valuable to some or all the participants in the network. By these key words the author seeks to identify the tangible and intangible transactions that take place, and determine why they are of value. A common trait is that, they all have a significant impact on the value-creation within the network. Lastly, the author will provide an “exchange model” by which the author wishes to illustrate the value exchanges between the network participants.*

### 5.1 Keywords identified

#### 5.1.1 Customer transaction

From the interviews it is evident that the central ongoing process within the network is the transactions engaged in by the customers, by which the affiliates transfer potential players from their site to the marketer’s site. The transfer is of high importance because of the structure of the affiliate program and its performance-based foundation. Without this transaction, the network ceases to fulfil its functions and neither the affiliate nor the marketer generates any revenue from the network thereby resulting in a loss of value creation. For marketers, the main reason for participating in Affiliate Networks is in order to use the help of affiliates to reach potential new customers, customers who would not visit their sites if not referred by the affiliates. The marketer may perhaps reach the customers without the help of the affiliate and even if the marketer benefits from such an event, the Affiliate Network may be seen as not having performed and therefore, not gained nor created value.

#### 5.1.2 Interdependence

The transaction process in itself calls for a high level of interdependence. Once this transaction is established, customers who have been referred by an affiliate site are “affiliate customers for life”, meaning that they are engaged in an ongoing process of interdependence.

Further, this interdependence is supported by the procedure of providing content. In order to be able to deliver content to the customers, the affiliate depends on the marketer to deliver his share of the content base such as banners, copyrights and so forth, which are needed for a certain campaign. If the material that the marketer provides the affiliates is not good enough to attract



customers to click on, the transaction will fail. Also, the customers support this and highlight the importance of accurate content and promotions.

From the interviews, the notion of referring traffic connected to interdependence is especially high for the affiliates. For them, it is crucial that the customers go straight from the affiliate site to the marketers', and if not, then, the affiliate does not get any commission from the customer and the network fails to favour the affiliate.

Another interdependence factor is that of the mutual dependence on an external third-party software supplier. Without the delivery of software functions enabling the monitoring of the network, the network simply fails. However, the third party software supplier is a technical service provider roughly functioning as an external computer program and this party could easily be replaced by a similar software supplier.

### **5.1.3 Risk sharing**

Closely connected to the theory of interdependence is the identification of risk sharing that takes place within the network, at least between the marketer and the affiliate. The obvious difference between affiliate marketing and traditional marketing is the payment structure, which is determined by sales and performance, which enables risk sharing among the participants. This payment structure is perhaps the most significant part of the Affiliate Network.

This structure is especially beneficial for the marketers. The risk sharing that the Affiliate Network gives offers the marketer the opportunity to simply match their expenses with their revenues, as the marketer only has expenses if they have the revenue. Marketers are thereby, able to control the marketing costs and need to only pay for the actual customers generated. Therefore, one can argue that a part of the marketers' risk moves from the marketer to the affiliate.

### **5.1.4 Brand**

According to Wild (2009), the intangible value is an important part for companies and most estimates place intangible value, such as reputation, social capital and human competencies at 50-70 per cent of company value. Accordingly, a strong brand is described throughout the interviews as a key value for all of the network actors.

Firstly, the affiliates prefer to work with well-known brands as they believe a well-known brand will, first and foremost, attract more customers. Also, by creating positive feelings for the customers, the affiliates value that they do not have to work as hard to be able to deliver transactions to potential customers. Promoting a strong brand is also regarded as being valuable since the association with a strong brand is believed to have a positive spill-over effect on the affiliate. By providing offers from well-known brands, marketers provide the affiliate a certain credibility and security as has been experienced and described by the customers.

For the marketers, the brand exposure they receive and their promotion through a different firm is aimed at stretching them beyond the instant traffic. Instead, the objective surrounds the desire to expose the brand to customers, who will be interested in the brand. A big value for the marketers lies in the brand viewing they receive by engaging in affiliate programs, without having to pay for them. As previously discussed under “Risk sharing”, the brand exposure is free unless it results in an actual sale, which is something that marketers regard as valuable.

A contrast to that argument, a consequence highlighted by the affiliates, is that the performance-based structure itself discourages the affiliates from marketing the marketers’ brands unless these are in direct connection with a specific offer or campaign. Affiliates have no interest in promoting a brand just to create awareness. The awareness it creates should have a clear connection to an offer, if not, it will not be exposed on the affiliates’ websites. The so called “free branding” is therefore, not something that continues for a long time period.

The co-branding opportunity that the network supports, in which the participants can benefit from being associated with another brand or context is considered a source of value-creation by both, the affiliates and the marketers. In many ways, affiliate marketing can be referred to as co-branding on the Internet. According to Blackett and Russell’s (1999) theory on co-branding it can occur on different levels. The author argues that co-branding within the Affiliate Network mainly takes place at the lowest level, referred to as “reach awareness co-branding”. The main focus of the marketers has been on co-operation, which enables the actors involved to reach a level of awareness through exposure of their partners’ customer base. Blackett and Russell’s (1999) second level, “value endorsement co-branding”, can also be regarded as having been achieved since the marketing material is specially designed to include an endorsement of the brand values as well as special promotions or campaigns applicable to just a single or a few affiliates. By these initiatives, both actors get involved and value-endorsement gets created. As for “ingredient co-

branding” and “complementary competence co-branding”, the author does not find the collaborations described through the interviews to meet the requirements for these levels since the Affiliate Network does not involve creating brand equity for materials, components or parts that are contained within other products nor consist of two complementary brands working together to create a product that is more than a sum of its parts and that is dependent on both actors committing a set of their core skills and competencies. Even though the marketer and the affiliate relationship is characterised by a high level of interdependence, the actors are still independent elements with different products and offerings.

The respondents have almost only focused on the positive with co-branding having some downsides, which have to be mentioned. An example of such emphasis as stated by the affiliates surrounds the importance attached to the relevant and up-to-date materials (banners and scripts) delivery from the marketer. If the marketers fail in this job, the material holds no value to the customers and their trust as well as the affiliates’ reputation can be damaged.

#### **5.1.5 Promotions**

A valuable element stressed by the customers is the delivery of good promotions as mentioned by all respondents. Included in the promotions is the delivery of good odds, which is considered a tangible value, provided by Unibet (the marketer) to the customers. However, the value offering from marketers to customers is highly linked to the products and both the customers, as well as the marketer, state that the product portfolio is of great significance in order for a promotion to be regarded as valuable. The product portfolio offered on the marketers’ site is argued to deliver tangible value and Unibet has been described as having a very strong product portfolio throughout the interviews which makes the promotions for these the key concern regarding value creation.

An important take away for the customer is that for most products and services there is diversity amongst the customer and in their opinion of what constitutes value. Some customers expressed the need to provide a wide range of gaming products in order to create value while others emphasised the importance of providing good quality products rather than have a wide product range. As for products on the affiliate website, the respondents refer to this as the content delivered, which in turn is highly linked to the promotions offered. But the interviews also show that value for customers in terms of affiliates is not only about having good promotions but also having good content in general.

### **5.1.6 Network relationship**

In the Affiliate Network, the network relationships are considered highly valuable. The main aim of all marketing efforts is the strong customer relationship. Naturally, the marketers' reasoning for joining the Affiliate Network has been described as the number of potential new customers, who might be reached. Thus, it refers to an expansion of the current network. It is the customer, who provides the revenue that is shared between the affiliate and the marketer and the more the customers in the network, the greater is the potential revenue to be shared. If the relationship between the marketer and the customer fails, then, the whole network fails. The affiliate can promote other companies that the customer might sign up with, but fundamentally the network of study fails if the customer-marketer relationship fails.

Further, the supplier-customer relationship can be fundamental for the success of the business (the marketer being the supplier). The supplier, who does well in building long-term relationships with his customers, who easily could choose a different supplier, is regarded as competitive (Pralhad & Ramaswamy, 2004). This statement supports the responses from the interviews in which, the Affiliate Manager is described as a value creator. Further, this is supported by the statement that with the right Affiliate Manager, the network is able to create long-lasting relationships rather than just quick cash, which is not very effective in the long run. This reasoning could also be applicable to the affiliate-customer relationship with the affiliate being the supplier. The affiliates also express that the supporting exchanges can be as, or even more, important than monetary compensation. They value other functions, such as on time delivery of payments, being provided correct statistical data as well as the delivering of interesting promotions for customers all contribute to the creation of value in terms of network relations.

Customer service is closely linked to relationship creation. The empirical findings have shown that customer support and service are key factors for attracting new customers as well as for maintaining existing ones. If the customer support function is absent, then, the customers will turn to a competitor instead. The marketer emphasises on the value that the VIP treatment system offers its most important players. For the marketer, it is important that the most active customers feel that they are important and valued by the company, since they are very valuable to Unibet.

### **5.1.7 Information**

Another reason affiliates argue why personal relationships are important is because this helps to generate important information aimed at building revenue and thereby, creating value.

A part of the value of information is found in the affiliate-customer relationship. As stated previously, an affiliate's role is to provide a steady flow of potential customers to the marketers' site. Still this does not mean that the affiliates need heavy traffic. An affiliate, who knows its own visitors, can be as effective with just a small but highly segmented traffic. Information about customers is therefore of high importance to the affiliates. The better the affiliate knows its visitors, the better the affiliate can target the content that they put on their web pages.

Also, performance information related to the data provided by third-party software suppliers is valuable information within the network. First and foremost, this information is the foundation for affiliate marketing and the networks would never have evolved without this information. The information also serves as a way to match the right affiliate to the right product.

### **5.1.8 Loyalty**

Without customers the value network examined would cease to exist and the customer loyalty is therefore crucial in terms of value creation. In line with Gummesson (2007) the interviews have recognised different ways in which the customers can participate in the process of value creation. Intellectually, this may be undertaken by acquiring certain knowledge needed to co-create value. This is mainly done through affiliate websites and their communities, which are regarded as having a significant impact on the whole industry since it has enabled consumers to pass on opinions and share knowledge in a way that they control. Physically, this is done by performing a part in the value-delivery process. The customers emphasise the importance of involvement and state that the more involved they feel in a certain gaming site, the more likely it is that they will stay on that site. As an example, the live chat on a gaming site is critical for customers vis a vis their role in the delivery process. Though this, players can chat with the other player while on the site and thereby increase their involvement.

Since the marketers acknowledge the value gained from loyal customers, for those existing customers who have not been active for a while, the marketer puts in more time on retention campaigns by offering new products and adding softer values through loyalty schemes and so forth. By creating loyalty amongst customers, it is very likely that customers will stay and use their

site. The importance of loyalty is further recognised amongst affiliates and the marketers provide additional affiliate customer service teams who have the same functions and goals of creating loyalty amongst their affiliates as the customer service teams amongst their customers.

#### **5.1.9 Knowledge**

Affiliate marketing is based on a system in which, everything has to be measured and the information of the measures is spread between the affiliates and the marketers. This enables the participants to receive instant feedback on their output through the monitoring of end-user reactions and performance. This process, in which knowledge can be easily obtained, thus enables fast learning.

Knowledge is an intangible value that is regarded as being exchanged throughout the Affiliate Network. A knowledge that is especially valuable to the marketers is that of Search Engine Optimisation (SEO). Without having the high level of expertise on Internet marketing, which adds value to the markets, the Affiliate Network would not be able to fill the function that it is performing today, thus enabling the marketers to spend money on products and systems instead of on Google and SEO activities. However, the trend described amongst the gaming companies to invest more money into SEO and by doing so, taking on part of the affiliate function can in future change the importance of this knowledge.

Since knowledge sharing can also take place within the organisation, the system of having two main categories of Affiliate Managers enables the internal staff to exchange experiences and knowledge from certain countries as well as gain cultural insights, which are argued to be important in order to serve the relationship in the best possible way.

## 5.2 Summary of analysis

Using the same keywords and by placing them in an summary model, the author wish to illustrate the values that are created within the network.

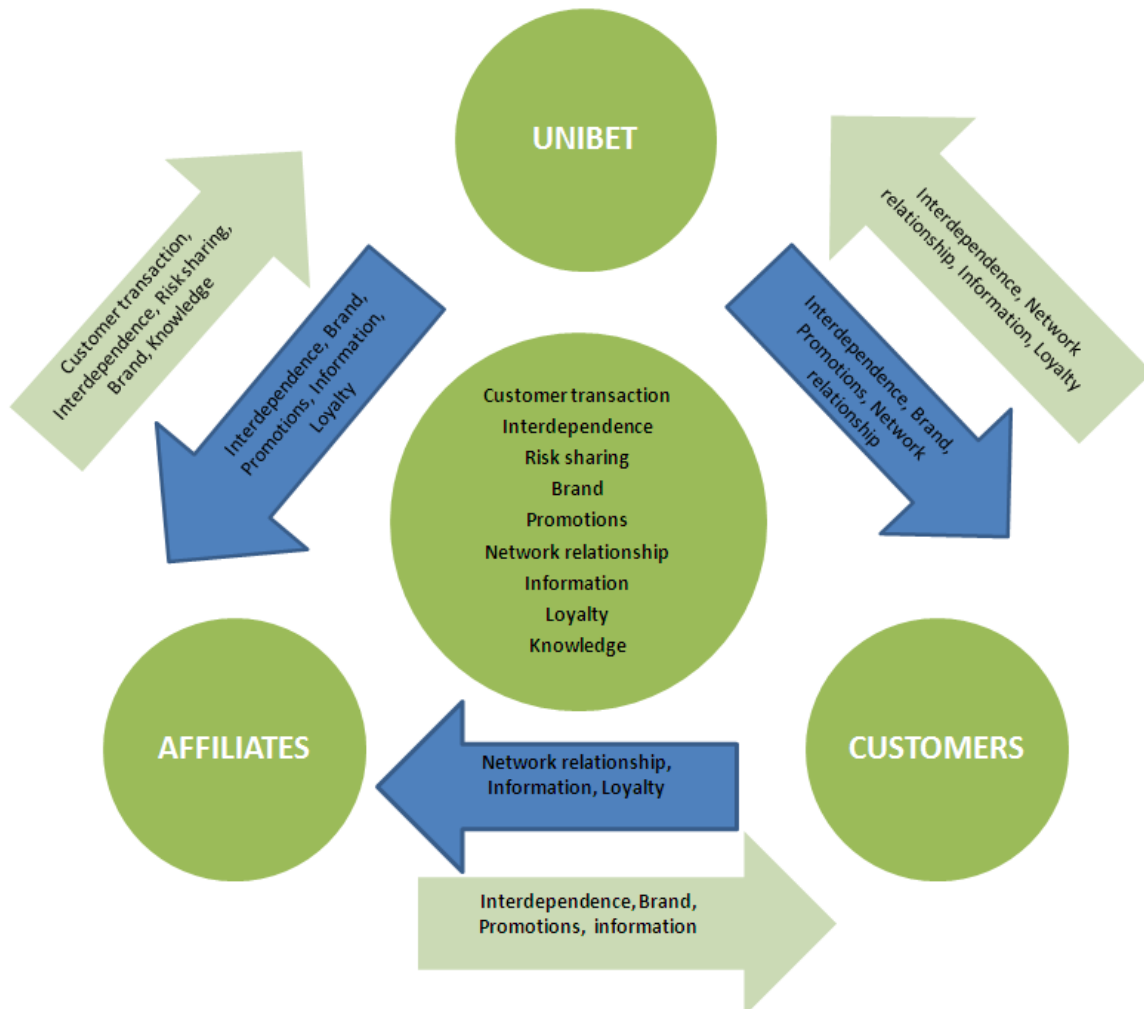


Figure 4 – Summary of analysis

## 6. Implications for Unibet

*In this chapter the author attempts to provide the reader with an understanding of the implications that the marketer may experience in connection to the value creation process that takes place within the Affiliate Network. Firstly, the author will provide a general introduction to the possibility of implications. Secondly, the author will provide four implications identified as well as possible solutions to how to prevent these implications.*

### 6.1 Introduction implications

In most advertising channels the risk lies with the marketer, who pays a certain sum for the exposure of his brand. With affiliate marketing, the risk moves to the affiliate, who takes the risk on how well a link performs. Unibet has to decide on how much they are willing to pay for each transaction but it is the affiliate who has to deliver the traffic and if they do not perform this task, the banner exposure is free thus eliminating the financial risk for Unibet. This is the main reason for Unibet to engage in an Affiliate Network and this is considered the key value contributor for the company. Even though, there are evident values to be found and created by engaging in the Affiliate Network, inevitably some downside is experienced and Unibet needs to be aware of some implications this might pose to the company.

### 6.2 Implications identified

#### 6.2.1 Risks with Co-branding

From the interviews it is evident that the co-branding effects offered within the network are mainly considered to have a positive effect on the value created. Not much attention is paid to the risks included in this kind of exposure. Duffy (2005) points out that there are thousands of affiliate programs and thousands of affiliates working for many different marketers, simultaneously. Therefore, it is important that a marketer uses the right affiliates to drive people to their site. More exposure is not necessarily better and brand exposure in a bad forum or exposure that lacks up-to-date information and a potential lack of brand consistency among the affiliate websites is seen as being harmful to the Unibet brand. Since the Unibet brand is the strong brand attracting customers in this collaboration it is clearly in Unibets interest that this is acknowledged. Therefore, it is important that Unibet develop specific performance criteria so that the affiliates are aligned to work for the marketers' cause. Since Unibet is involved with a large number of affiliates, it is hard for them to monitor everyone. Often the only way to ensure that they work for your cause is to



provide them the incentives to do so. Further, it is of key importance for Unibet to consider if the Affiliate Network and marketing objectives fit with the overall strategy of the firm.

### **6.2.2 Affiliate customer for life**

A customer, who has been referred by an affiliate site is an “affiliate customer for life”, meaning that the affiliate who created that referral, will share the revenues of that customer as long as that customer gambles on Unibet.com. This is regardless of the time periods when he is absent from the site. Since the affiliates are not in any way active in the retention campaigns for existing customers who have been inactive for some time, they are instead fully focused on attracting new customers. Therefore, the revenue share for life system could be questioned in regards to Unibets position. Perhaps one can assume this to be the shared cost for the retention campaign or simply the time limits for the revenue share contract. Obviously, the affiliates would not want to change the contract and this calls for a thorough negotiation as well a change of structure in the whole business as such.

Regarding this aspect, one could argue that the value gained is actually quite low compared to the costs. For example, Unibet does not know whether the customer would have signed up at their site even if he or she had not been transferred by an affiliate. At the same time the cost of not engaging in an Affiliate Network is potentially bigger than the cost of revenue shared for life. This insecurity is what feeds the system and keeps it alive.

The basic problem for Unibet lies in it that the customers who find their way to Unibet.com through a referral from an affiliate site are less valuable to the company. Even though this is a fact, the customers still describe the affiliate sites and networks, as their only sources of finding good promotions. This raises the question of why Unibet does not provide the same promotions on its own site. The probable main implication of providing promotions on one’s own website is that all the customers would use them, in comparison to the present situation when only affiliate-referred customers receive them. Even though a highly promotion-driven site might be costly in the short term, it could potentially, in the long run, save the company money since they do not have to share future revenues with affiliates.

### **6.2.3 Loyalty**

Even though, the interviews state that Unibet can correlate the different customer groups to the aspects of loyalty, where those customers referred by an affiliate site may be less loyal than those

who are not referred thus, the company does not differentiate between them in any way once they have registered on Unibet's web site. The differentiation between the two groups is only noticed in terms of compensation where the affiliate will share a percentage of the earnings based on the customers he has referred to Unibet.com. Since loyalty is a key concern for the marketer, this holds an important implication for Unibet. The implication lies in the understanding of the different customer groups, and not just in the identification. Perhaps, certain activities have to be created targeting the affiliate-referred customer. Either way, Unibet needs to try to find a way to transfer the loyalty from the affiliate on to themselves and to actively work on that relationship.

#### ***6.2.4 Auto-regulated***

According to Duffy (2005), in order to create a successful Affiliate Network one has to create a win-win relationship that will lead to generating enough sales at the marketers' web site and sufficient earnings for the affiliate providers. The positive outcome for all actors is therefore, key and if that is not realised, then, the Affiliate Network will not be successful (Duffy, 2005). Therefore, the affiliate relationship is described as being auto-regulated since no one wants to engage in a network that does not contribute to the revenue stream.

Though there might be a pit-fall in this reasoning. In fact, the work is not over once the network is established. Essentially, it is as important to work on maintaining the relationship between the network partners and to keep the interests of both, affiliates and customers, strong. Perhaps a partner who is not performing equally well needs even more support and can through that additional support develop huge potential. If the parties involved in the network are focusing on merely their own goals, they might lose the chance to maximise the created value. Instead of simply working with an auto-regulated approach, it might be beneficial in the long run to spend even more time on the affiliate partners, who are not performing, which should be similar to how the customer system is run.

## 7. Conclusions

*Here the author presents her approach to the research questions and tries to determine how well she has answered them.*

In this thesis, the author has sought to find the answers to the purpose question:

***How is value created within the Affiliate Network examined?***

In order to identify the answer that the author used the following three research questions:

***(1) What constitutes value for each of the network participants, individually?***

***(2) What are considered to create value within the network?***

***(3) What are the value-creation implications for Unibet?***

**Question 1: *What constitutes value for each of the network participants, individually?***

The definition of what constitutes value is closely connected to the role the participant plays. Within their own definition of the network, the participants develop their own network identity, which refers to how they contribute to the value-creation process as well as how they identify value. By having a self-centred focus on value-creation, the actors might not benefit fully from the network, which according to theory benefits only if actors look instead at what is best for the network as a whole and thereby, maximise the created value for the entire network.

However, the author has in this research has found that there seems to be an awareness of each others' interests and viewpoints even though it might not always be a shared one. Still, in order for value creation to continue, the different actors must carefully analyse both, the value they are gaining from the network and value they are adding to it. This research shows that if a participant feels that they are not receiving fair value for their participation, they are likely to withdraw from the network and instead engage in another network which they believe will be more valuable. If the network actors all feel that they receive as much value as they contribute to the relationship, it will strengthen and the actors will be more loyal towards the network.

**Question 2: *What exchanges are considered to create value within the network?***

The value creation is found to take place throughout the network and is identified through both, the flow of tangible value such as goods, services and revenue (GRS) and knowledge value as well as intangible value.

Unrivalled by the tangible exchanges is the customer transaction which serves as a foundation for the Affiliate Network as a whole, and which without value creation would not take place. Amongst the tangible value exchange instances, the author also found that the product portfolio offered by the marketers as well as the promotions offered on the affiliate sites to a great extent contributed to the value-creation in the network.

Knowledge and information are referred to as intangible exchanges, which support the core product and the service value chain. Both knowledge and information can contribute to the value-creation process in a number of ways but there success is highly dependent on the personal relationships and the loyalty connected with these. Without loyalty and trust, there is a lack of incentive in sharing information and value-creation is prevented. Knowledge, on the other hand, plays a vital role in the affiliate business model, and is therefore, a value that is shared if the revenue drives is in place. Thereby, knowledge is converted into a more negotiable form of value and is exchanged for revenue.

Intangible benefits also contribute to the value creation within the network. Since intangible benefits are advantages or favours that can be extended from one person or group to another, they are also often dependent on personal relationships. The end-customer relationship is the main aim of marketing efforts, but the marketer-affiliate, and affiliate-customer relationships are also regarded as valuable depending on their particular roles. Even though these relationships might have different functions, the common trait is that in the Affiliate Network, the network relationships are considered important enough to create value.

Branding and Co-branding are parts of the intangible benefits, which to a great extent contribute to value-creation within the network. Well-known brands, such as Unibet, attract more customers as well as create value by contributing to positive feelings for the customers. Further, the affiliates also believe a strong brand to be a value-creator given it is believed to have a positive spill-over effect on the affiliate. This leads to Unibet getting more brand exposure by being promoted through affiliate firms, without having to pay for it.

However, the Affiliate Networks are complex and so is the study of the value-creation process that takes place. Even though in theory it is possible to make a clear division between the value-creation exchanges and their belonging, the reality is more complex and many exchanges can be highly connected to one another. It is evident that they encompass much more than the flow of products, services and revenue as the value-creation process is an ongoing operation present in every activity in one way or another.

It is apparent that some of the values created are closely linked and potentially overlapping. The empirical findings and the analysis which both are structured in accordance with the theoretical framework chosen for this study show that there are some potential overlaps between the different topics. This is likely due to the closely connected within the theory in terms of the exchange currencies, leading to some overlaps in the interviews as well as in the analysis sections key words.

### **Question 3: *What are the value creation implications for Unibet?***

There are many benefits for a marketer if he engages in an Affiliate Network. Through the use of affiliate marketing, Unibet's risk moves away from the company on to the affiliate, who takes on the risk of having the link perform well. Unibet only has to decide on how much they are willing to pay for each transaction but it is the affiliate, who has to deliver the traffic and if they do not perform this task well enough, then, the banner exposure is free thereby, eliminating the financial risk for Unibet. However, inevitably some downside is often experienced and this may have implications for the company.

By moving the risk Unibet also seems to transfer customer loyalty from themselves on to the affiliate by letting them control a part of the customer relationship. Since the end-user relationship is highly valuable, Unibet risks losing customers by not paying systematic attention to the customers' active role in value-creation and treating the customer as a resource and co-creator. Potential brand implications should be a key concern for not only Unibet, but for all companies engaging in affiliate marketing. More exposure is not necessarily better and brand exposure in a bad forum and a potential lack of brand consistency among the affiliate websites can harm the Unibet brand equity. If Unibet acknowledge the potential implications that the Affiliate

Network can have on their brand they will have a greater chance to prevent implications that can harm the value created for the company.

Another implication is the insecurity of not knowing whether the customer would have signed up at their site even if they had not been referred by an affiliate. The cost of not engaging in an Affiliate Network is potentially bigger than the cost of revenue share for life and this is what feeds the system and what keeps it alive. One of the main implications found is that even though the affiliate marketing costs can be systematically measured through extensive reports the actual value is still hard to evaluate. This is due to the uncertainty found in which Unibet do not know if their brand or products are strong enough to attract customers without the use of affiliate marketing.

Further, by evaluating the actual value that the affiliates deliver as well as reevaluate their active agreements Unibet could gain value. This is especially important with regards to new affiliate contacts and agreements. Like with all sustainable business and customer relations it is important to invest time and sometimes different actors require more time than others. It is important to keep in mind that the auto regulated system is might not be the best way to build a sustainable business. At least not initially. Therefore, the Affiliate Network characteristic of being auto-regulated also poses another implication for Unibet. It may be that a partner who is not performing equally well may need even more support and then, may develop huge potential. If the parties involved in the network focus on merely their own goals, they might lose the chance to maximise the created value. The auto-regulated approach might thereby, cost Unibet value.

## 9. References

### Books

- Anderson & Narus (1998), "Business Market Management: Understanding, Creating and Delivering Value", Prentice Hall; 1st edition.
- Bell, J., 1995. Introduktion till forskningsmetodik. 2nd edition. Translated from English to Swedish by B. Nilsson. Studentlitteratur, Lund.
- Christopher, M., Payne, A. and Ballantyne, D. (2002), "Relationship Marketing: Creating Stakeholder Value", Butterworth-Heinemann, Oxford.
- Goldschmidt, S., Junghagen, S. and Harris, U. (2003). "Strategic affiliate marketing". Cheltenham: Edward Elgar.
- Helmstetter, Greg & Metivier, Pamela (2000). "Affiliate selling: building revenue on the Web". New York: John Wiley & Sons.
- Normann, R. (2001). "Reframing Business: When the Map Changes the Landscape", Chichester: Wiley.
- Yin, R.K. (2003). Case Study Research: Design and Methods. 3rd ed. Sage Publications Inc, Thousand Oaks.

### Academic Articles

- Allee, V. (1999), "The art and practice of being a revolutionary", *Journal of Knowledge Management*, vol. 3, no. 2, pp. 121–131.
- Allee, V. (2000), "The value evolution", *Journal of Intellectual Capital*, vol. 1, pp. 17–32.
- Allee, V. (2008), "Value Network Analysis and Value Conversion of Tangible and Intangible Assets," *Journal of Intellectual Capital*, Volume 9, Issue 1, pp 5-24
- Allee, V. (2003), "The Future of Knowledge: Increasing Prosperity through Value Networks", Butterworth-Heinemann, Boston, MA.
- Amit, R. and Zott, C. (2001), "Value creation in E-business." *Strategic Management Journal*, 22: 493–520. doi: 10.1002/smj.187
- Barney, J. (1991) "Firm Resources and Sustained Competitive Advantage". *Journal of Management* March 1991 17: 99–120,
- Blackett, T. and N. Russell (1999), "Co-branding: the science of alliance." *Journal of Brand Management*, vol. 7, no. 3, pp. 161-170.

- Bowman, C. and Ambrosini, V. (2000), "Value creation versus value capture: towards a coherent definition of value in strategy", *British Journal of Management*, Vol. 11, pp. 1–15.
- Bryman & Bell. (2007). "Business Research Methods", Oxford University Press, 3rd Edition
- Chatterjee, P. (2002). "Interfirm alliances in online retailing" *Journal of Business Research* Vol 57, pp. 714-723. Department of Marketing, Rutgers University, Newark, NJ 07102-1897, USA
- Collis, D. and Montgomery, C. A. (1995), "*Competing on Resources*: Strategy in the 1990s," *Harvard Business Review*, 73 (July-August), pp.118-128
- Duffy, D. L. (2005) "Affiliate marketing and its impact on e-commerce", *Journal of Consumer Marketing*, Vol. 22 Iss: 3, pp.161 - 163
- Figg, M-L. (2005) "Affiliate programmes – the business opportunity of a lifetime", *International Journal of Retail & Distribution Management*, Vol. 33 Iss: 12.
- Fjeldstad, Øystein D. and Stabell, Charles B. (1998) "Configuring Value for Competitive Advantage: On Chains, Shops, and Networks" *Strategic Management Journal*, Vol. 19 1998, pp. 413-437.
- Gallaughier, J.M., Auger, P., Barnir, A. (2001). "Revenue Streams and Digital Content Providers: An Empirical Investigation." *Information & Management*, vol. 38, no. 7, p. 473–485.
- Gummesson, E. (2007). "Exit services marketing - enter service marketing". *Journal of Customer Behaviour*, Volume 6, Number 2, July 2007, pp. 113–141(29)
- Gummesson, E. (2009), *Marketing as Networks: The Birth of Many-to-Many Marketing*, (forthcoming).
- Holme, I. M. & Solvang, B. K. (1997). "Forskningsmetodik: Om kvalitativa och kvantitativa metoder". Lund, Studentlitteratur.
- Kvale, S. and S. Brinkman, "Interviews: Learning the Craft of Qualitative Research Interviewing". 2009, Thousand Oaks, CA: Sage Publications.
- Mariussen, A., Daniele, R. and Bowie, D. (2010) "Unintended consequences in the evolution of affiliate marketing networks: a complexity approach", *The Service Industries Journal*, Vol. 30, Iss. 10
- Miles, M.B. & Huberman, A.M., (1994). "Qualitative Data Analysis: An Expanded Sourcebook". S. Publications, ed., Sage. Available at: <http://www.loc.gov/catdir/enhancements/fy0655/93041204-d.html>.
- Nenonen, S., Storbacka, K. (2010) "Business model design: conceptualizing networked value co-creation", *International Journal of Quality and Service Sciences*, Vol. 2 Iss: 1, pp.43 – 59.
- Normann, R. and Ramírez, R. From Value Chain to Value Constellation: Designing Interactive Strategy, *Harvard Business Review*, 71, July/August, 1993, pp. 65-77.



Novak, Thomas P., Donna L. Hoffman, and Yiu-Fai Yung (2000), "Measuring the Customer Experience in Online Environments: A Structural Modeling Approach," *Marketing Science*, 19 (1), 22–42.

Payne, A., Storbacka, K. and Frow, P. (2008), "Managing the co-creation of value", *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 83–96.

Prahalad, C.K. and Ramaswamy, V. (2004), "Co-opting customer competence", *Harvard Business Review*, Vol. 78, January, pp. 79–90.

Prahalad, C.K.; Ramaswamy, V. (2000), "Co-opting Customer Competence", *Harvard Business Review*, Vol. 78 Issue 1, p79, 9p, 2 charts.

Porter, M. (1985), *Competitive Advantage: Creating and Sustaining Superior Performance*, Free Press, New York, NY.

Ravald, A., Grönroos, C. (1996) "The value concept and relationship marketing", *European Journal of Marketing*, Vol. 30 Iss: 2, pp.19 – 30.

Ryan G-W., and Bernard H-R. (2003) *Techniques To Identify Themes*, *Field Methods*, Vol. 15, No. 1, 85–109, Sage Publications.

Uлага, W. and S. Chacour (2001), "Measuring Customer-Perceived Value in Business Markets: A Prerequisite for Marketing Strategy Development and Implementation", *Industrial Marketing Management*, forthcoming.

Uggla, H. (2006) "The corporate brand association base: A conceptual model for the creation of inclusive brand architecture", *European Journal of Marketing*, Vol. 40 Iss: 7/8, pp.785 – 802.

Vargo, S.L. and Lusch, R.F. (2006), "Service-dominant logic: as a foundation for a general theory", In R. F. Lusch, & S. L. Vargo (Eds.), *The service-dominant logic of marketing: Dialog, debate, and directions* (pp. 406–420). Armonk, NY: ME Sharpe.

Wikner, S. S. (2007). *On customer value – A Study of the IT Supplier Atea and Three of its Customers*. Linköping: Linköping University.

## Online Sources

<http://www.unibetgroupplc.com/corporate/templates/InformationPage.aspx?id=148>

<http://www.unibetgroupplc.com>

<http://www.casinobonusar.com/>

<http://www.casinospelguiden.com/>

## Appendix. Interview guide

Could you start by describing how the affiliate program is organised? (for company representatives only)

How often do you gamble online (for customers only)?

A. How often do you visit referral websites (affiliates) for attractive offers?

What roles do the different actors (affiliate program/marketer, affiliate and customer) perform in the Affiliate Network?

How would you characterise your role in the network?

What constitutes value for your role in the network?

What are the value-creating activities that a company should engage in, in order to be successful?

a. Which of them is the most important?

b. In which of them is your company the strongest? (Only for company representatives)

What do you think the marketer/affiliate/customers perceive as value?

Looking closer at the value within the Affiliate Network,

a. What part does goods/services/revenue play in the creation of value?

b. What part do knowledge/information/relationships play in the creation of value?

c. Could you describe in as much detail as possible, the transactions of the mentioned values taking place?

What are your reasons for joining/using/working with affiliate marketing?

How do you choose your partners/gaming sites?

Do you find the network valuable?

a. If so, in what way?