
Affiliate Marketing

The Online Middleman

Basics of Affiliate Marketing

- **Affiliate Marketing** is an Internet-based marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts. [Wikipedia]
- Using one website to drive traffic to another— a form of online marketing
Affiliate marketing: you refer visitors from your website to a merchant's website. A percentage of gross revenue for each click/conversion goes to you (the affiliate).
- Tracking cookies employed (piece of code attached to a file). Stays embedded until the visitor deletes cookies.
- Commissions earned from another's actions (cookies track traffic sources)
- You don't have to stock/fill product orders, handle customer service issues, or do anything else. You're the middleman who facilitates the transaction
- Ad Network wants high-volume, high-quality traffic from you.

Benefits

- **Flexibility** Conduct business on your time 24-7-365
 - Any time of day: morning, day, night
 - As much or as little time
- **Money** Unlimited earning potential and residual income opportunities
- **Start-Up Costs** Low
- **Overhead** Low
- **Employees** Few to none; outsourcing is an option
- **No Inventory**
- **No Customer Service**
- **Unlimited products and services** to promote
- **Market globally**

Fact vs. Fiction

Fact

- Easier and cheaper than starting a traditional brick & mortar business
- As with any business, it takes time.
 - develop a good website (usability)
 - good content (SEO)
 - build traffic (promotions)
 - build reputation (credibility)
- Great potential for success

Fiction

- It's easy
- Get \$\$Rich\$\$ quick
- Too much competition

Ad Network/Merchant Point of View: Affiliate Requirements

- **High-volume, high-quality traffic**
- **A good partner = high conversions**
- **Ads served fit your website's content and demographics; the better the match, the better the conversion rate**

Ad Network/Merchant Policies

- **Screen affiliates**

- Affiliate's website – professional image
 - Properly functioning websites, customer reviews/ratings
- Legal violations
- Deceptive practices, false advertising, email CAN SPAM, intellectual, privacy laws
- Ethical day-to-day business practices

- **Protect trademark**

- Brand image
- Reputation

Merchant Policies continued

- **Marketing material provided**

- Product descriptions
- Purchased keywords, metatags, domain names
- Logo – how can it be used, specific parameters

- **Marketing message**

- Consistent communication across all channels and affiliates
- Viral marketing – acceptable/unacceptable practices
- Limit SEM to maintain image

- **Enforcement**

- Protect merchant, brand, image and bottom line
- Violations can lead to terminating the offending affiliate

Marketing Material Examples and Sample agreement

- **Continental logo**

- <http://www.continental.com/web/en-US/content/company/advertising/logos.aspx>

- **Seiko product description**

- <http://scubasoul.com/scuba-shop/diving-watches/popular-seiko-dive-watch-range/>

- **Agreements**

- http://www.qtmsoft.com/affiliate_program_agreement.html

Sample Web Sites with Affiliate Programs

- <http://www.justmakemoneyonline.com/2009/05/28/4-ways-to-make-money-on-multiply/>
 - <http://www.powercopywriting.ws/salescopy/>
 - <http://www.free-ebay-kit.info/?cc=mmebimg120>
- <http://www.jeffaltman.com/>
 - <http://astore.amazon.com/jobhunting-20>
- <http://cookingwithamy.blogspot.com/>
<http://www.amazon.com/dp/084873257X?tag=cookingwitham-20&camp=14573&creative=327641&linkCode=as1&creativeASIN=084873257X&adid=03DDP7Z1XV52XEYMKVFE&>

Affiliate Point of View:

Demonstrate Your Value

- **Inquire about revenue share before signing up with a partner**
- **Shop around with competing firms**
- **If you can demonstrate a significant volume of quality traffic, ask for higher revenue share upfront**
- **Have your data available – web analytics**
 - What is your conversion rate for other goals on your website?
 - Helps negotiate better rates
 - Ie: 2,000 unique visits/week; time on site 3:30; page views/visit 3
 - Show navigation, goals, conversions, referring traffic, etc

Preparation

- **Gather information**
- **Talk to peers**
 - Share advertising successes and failures
 - Find out what works; don't re-invent the wheel
 - Learn about traffic analytics
 - CTR
 - Revenue sharing figures
- **Talk to account manager(s)**
 - Negotiate the best rate
 - Be forewarned: the highest bidder may not always be the best partner

Sealing the Deal

- **Form a good, solid business relationship**
- **Before signing a contract, seek legal advice if necessary**
- **Avoid signing long-term, exclusive contracts UNLESS the ad provider is dedicating significant resources to your site OR you're receiving a significant revenue share.**
- **Get to know your account manager**
- **Settle disputes immediately**

Choosing an Ad Provider/Merchant

- **Revenue share**
- **Customer service**
- **Reliability**
- **Ethical**
- **Product features**
- **Marketing material (logo, copy, keywords, domains)**
- **Assistance with your site (content, keyword assistance, template)**
- ******Find a company that you can work with and that will offer you a competitive rate**

3 ways an affiliate earns money

- **Visitor buys something (pay per sale)**
- **Visitor completes a lead (pay per lead)**
- **Visitor downloads, installs, uses service (pay per action)**

[Visitor clicks on a link and visits the merchant's website (pay per click) – not to be confused with Google AdWords, Yahoo adwords]

Pay Per Sale

- **Most Common**
- **You refer visitors to a merchant**
- **You earn a commission or a flat dollar rate when the visitor buys products/services** (usually a percentage of sales: Home Depot®, REI®, Dell® Computers, and most big e-tailers. Services usually pay their affiliates a flat dollar rate: dating services)

Pay Per Lead

- **Compensated when visitor completes an online lead form. Ie: merchants in the insurance, mortgage, and service businesses.**
- **Merchants will only pay affiliates for qualified and legitimate leads. Ie: missing info on the form is unqualified.**
- **Conversion rates on PPL tend to be higher than pay per sale programs.**

Pay Per Action

- **Affiliates get paid when their visitors download, install, or use some product/ service.**
 - le: software or web service companies want you to try their offering

Pay Per Click for Affiliates

- **Not to be confused with Google AdWords, AdBrite, Yahoo Search Marketing**
- **Almost non-existent due to fraud**
- **Affiliates defrauded merchants by clicking on their own affiliate links, or by creating click-bots**

Finding Profitable Affiliates

- **Select good merchants.**
- **Affiliates must pre-sell a merchant's product.**
- **Merchants have to close the deal**
- **Promote high converting products that fit in with your demographic group**
- **Know your target audience**
 - Likes, dislikes, beliefs, general demographics (age, zip, gender, income, race, education, etc)
- **Promote products that interest you!**
 - Hobbies, interests, work related, etc...

Take Action

- **What will you promote?**
 - What are your hobbies?
 - What is your passion?
 - What product are you always raving about?
- **Do you belong to any clubs, professional organizations, community associations?**
 - Do these require special products/services?
 - Do you have the expertise?
- **Can you recommend products/services to others – home, personal, work related?**
- **Have you searched for something and came up short?**

Research the Market

- **What is the demand?**
- **What is the competition (high, low, average)?**
- **How do you compare?**
- **Research**
 - Secondary research – published material
 - Magazines, trade journals, internet search
 - Primary research – gather information specifically for this this purpose.
More \$\$ and time
 - Conduct surveys, observe, talk to people, etc...

5 Tips for Identifying Hot Products

1. Subscribe to Magazines/e-letters of your product/niche
2. Read industry blogs
Use a Blog/RSS reader like BlogLines
(<http://www.bloglines.com>) or Google Reader <http://reader.google.com> to subscribe to the top blogs in your niche. Ie: For tech gadgets, read Engadget <http://www.engadget.com> or Gizmodo <http://www.gizmodo.com/> the gadget blog for tech gadgets
3. Become a customer
4. Use Google News Alerts <http://www.google.com/alerts> - receive messages anytime there is news about your keywords.
5. Participate in investor calls. Get a schedule of investor calls for your publicly-traded merchants from Yahoo Finance <http://finance.yahoo.com> <http://biz.yahoo.com/cc/>

Keyword Tools

- **Google's new Wonder Wheel**

- <http://www.googlewonderwheel.com/>
- Simplifies and arranges search results

- **VisWiki**

- <http://www.viswiki.com/en/>
- The visual wikipedia

Measure the Demand

- **Use the Google Keywords Tool**
<https://adwords.google.com/select/KeywordToolExternal>
 - **Keywords and related terms**
 - **Local monthly search volume**
 - **Global monthly search volume**
- **Measure popularity of keywords**
- **Measure popularity of exact term**

Check the Competition

- **Check out the competition in Paid Search (33%) AND Organic Listings (66%)**
- **What keywords are most competitive (use quotes around keywords)**
- **Which are less competitive**
- **Which have the highest bid prices**
- **Which competitors show up consistently in your keyword searches (view source code)**
- **To view only sponsored links, <http://www.google.com/sponsoredlinks>**

Competitive Analysis

- **What is your competitive advantage**

- ❑ Next day shipping
- ❑ Free shipping
- ❑ The best “xyz”
- ❑ Shop online and save money

- **Market Research**

- **If this is skipped, what happens:**

- ❑ Invest too much time and \$\$
- ❑ Keywords are too \$\$ and competitive
- ❑ You'll never be successful

Identifying Merchants with Good Affiliate Programs

After researching your category, start finding potential merchants to promote.

1. Join an affiliate network

le: Commission Junction and LinkShare
Convenience!

2. Search online for affiliate programs

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

3. Go directly to a merchant's website

Home Depot, Lowes, REI

Affiliate Networks offer Convenience

- **Affiliate Network: a third party that handles all the transactions between affiliates and merchants.**
- **Provide detailed reporting, and handle payments between merchants and affiliates.**
- **A trusted third party tracks all of the transactions.**
- **You get one consolidated payment**
- **Consolidated reporting allows you to run numbers on all of your merchants in one place.**
- **A single place to find and review merchants offers.**

Affiliate Networks to Consider

- **Azoogles Ads** (www.azoogleads.com) – Some of the top pay per lead offers in the industry Azoogles
- **Share a Sale** (www.shareasale.com) - The favorite network of many affiliates. Provide all of the functionality and reliability of the big networks. The only drawback is that they don't have a lot of big name merchants.
 - “Ethics and Morals cannot be bought.”
- **ClickBank** (www.clickbank.com) - If you are into promoting "info products", or software, ClickBank has thousands of merchants. 10+ yrs
- **OneNetworkDirect** (www.onenetworkdirect.com) – For promoting software products, information security.

Affiliate Programs

- **Search "{Merchant} Affiliate Program", or "{Category} Affiliate Programs".**
- **Opens your eyes to opportunities**
- **to find merchants who run in-house or self-managed affiliate programs.**

Go to Merchant's Website

- **Merchants with an affiliate program place a link in the footer of their website. Look for a link titled "Affiliates" or "Partners".**
 - REI
 - <http://www.rei.com/affiliates/index.html>
 - Walmart, Gap, airlines, etc...
- **Look at their sitemap.**
- ******Call the merchant.******
- **Chase's affiliate program is by invitation only**

Screening a Potential Merchant

- **Put yourself in the shoes of the customer**

- ❑ Are they a reputable company?
- ❑ Do they have competitive pricing?
- ❑ Do they have a good selection?
- ❑ What is their return policy?
- ❑ Is their website easy to use and find?
- ❑ Is their website secure?
- ❑ What's their competitive advantage?

Screening a Potential Merchant

- **Test the product or service yourself**
- **What is their payment method – do they accept credit, is it a secured URL (https://..., what are the return and cancellation policies**
- **Sales and reporting considerations – is the reporting in real time, daily, weekly, monthly**
- **Reporting statistics: how many clicks, time and day of purchase, what was purchased, what's my commission**

Screening a Potential Merchant

- **Review customer feedback**
- **What sort of marketing material do they offer:
websites, electronic product catalogs, links to custom landing pages,
keyword lists**

Toolkit: Keyword and Market Demand Resources

- **Google AdWords: Keyword Tool** - adwords.google.com
- **WordTracker** - www.wordtracker.com (free trial)
- **KeywordDiscovery** – www.keyworddiscovery.com
- **NicheBot** – www.nichebot.com
- **Affiliate Networks:**
- **Commission Junction** - www.cj.com
- **Linkshare** - www.linkshare.com
- **Azoogles Ads** – www.azoogleads.com
- **Shareasale.com** - www.shareasale.com
- **ClickBank** - www.clickbank.com
- **One Network (Digital River)** - onenetwork.digitalriver.com
- **PartnerWeekly** - www.partnerweekly.com
- **LinkConnector** - www.linkconnector.com
- **DirectLeads** - www.directleads.com
- **ClixGalore** - www.clixgalore.com
- **MaxBounty** - www.maxbounty.com
- **DarkBlue** - www.darkblue.com

Resources:

Affiliate Forums and Blogs

- **Social network for affiliates.**
 - ❑ 5 Star Affiliate Marketing Forums - 5staraffiliateprograms.com
 - ❑ Associate Programs - www.associateprograms.com
 - ❑ Revenews - www.revenews.com
 - ❑ Affiliate Tip - www.affiliatetip.com