

GA3 - Marketing on the Web

WHAT IS AFFILIATE MARKETING?

1. Affiliate marketing is a form of marketing where a firm pays a commission to other Web sites (including blogs) for sending customers to their Web site. Affiliate marketing generally involves pay-for-performance: the affiliate or affiliate network gets paid only if users click on a link or purchase a product. In 2012, companies spent about \$2.5 billion on affiliate marketing (Forrester Research, 2012b). Industry experts estimate that around 10% of all retail online sales are generated through affiliate programs (as compared to search engine ads, which account for more than 30% of online sales).
2. It is an advertising model where a company pays compensation to third party publishers to generate traffic or leads to the company's products and services. The third party publishers are referred to as affiliates and the commission fee incentivizes them to find ways to promote the company. Amazon popularized the practice by creating an affiliate marketing program where websites and bloggers put links to the Amazon page for a product being reviewed or discussed in order to receive advertising fees when a purchase is made. An affiliate could be the owner of multiple websites or email marketing lists; therefore, the more websites or email lists that an affiliate has, the wider his network. A visitor who clicks on one of these links or ads on the affiliate's site will be redirected to the ecommerce site. If s/he ends up purchasing the product or service, then the e-commerce merchant credits the affiliate's account with the agreed commission, which could be 5% to 10% of the sale price of the product. The goal of using an affiliate marketer is to increase sales – a win-win solution for the merchant and the affiliate.

HOW DOES IT WORK?

Visitors to an affiliate Web site typically click on ads and are taken to the advertiser's Web site. In return, the advertiser pays the affiliate a fee, either on a per-click basis or as a percentage of whatever the customer spends on the advertiser's site.

DIFFERENT TYPES AND KINDS

1. Unattached Affiliate Marketing

These are your basic pay-per-click affiliate marketing campaigns where you have no presence and no authority in the niche of the product you're promoting. There's no connection between you and the end consumer, and all you're doing is putting an affiliate link in front of someone via Google Adwords, Facebook ads, etc. in the hopes that they'll click on your link, buy the product, and earn a commission.

- a. **Pay Per Click (PPC)** – The most popular type of affiliate marketing for affiliates with little websites, and most likely the most convenient way for them to earn money. In this affiliate marketing type, the merchant pays his affiliate whenever a visitor is referred to his site; that is whenever someone clicks through the merchant's banner or text advertisements. The affiliate makes money a particular quantity even if the visitor he referred does not purchase anything from the merchant's website. Common fees for PPC affiliate programs are small, generally not exceeding a dollar for every click.
- b. **Pay Per Performance (PPP)** - PPP affiliate marketing is the most popular amongst merchant and is also the most financially rewarding type for the affiliates.

In this type of affiliate program, the merchant only pays the affiliate whenever his referral equates into an action-- that is whenever the visitor he has referred in fact purchases something from the merchant's site or when the visitor ends up being a lead.

2. Related Affiliate Marketing

Another form of affiliate marketing is what I like to call related affiliate marketing. This is where you have some sort of presence online, whether it's through a blog, a podcast, videos, or whatever—and you have affiliate links to products related to your niche, but they're for products you don't actually use.

3. Involved Affiliate Marketing

Involved affiliate marketing is where you've used a product or service, truly believe in it, and personally recommend it to your audience. Not in a banner ad or somewhere that says "recommended resources," but within your content, as part of your life and strategy for whatever it is you're talking about. The product almost becomes something people "have to have," because it's part of the process.

EXAMPLE

AMAZON ASSOCIATES

Amazon Associates is one of the first online affiliate marketing programs and was launched in 1996. The Amazon Associates program has a more than 12 year track record of developing solutions to help website owners, Web developers, and Amazon sellers make money by advertising millions of new and used products from Amazon.com and its subsidiaries, such as Endless.com and SmallParts.com. When website owners and bloggers who are Associates create links and customers click through those links and buy products from Amazon, they earn referral fees. It's free to join and easy to use.

Provide customers the convenience of referring them to a trusted site where they can immediately purchase the products you advertise on your site. And when they do, you can earn up to 10% in referral fees.

What is the Amazon Associates program all about?

You can earn up to 10% referral fees if you provide customers the confidence of purchasing product via a referral link to a trusted site of yours and when they make the purchase, you get your commission.

Another cool side is that you get up to 15% referral fee if you are promoting certain products like gadgets. What you need to do basically is to write a review on the gadget and provide an Amazon affiliate marketing link. Anyone who clicks on this link and purchases the item would automatically earn you your commission.

Fee Schedule

Until 2017, Amazon offered a stepped commission structure so that affiliates who sold a lot of products were paid a higher commission than those who sold little. However, Amazon eliminated this structure and began using flat commission rates for different types of products. While this is likely to continue evolving, examples of the commission structure in 2018 are as follow:

- 1.0% for video games and game consoles
- 2.0% for televisions and digital download games
- 2.5% for computers, computer components, DVD and Blu-Ray
- 3.0% for toys
- Amazon tablets and Kindle devices: 4.00%
- 4.5% for paper books, healthcare, personal care, sports, kitchen, car and baby products: 4.50%
- 5.0% for digital music and video downloads; grocery items, handmade items or musical instruments
- 6.0% for headphones, beauty products, musical instruments, business and industrial supplies
- 7.0% for clothes and accessories, Amazon TVs, Amazon Echo products and jewelry
- 8.0% for furniture, lawn and garden, home improvement, pantry and pet products
- 10.0% for Amazon fashion items and Amazon Coins

Category	Rate
Amazon Gift Cards, Wine	0.00%
Video Games & Video Game Consoles	1.00%
Televisions	2.00%
PC, PC Components, DVD & Blu-Ray	2.50%
Toys	3.00%
Amazon Kindle Devices, Amazon Fire Tablet Devices	4.00%
Physical Books, Health & Personal Care, Sports, Kitchen, Automotive, Baby Products	4.50%
Digital Music, Grocery, Physical Music, Handmade, Digital Videos	5.00%
Outdoors, Tools	5.50%
Headphones, Beauty, Musical Instruments, Business & Industrial Supplies	6.00%
Amazon Echo Devices, Amazon Fire TV Devices	7.00%
Apparel, Jewelry, Luggage, Shoes, Handbags & Accessories, Watches	7.00%
Furniture, Home, Home Improvement, Lawn & Garden, Pets Products, Pantry	8.00%
Digital Video Games, Luxury Beauty, Amazon Coins	10.00%
All Other Categories	4.00%

TOP 10 AFFILIATE NETWORKS FOR 2018

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| 1. Terraleads | 8. Affiliate Partners Ltd. |
| 2. ClickBank | 9. Commission Factory |
| 3. Rakuten | 10. Avangate |
| 4. CJ Affiliate by Conversant | |
| 5. Amazon Associates | |
| 6. ShareASale | |
| 7. eBay | |

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