

## Should you consider Affiliate Marketing?

According to [E-consultancy's Affiliate Marketing Survey 2008](#), 46 per cent of retailers in the UK believe that affiliate marketing is a "very cost-effective" way for them to promote their products.

While the figure represented a two per cent increase on last year, it was also found that the amount spent on the channel has fallen by four per cent. Linus Gregoriadis, head of research for E-consultancy, said: "The good news for affiliate marketing is that merchants continue to regard it as a cost effective channel for driving customer acquisition."



So, what is affiliate marketing and can it work for you?

Affiliate marketing is a pay by results programme and has two or three players involved.

- **Merchant** – this is the “retailer” (whether in fashion or financial services, telecoms or travel and many more).

- **Affiliate** – this is the person or company who promotes the merchants goods or services online.
- **Network** – networks are the middle men who have developed sophisticated tracking and reporting software that allows merchants and affiliates to work together without either having to develop their own programmes, though there are, of course both open source and commercial programmes available if a merchant wants to run an affiliate programme directly.

The results used for [affiliate marketing](#) vary payment could be made on the number of clicks, registrations, leads or sales. It may even be paid on combinations of these or the lifetime value of a customer. It might be a one time payment or a recurring commission and it may even be single tier or multi tier (where affiliates have sub affiliates).

The Internet Advertising Bureau defines six types of affiliate:

- **Niche content and personal interest websites** that cater to a certain niche in the marketplace such as sites offering freebies, information on certain hobbies or topics, games and bingo websites, and retail and travel-related sites.
- **Loyalty and reward websites** which build a loyal user base by marketing merchants to their users and then sharing their profits with them.

- **Pay per click (PPC) search affiliates** that bid on words and phrases in search engines to help drive traffic to a merchant's website.
- **Email marketers** who send stand-alone email campaigns to their users.
- **Co-registration affiliates** who allow users to opt in to receive offers from third-party merchants whilst registering on a website, but only with the user's full approval.
- **Affiliate networks** making merchant offers to their own networks of affiliates while also providing account management and providing email marketing, co-registration, PPC and classic affiliate banners and skyscrapers to be run on their affiliate's websites.

For a merchant, the crucial factors in [affiliate marketing](#) are:

- **Objectives** – like everything in business a plan that states the objectives, strategies, tactics, commissions, targets and measurement is needed.
- **Recruitment** - each affiliate that applies must be approved either by the network or the merchant so that only committed affiliates are recruited. They are, after all, your ambassadors.
- **Communication** - affiliates must be involved and sales performance reporting, prompt payment and knowledge offers, discounts etc. etc. need to be communicated so they can use them effectively in their own businesses.
- **Collateral** – affiliates need marketing support and if your competitors are offering affiliates better adverts or offers then guess what?
- **Tracking** – affiliates need to be sure that they are being paid for all the clicks, registrations, leads or sales they generate
- **Terms and conditions** – merchants must have a set of terms and conditions that affiliates must adhere to control their brand image and stop things like racist or adult content being associated with them.



For an affiliate probably the most crucial factors are to find a niche market that has:

- in-demand, high ticket products that are actually selling
- has a high income potential
- a long term, no-overwrite cookie policy to make sure of proper credit for all sales



- low cost set-up with no joining fees or order processing or customer service issues
- a merchant who has a good support programme and account managers
- a merchant who pays on time
- allows them to 'make money while they sleep'

Like all marketing programmes, [affiliate marketing](#) is no panacea and requires dedication and hard work from all the parties, but there is plenty of research to show that when it is done properly it has very good ROI for all parties involved.