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Affiliate programs (also called Referral Programs or Partnership Programs) are essentially commission-based sales schemes. You recommend a site to your users and pick up a percentage of any sales those users generate. You benefit from the commission and the site benefits from sales it wouldn't otherwise have made. If you've ever gone to a website and seen links to Amazon, those were affiliate links.

You can run an affiliate program from a site you've already set up, or create a site specially to promote a product or service. As long as it brings in more cash than you spend on building it and buying traffic, you're laughing.

Affiliate ads work two ways: you can join them to make money, or you can run one to attract users.

Joining An Affiliate Program

As with any marketing venture, you need to be careful in the selection of an affiliate program. The benefit of an affiliate program is that it gives you another way to make money from your users. Instead of selling them a product yourself, you send them to a partner and take a cut.

On the downside though, your affiliate ads will take the place of a different ad that you could have put in that same spot. You have to make sure that each advertising position on your site is bringing in the maximum revenue possible. If you're not getting the most from your site, you're tossing money away.

The key to success is to choose the right program, right from the beginning.

Now, a lot of commercial sites run affiliate programs. That's because they know that they only have to pay a commission if a sale is actually made; it's a proven way to generate revenue without risk. What that means for you is that when it comes to choosing an affiliate program, you're going to have a huge range to choose from. What it all boils down to though is product and price.

While it might be tempting to go for the program that pays the highest commissions, the program won't pay you a penny if your users won't go there or won't buy once they get there. You have to be certain that the service you're promoting is of genuine interest to the kind of users you buy, whether you're buying them from search engines or anywhere else.

Sure, you can work backwards: You find a high-paying affiliate program and create a small site to send users to it, but do you know where to buy users for a program like that? You're going to have to research the field, check out the most popular sites, and negotiate banner campaigns and link exchanges.

That's fine if you want to invest the time and the effort. But it's much easier to find an affiliate program operating in a field you're familiar with, and use that program to earn extra cash.

For example, suppose you had set up a dating site. You might make bit of money selling subscriptions, but you might make even more by joining Match.com's affiliate program and selling them your users. Unless you're planning to be the Internet's biggest dating site, you're not going to be able to compete directly and beat them, but you can join them—and earn money.

Or rather than sell your users directly to a 'competitor', you can look for services that complement your own. Visitors to your dating site, for example, might be interested in buying flowers, books on relationships or tickets on singles cruises. Instead of selling just one product—membership subscriptions—you'd be selling a whole range of different goods to the same people, and increasing the sources of your income.

Here are some tips to selecting an affiliate program that is lucrative and right for you:

- **Don't accept less than 25% commission.** You can find affiliate programs with great payment structures and high percentages of the purchase price in just about every field.
- **Look for comprehensive statistics pages** that list the number of click-throughs, sales and earnings so you can see how you're doing. The information should be broken down by month.
- **Look for programs that offer a wide variety of promotional tools** to put on your Web page, including text links, banners and graphics.
- **Find out how often you will be paid** and make sure that the payment schedule meets your expectations. Some programs pay monthly, others quarterly; which is best for you?
- **Look for examples of marketing methods** that successful affiliates are using to get the best results.
- **Make sure that top level support is given.** If they can't answer your questions promptly and intelligently, you don't want to work with them.

Setting up Your Own Affiliate Program

Joining an affiliate program is a neat way to make money from your users. But just as you can join someone else's affiliate program, so you can set up your own program and invite webmasters to sign up.

What would that bring you? The same as you're bringing your affiliate partners: deals. Every time someone sends you a user who gives you money, you give a portion of that money to your affiliate. It's an easy way to generate traffic and earn cash.

And you don't need to be a programming genius to set up an affiliate program. There are a whole bunch of companies out there that offer entire affiliate kits right off the shelf.

[Ultimate Affiliate Manager](#) lets you run a fully featured affiliate program from your website. It integrates with virtually every payment method, awards down-line commissions, and can handle high-traffic websites. You can edit the sign-up form to match the "look and feel" of your site as well as delete some of the optional fields. The administration area allows you to edit affiliates and commissions, create printable reports of money due, export the data to a text file, view the traffic through your affiliate program, and much more. Your affiliates can log in at any time and see their traffic and commission statistics as well as change their information and get links and banner code.

Once the program is set up you'll only need to log in once a month to print out a list of the affiliates, their addresses, and the money owed. You can do this quarterly if you wish. You can export the payments owed to a text file in PayPal's "mass pay" format and then just upload it to your PayPal account to pay everyone automatically. Or, you can simply write your own checks. If you have to pay a lot of commissions, there is a check printing service called qchex.com. Upload the file and they'll print and mail your checks for a fee of about 80 cents each.

Alternatively, [Locked Area Pro](#) is an advanced member's area management system offering very good security that's easy to maintain. The system provides a huge list of useful features including automated sign-up, user account validation, optional random password generation and an administration approve/decline account feature. It also comes with an extremely powerful control panel with an online administration of users, backup, and full customization facilities from the browser. A statistics system is also built in. What more could you want?

And once again, this is where a service like [1ShoppingCart.com](#) really shines. They offer an affiliate module with their services that will help you set-up, track and maintain your affiliate program.

Staying Organized

There are many affiliate networks that provide multiple affiliate programs and merchants. Keeping a track of all affiliate programs in a single network is easy. You would generally be given one username and password as well as a single interface that controls all the programs. However, if you have many of your own affiliate programs or you promote several stand-alone affiliate programs from your website, the task of staying organized becomes a bit more complex.

There are many software programs available on the Internet that organize and keep track of all data associated with affiliate programs. Some of these are My Affiliate Program 2000 and Affiliate Assistant 1.0. These programs maintain databases pertaining to information about all your affiliate programs. A typical database would consist of the following fields:

- Program Name
- Date joined or created
- Contact Name
- URL
- Email Address
- ID
- Password
- 1st Tier Percent
- 1st Tier Sale
- 2nd Tier Percent
- 2nd Tier Sale
- Total Income
- Additional comments

Once the program information has been entered, you can add information about individual sales made and checks received. The program then keeps track of sales to date, amount collected and receivables. Besides, some of the advanced software programs also provide analysis and comparison tools for all affiliate programs. If you take the time to input collected data about clicks, sales, and page views, impressions, emails sent etc. from your various campaigns and enter all of it into the program, it will show you:

- Click to Sale Ratios
- Impression to Sale Ratios
- Amount Earned Per Impression
- Amount Earned Per Click

Apart from these are a few other tips that might help you manage your affiliate programs.

- Always ensure that your website is up and running. On a Daily basis type your URL into your browser's address bar, refresh the page and find out. The danger in not knowing that your site is down comes when you are running a pay per click advertising campaign. The click costs add up whether your site is functional or not. If your site is down, you are paying for advertising, but no one is buying.
- Check your statistics daily, maybe even twice a day. This will give you a better idea of your income trends and also highlight affiliate programs that bring your business. Visit the statistics interface for each network and individual affiliate partner and input your total revenues into any accounting software. Using such software frequently will also keep you informed as to whether certain checks have become overdue.
- Be prompt in answering any queries from affiliate partners or customers, especially when these are about your products or services. This probably means that the customer trusts your site and is thinking of buying your product.
- One of the main aspects of any affiliate program is residual income. You've got to make the most of each and every customer you receive. The best way to do this is by promoting affiliate programs that offer residual commission.
- This allows you to repeatedly get paid for work you do once. For example, if a visitor arrives at your site and purchases auto responder services, newsletter subscriptions, ISP/hosting services, you will collect a portion of the monthly fees for as long as they remain a paying customer. Membership sites are a good way to collect residual commissions and are steadily growing in popularity. There are many affiliate programs that offer residual commission.
- A well placed recommendation placed at the end of an outgoing email can bring in extra sales. Target your audience, what are their specific needs? If you can offer them a product they need/want, often times the end result will be a sale.

- Finally, track all your affiliate links. The best way to accomplish this is by setting up tracking software for your affiliate links. There are a number of scripts that will do the job. Most tracking programs typically allow you to setup tracking links for any product you promote, telling you how many hits each product has received, and where the hits are coming from. A more detailed view of tracking and analysis is given in the section below.
- It is not enough to have a few banners and classified ads. You must provide as much help as possible for your associates if you want them to be successful. You should have tested and proven endorsements, testimonials, sig files, ezine ads, and other unique tools and techniques. You must also make yourself available, either through email or the phone, to help your affiliates implement these tools and to answer any questions they may have.
- Whether you run your own or participate in an affiliate program, you must be able to determine what methods work best in a particular medium. For instance, which ezine ads work best and in what ezine; which banner ads produce the greatest clickthroughs and from which sites or banner exchanges; and where on your website is the most effective spot to include a testimonial.
- Some affiliate programs, have implemented unique payment procedures to get affiliates their commission checks on a timely basis. Some of these procedures include: online electronic payment services, direct bank deposits and checks by fax. If you can solidify your payment procedures from the start, you will save yourself an administrative headache and more importantly, keep your affiliates happy and working to promote your program.

Evaluating your website's performance

Website statistics and affiliate sales figures are essential for evaluating the effectiveness of your affiliate programs. Before you start recording and analyzing data, it's worthwhile to know what statistics you're trying to calculate - and why. Following are some of the key questions that need to be answered periodically to ensure the success of affiliate programs.

- What percentage of the website visitors become customers through affiliate programs?
- What percentages of sales are new or renewals?
- What is the average revenue per visitor?
- What is the average revenue per sale?

The most important figure you need to keep track of is the visitor to customer conversion. It tells you exactly how well you convince your visitors to buy your affiliate products. Average conversion ratios for affiliate programs range between .5 and 1.5 percent. Anything above 1.5% is really good. This figure, however, indicates the total conversion for all the affiliate programs. If you promote more than one affiliate program you need to also calculate the conversion rate for each of the programs.

Knowing how conversion rates compare between programs is useful when deciding how to direct your promotional efforts. For example, if you discover that Program 'A' converts at 1% and Program 'B' converts at 2%, it might be time to spend more time and effort to promote Program 'A'. Most tracking software would give you detailed information about each of the affiliate programs promoted on your website.

All affiliate programs that have a low conversion rate should be dropped. While this may seem like a lot of work to go through to track your site's performance, it really is a worthwhile endeavor. Once your tracking mechanism is set, and you've done the inputs a few times, you'll be surprised

at how simple it becomes. In fact, you may find that eventually you look forward to 'adding things up' at the end of the month to get a clear picture of where your affiliate business stands.

Cooking off the Spam

Any time you run a program where your affiliates rely on other signups to generate profits, you will eventually have a problem with spam. One of your affiliates will inevitably get it into their head to blitz the Web with unwanted garbage.

When this happens you need to be ready to take action—otherwise it will cost you! Your Internet company can boot you off your server and you can find yourself blacklisted. Not good for business. If you get an email from someone claiming they received spam with your URL, then take it as an early warning. I am not advising you to immediately terminate the affiliate's account, but be sure to contact them to follow up on the complaint. Let your affiliate know you received a complaint and advise them to remove this person from their list.

If you only get one or two complaints, it's probably not spam—the complainants might simply have signed up for an email list and forgotten all about it. You will know when one of your affiliates is spamming, because you will get anywhere from 10 to 100 complaints in the same day all regarding the same URL. The best thing to do in this case is to immediately terminate or disable the account of the affiliate URL that was spammed.

How to attract affiliates

One of the biggest fears new Affiliate managers have is in finding new affiliates. This fear is a stumbling block that stops many site owners from getting started with affiliate marketing. Interestingly, with a proper marketing strategy, getting affiliates may not be very difficult. Given below are some tips that may help in attracting new affiliates.

- Find complimentary sites - "Complementary" sites are a sites that sell products or services that compliment your offerings. If you sell "gardening tools", a site that sells books on "gardening tips" would be a perfect affiliate. If you sell software, try looking for sites that sell computers or computer parts. Finding sites that already attract your target market, and can benefit from recommending your product or service to their visitors, is the goal.
- Find content sites – There are many sites that do not sell any kind of product or service but are mainly content-oriented sites. Such sites promote an idea, concept, study or belief. Content sites that are used as a resource for your target market are ideal affiliates.
- Finally, there are several sites on the Internet dedicated to listing affiliate Programs. Get your program listed in these directories.

Once you have an automated affiliate program in place, you will need to begin looking for affiliates. This can take some time and networking skills on your part.

The first place to start is with businesses that sell products comparable to yours. Now, this doesn't necessarily mean they are your competitors, but that they offer a product (or service) to clients who might be interested in what you sell. For example, if you are offering a web design service, comparable businesses may be hosting companies, logo designers, domain name registrars and the like.

So what you need to do is contact them and see if they would be willing to send out an advertisement to their list of clients or prospects. You will provide the ad (it can be in the form of email so there are no costs) and they will get a commission. You will find that some of these businesses will say no; don't worry about it. Some people don't recognize a good thing when it's staring them right in the face...just keep asking. Eventually, you will get some quality affiliates.

Now, you can really capitalize off this and turn it into a full partnership by doing the same for your affiliates once your business starts to grow. Let them give you an ad and you send it out to your clients and prospects for a commission on the sales you generate.

But don't stop there! You can find affiliates all over the place. Some will even find you. Your affiliates don't all have to have their own products and services. Many are salespeople who don't want to mess with creating a product. They have refined the art of selling and will sell what you have for a commission. These people scour the web for new products to market. You want as many of them on your side as possible.

So where do you find these super-salesmen and women? Well, you can post your affiliate program on affiliate directory websites that serve as recruiting boards. You just submit your affiliate program to a number of these sites and the affiliates look around for products that interest them. It's a fairly passive way to recruit affiliates, but it does work. Here's a few of the best affiliate directories:

AssociatePrograms.com

Affiliate-Programs-Guide.com

AffiliateMatch.com

SimplytheBest.net

AffiliateSeeking.com

AffiliateGuide.com

AffiliateProgams.com

It's a good start. You can easily find more by using Google or Yahoo to search for more places to submit your affiliate program.

In addition, if you find you have more money than time, you may use a submission program. Affiliate Announce is a service that I highly recommend if you don't want to hand-submit your program.

[Affiliate Announcement](#) can submit your affiliate program to 50+ directories. Best of all, they'll write the copy and ensure that your submission gets accepted in as many of the directories as possible. Save yourself the time and hassle, and get a FREE eBook on how to grow and manage a successful affiliate program with purchase of a premium submission!

While you can submit your affiliate program to these sites on your own, this service will save you some time.

A few pointers revealed

Here's a little-used, little-known way to get more sales. Tell your existing customers about your affiliate/referral program. Chances are most of them won't already have a website, so you need to make things simpler for them. They don't need fancy affiliate links, etc. What you do instead is offer a space on your order form that says "Referred By". That way when someone purchases, they'll fill in the name of the person who referred them. Just make sure to tell your customers that if someone they referred orders and lists their name as the referring source, they get a commission. You can also take this a step further and print out order forms for the referrals to use for sending in their order with their payment (you can easily do this with checks or credit cards).

See how easy it is? Of course, your previous customers are your best affiliates as they have first-hand experience with your product or service.

Another tip is to help get your affiliates started. Simply providing them with the affiliate link is a start, but you can and should provide more help to see the most impact. Provide them with good copy to use along with the link they post on their site. You may even want to get some graphics made-up or special advertising copy on-hand so they can just plug-it right into their site.

You also want to make sure you stay in constant contact with your affiliates. Especially the ones who actively bring you new clients. Make sure you pay them on-time, with no hassles. You may want to give your best affiliates a “raise” by offering them a higher commission percentage.

Would they appreciate it if you linked your website to theirs? If so, you may want to help them and form a more solid partnership. You want to do what you can to keep these people on your team and give them incentives to further promote your products (instead of your competitors).

On a similar note, the higher the commission you offer the more affiliates you can probably recruit. This holds true especially when you have many competitors who also have affiliate programs. You see, affiliates have their own interests at heart. Whichever affiliate program pays the most will probably have the largest affiliate force. In a competitive field, you want to be the one offering the most attractive affiliate program.

Exercise 8: Set-up your affiliate program.

Affiliate information.

Tracking software you will use	
Commission amount	
Length of cookies (this means, how long will the affiliate's ID be recorded – 30 days, forever? How long does the affiliate have to make the sale once the link was clicked?)	
Which affiliate directories will you submit your program to?	