

- » Defining affiliate marketing in a nutshell
- » Discovering how the internet plays a role in affiliate marketing
- » Getting set to become an affiliate

Chapter **1**

What Is Affiliate Marketing?

An affiliate marketer is someone who introduces others to products and services. The affiliate marketer doesn't develop the product, ship the product, or handle the payment to the merchant. He simply refers others to products and/or services offered on the internet, and when a sale is made, he earns a commission.

This chapter gives you an overview of affiliate marketing: how it works, how the internet plays a role, and how to get started.

Getting a Handle on How Affiliate Marketing Works

Referral marketing has been going on for hundreds of years. In pre-internet days, you might have gone to networking events and handed out business cards. The hope was that you would be able to help out a fellow attendee by giving him a lead that would result in a purchase. The attendee you helped with the lead would return the favor. In a sense, referral marketing was a value exchange that could be summarized as “you help me and I'll help you.”

However, a lot was left to chance. You weren't sure whether the cards and leads you handed out would lead to any reciprocal benefit from those you helped. There was no easy way of tracking when purchases were made and the referral sources for those purchases.

The internet changed everything. Now there was an easy-to-use tracking mechanism (the cookie) that could show you when a purchase was made, what it was for, and the referrer who was due the affiliate commission.



TECHNICAL
STUFF

William Tobin, founder of PC Flowers and Gifts, was the first internet affiliate marketer. He started the PC Flowers and Gifts affiliate program in 1989. He was granted a patent for the idea in 2000. Amazon's affiliate program was begun in 1996 and quickly grew in size and importance.

The value exchange on the internet is the same as it was with networking events and business cards. The blogger or website owner shows you a new product, helps explain a problem you're having in a post, or convinces you to buy a program. To return the favor, the affiliate marketer is hoping that you'll make a purchase through one of his referral links. The cost to the purchaser who buys through an affiliate link is exactly the same as if he went directly to the manufacturer.

When we visit websites and they give us solutions to problems we were having or otherwise help us, we want to reciprocate and help them out. We do this by purchasing through their affiliate links.



REMEMBER

Whether you realize it or not, practically every blogger, every celebrity, every website, and every company on the internet today is an affiliate marketer. They are all making money day after day from this largely passive means of earning extra income. See that ad on your favorite movie star's blog? Click on it, and if it's a pay-per-click ad, your star gets paid. See that link at the end of their recommendation? Click on it, and if you make a purchase, they get paid. There are also campaigns that are sent via email or social media. Click on the ad or make the purchase, and in most cases someone gets paid. See those links on someone's Facebook or other social media page? Trust us; someone is getting paid, and you may as well join the crowd and start discovering how to earn your share.

Profiting from Internet Promotion

Affiliate marketing is a performance-based marketing system. It basically means that if and only if a sale is made or a specific action is taken does the referring affiliate marketer get paid. In the following sections, you find out how the internet

gives you plenty of opportunities for affiliate marketing, how the internet automates the process, and how affiliate marketing is different from other internet businesses.

Multiplying opportunities

As we note earlier in this chapter, one of the problems with earlier versions of referral marketing was that there was no way to accurately track purchases and the original referrers who deserved the reward for generating the purchases. The internet changed all that. A system of cookies, or little bits of code stored in your browser and in your affiliate dashboard, is able to track purchases. The cookie can also track the affiliate marketer who promoted that sale so she can be credited and receive the affiliate commission.

Companies just love a system of marketing where they have to pay for that marketing only when a sale is made. The salesperson (in this case the affiliate marketer) pays all the expenses of marketing (however minimal, like hosting, software, tools, domain registration, and so on). What's not for a company to love? More and more companies are getting onboard the affiliate marketing bandwagon. So the opportunities for the affiliate marketer to profit are expanding with the growth of affiliate programs.

The internet also multiplies the opportunities you have to profit by orders of magnitude simply because of the size of the internet audience you can reach easily and economically. Depending on your product or service, your audience may vary from an enormous audience of millions down to a small, specific audience that is looking for exactly what you have to offer. In the past it would not be practicable, or economically possible, to seek out and advertise to these small, widely dispersed groups.

In contrast, with the internet an affiliate marketer can potentially put her promotion before millions or even hundreds of millions of potential purchasers. The affiliate marketer's offer of goods or services is available 24 hours a day, seven days a week. Any one of the billions of internet visitors could potentially visit the affiliate marketer's site 24 hours a day, seven days a week, and make a purchase. In essence the affiliate marketer's "store" is open for business 24 hours a day, seven days a week.

Automating the money flow

Now with the internet, a visitor to an affiliate marketer's website can click on a link, make a purchase instantly and electronically, and have that order fulfilled and the physical product shipped within days by the company. The affiliate can

both track the sale and depend on payment at the merchant's or affiliate network's next payout date. If the product is digital, often its delivery is within minutes.

Setting up a way for people to pay on your website used to be a long, complicated process, sometimes requiring you to apply for and qualify for merchant status. Now it's a simple, almost instantaneous process. The affiliate program you're considering usually has a number of banners, images, and graphics that you can simply copy and insert on your web page. You choose the sales piece that best fits with your site, product, and promotion. Copy the link the company generates, which has your unique affiliate ID, and paste it on your web page or promotion where and how you want it to appear. (Flip to Chapter 7 for more details on setting up a website for your affiliate marketing business.)

In addition to cookies facilitating the tracking of purchases and referrers, and directing the affiliate commissions to be paid to the right affiliate marketers, other changes facilitated money flow. Electronic payment vehicles such as PayPal became widespread and easy to use. Today it's simple to put a PayPal payment button on your site to facilitate your customer making a purchase. PayPal can track the purchases, process refunds, and take care of other parts of the purchasing puzzle.



TIP

There are also many “shop” building programs that can automate and handle many of the chores of setting up your “shop” where you can offer your affiliate products. For example:

- »» Shopify (www.shopify.com/), a shop building application, handles many of the technical and design aspects of setting up your shop. They have a library of templates that you can use and modify to make them your own. Depending on your goals, this can dramatically speed up building your affiliate business.
- »» WooCommerce (<https://woocommerce.com/>) is another “shop” building solution. They call themselves the e-commerce solution. They are probably the largest shop and e-commerce solution around. The program is open source and built on the WordPress platform, so they are sure to be around for quite some time. (See Chapter 7 for an introduction to WordPress software.)

Since WooCommerce is open source and the largest shop building or e-commerce solution, many software vendors and developers offer integrations, hooks, and extensions that integrate their product to work with it or extend its functionality. Over 400 extensions plus an equal number of integrations handle store chores such as payment, returns, shipping, marketing, shop management, and so on. There are both free and paid extensions and integrations.

Distinguishing affiliate marketing from other internet businesses

There are many different ways of making money on the internet, and it seems new ways of making money are being developed every day. For instance, there are people who develop internet marketing programs and strategies for both big and small companies. Computer coders develop the software and plug-ins affiliate marketers use. Freelancers who develop a skill in writing, web design, graphics, and so forth offer their services for hire on sites like Freelancer, Fiverr, and Upwork. There are closely related ways of making money like digital marketing, which is developing online marketing campaigns and strategies for companies. Even in this book we describe different variations of affiliate marketing.

One main way affiliate marketing differs from other forms of making money on the internet is that, with a few exceptions, the affiliate marketer doesn't develop, build, pack, or ship the product. He simply acts as the "referrer," exposing the purchaser to a new product or service; when the sale is made, the affiliate marketer makes a commission.

In Parts 1 and 2, we focus on the affiliate marketer who is offering a product or service of a company and earning a commission. Thousands, if not millions, of companies offer affiliate programs — companies like Amazon Affiliate Program, eBay Partner Network, Sears, Target, Walmart, and many others. We focus on this flavor of affiliate marketing in these parts because we feel it is easiest to understand, there are thousands of companies offering affiliate marketing programs, and there are millions of products to choose from to promote.

The one criticism of offering physical products is that the commissions are lower than other forms of affiliate marketing. Another flavor of affiliate marketing we discuss in this book is digital products. Most often these are either tools or courses for other affiliate marketers to use in developing their business. The advantage of this flavor of marketing is that the commissions are usually a lot higher. They can range from 25 percent to 75 percent of the selling price. The disadvantage of this flavor of marketing is that it draws other affiliate marketers to it who probably have more experience and more skill than you, so competition is tougher. The size of your potential market, or "hungry crowd," is also a lot smaller. Part 3 offers examples of this type of affiliate marketing.

The next flavor in affiliate marketing is discussed in Part 4, where you develop a service and offer it to other affiliates to promote and market. In a sense you become the "company" offering the affiliate marketing program. You're recruiting other affiliates to promote your product, in effect multiplying your promotional efforts by the number of affiliates who join your affiliate program. You can also offer your product to affiliate marketers through an affiliate network. If you

have a great product, promote it well, and attract a large number of affiliates who promote your product to others well, you can make a lot of money. But first, you have to develop a compelling product other affiliate marketers will buy. Secondly, you must have already mastered all of the steps in affiliate marketing and have your own affiliate marketing setup.



REMEMBER

If your goal in the future is to develop, introduce, and market your own product, that's great. But make it a step you take after you master the necessary steps in the easier "flavors" of affiliate marketing described in the first parts of this book. That will set you up with a firm foundation as you plan more ambitious (and potentially more profitable) affiliate marketing pursuits.



WARNING

One thing you'll notice as you do your research is that there are hundreds, if not thousands, of "review sites" claiming to be lists of the top ten affiliate networks, themes, or whatever you're looking for. It's important to realize that most of these sites are affiliate marketing sites that earn a commission when you click on a link for one of their recommendations. New affiliate networks, small affiliate networks, or ones with some problems may have a greater need for people to promote their product and be willing to pay a higher commission. We're not saying any particular list is skewed in favor of higher-paying choices, but that is a distinct possibility. This is an internet safety tip that can help you in a lot of your searches. Have you ever searched for a stereo receiver or some other consumer good and found the largest and most well-regarded manufacturers missing from a list of a source's top ten? But somehow the stereo receiver from a company you've never heard of is at the top of the list. Just consider the possibility that financial motivation may have skewed the results, and stay smart.

Preparing to Start Your Affiliate Marketing Business

We've all heard maxims like "failing to plan is planning to fail." You know what? They are right. If you don't prepare correctly, you can either doom yourself to affiliate marketing failure or cause yourself a lot of delays and problems that you have to help yourself out of. This section shows you how to prepare effectively for your new affiliate marketing business.

Setting expectations

Despite what you may have read on the internet from various "gurus" selling their latest magic affiliate money-making course, becoming an affiliate marketer is not a get-rich-quick scheme. It's a solid get-rich-slow plan. We're not talking

glacial slow like building a traditional business, which may take years. We're talking about three to eight months of steady effort on your part before you start to see results.

If you keep building your site, increasing its authority, collecting emails, and serving your visitors' needs, your income will grow. If you set up a firm foundation with your website, email list, and so on, you're developing a business that will keep generating income year after year. There are affiliate marketers with established sites who say these tasks to maintain their site and continue earning money take them only two hours a week.



REMEMBER

It's vital for you to pick a topic and a niche you have an interest in so you can sustain the effort for three to eight months. You need an area in which you can continue researching, writing posts, and answering your audience's needs for three to eight months. If you can't sustain that effort because you chose a niche just because you thought it would earn you money, you'll quit before you see results. That would be a shame because you may be quitting before results start coming in. (See Chapters 6 and 8 for help in picking products and niches.)

Make that commitment to work diligently on your affiliate marketing business following the blueprint of information in this book. Of course, we all have days where we're frustrated or think this business isn't going to work. Don't worry; the sun will come out tomorrow, and results may start coming in any day. I (coauthor Ted) still remember the day that my first affiliate marketing commission came in — I think it was only about 50 cents. But I was overjoyed — I almost shouted, "This thing really works."

However, even if you have given affiliate marketing the eight-month college try, it's not all bleak if things don't turn out the way you expected. If you find that you hate writing about the niche you've chosen and can't drag yourself to write another post after the eighth month is up, all is not wasted effort. Maybe your assumptions about the niche didn't pan out and it never became profitable, but all is not lost. You didn't risk thousands of dollars as you would have trying to start a traditional business that didn't prove profitable. You've learned a great deal, and all you have to do is apply your newfound knowledge to another niche.

Laying the groundwork

Start making up your idea list, which will be the starting point for your keyword research and product selection:

- » Your passions
- » Your interests

- » Areas where you have personal expertise or knowledge
- » Problems you have and for which you are looking for a solution
- » Products that you have used and liked

We use these lists as the starting point for your keyword and niche research, which we explain in Chapters 6 and 8.

Walking through the process



REMEMBER

We explain the following steps in further detail in the rest of this book. The tools you need and their uses are also described. At this point don't pay too much attention to the particulars. We just want to lay out these steps to you like a road map to illustrate where we'll be going. Keep reading and all will be revealed.

- 1. Do keyword research to find profitable niche keywords.**
See Chapters 6 and 8.
- 2. Search companies and affiliate networks to find profitable products in the niches you're interested in.**
See Chapter 5.
- 3. Find a domain name that would be good for promoting the niche you want.**
Do domain analysis. Look at global competition and your competitors in your niche. See Chapter 7.
- 4. Join affiliate programs and affiliate networks offering products or services you want to promote.**
See Chapter 5.
- 5. Find a hosting company and set up a hosting account.**
See Chapter 7.
- 6. Install WordPress using either the host's automatic script or easy self-install.**
See Chapter 7.
- 7. Customize WordPress.**
Choose your theme. Use a page builder to make your web development simpler. Add plug-ins. See Chapter 7.

8. Add a way to capture visitors' email addresses.

Use either a plug-in or an email company. See Chapter 11.

9. Start writing content.

See Chapter 10.

10. Add your affiliate links on your site where appropriate.

11. Keep writing more content, adding pages and posts.

12. Use GTmetrix (<https://gtmetrix.com/>) to see how well your page is doing in terms of speed of loading and so on.

Take any corrective action necessary to improve your score.

13. Decide on only one promotional strategy that you're going to use, such as Facebook, YouTube, Instagram, or Twitter.

Find out how to do that well and forget all the rest for now. See Chapter 9.

14. Analyze you own web statistics to see what is working and what is not.

Make adjustments to do more of what is working and eliminate what is not.

15. Rinse and repeat.

You'll hear that phrase often among affiliate marketers. What does it mean? Simply rinse out of your efforts what doesn't work or wastes time, and repeat what does work. We've heard some marketers who have added a third term to the phrase — rinse, repeat, and scale. The idea is that when you have found what works, you can scale it even bigger and go for more profit, more visitors, and so on. For now, we just focus on rinse and repeat. The scaling up will come later.

