

ABOUT AFFILIATE PROGRAMS

INTRODUCTION

Affiliate Programs (sometimes called associate programs) are all about groups of websites working cooperatively to produce a higher return for their affiliate partners and themselves. An advert on a website will lead a user to a partner website, where they will perform some sort of action, such as make an enquiry or buy a product. The merchant pays the affiliate according to an agreement. Payment may be made for a visit, or some other activity, it may be a flat fee, or it may be a percentage of the sale amount.

www.amazon.com reportedly has in excess of 500,000 affiliate partners who help to make it one of the worlds largest etailers.

DIFFERENT TYPES OF PROGRAMS

Pay Per Result – the simplest model where the affiliate is paid a one time fee for a specified result. This could be as simple as a visit.

Two Tier Programs – where the affiliate is paid a fee for the sales generated through their links and through links on affiliate websites that they have generated. (This is a bit like MLM or Multi-Level Marketing).

Residual Programs – where the affiliate is paid an ongoing monthly commission on sales to services that are paid to the merchant on a monthly basis.

DO AFFILIATE PROGRAMS WORK?

Yes, the genuine ones can work well, especially if you choose your partners carefully. Partners that share the same target market as you, or those who sell complimentary products and services will provide the best results. For example if you run a rock climbing website a good partner for you might be an insurance agent that specialises in high risk sports. You share a market, but you are not in competition.

Affiliate programs are best managed by third party professionals. They keep track of the click throughs, leads and sales and pay the agreed commissions on a regular basis. This eliminates problems that can occur when the agreement is managed by the merchant.

Affiliate network managers like SiteLink www.sitelink.com.au allow you to set-up and your own affiliate network, or join other networks under their management.

MERCHANT FEES

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Affiliate network managers only charge a fee to the merchant, the rates will vary depending on the level of service. SiteLink offers their Lite service for \$495 set-up and \$99 per month.

As a merchant you decide on the reward structure you offer your affiliates. The more lucrative your offer the more affiliates you are likely to attract. Make sure your offer is performance based and is covered by the outcome.

CONCLUSION

Affiliate Programs exploit the nature of the Internet and are a legitimate and worthwhile marketing/sales channel. Remember that your affiliate partners need to share the same target market as you to be successful.

Links from affiliate partners are also a great way to improve your Google PageRank.

For more information on Australian based affiliate programs visit www.sitelink.com.au and talk to one of their customer service people.