

Affiliate Marketing Basics

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Affiliate marketing is one of the fastest growing ways to make money on the Internet. You can become an affiliate for any number of thousands of companies. Most of the time it is quick, easy, and free to join.

To start with, you basically sign up as an affiliate and agree to receive a commission on every sale that you refer to the company. You can refer customers from a website, newsletter, advertisements, or almost any other way that you can think to promote a product.

Quick Setup

You can get started very quickly and cheaply compared to almost any other business opportunity. Although it isn't as easy as putting up some banners and waiting for the checks to roll in, affiliate programs do avoid the problems of inventory, shipping, customer service, or variety of other issues that a business must address.

Second Stream Income

Affiliate programs make a great way to supplement your income if you already have a product or service that you are selling. Half the battle is getting people to visit your website, so if you are already generating a good amount of traffic, then adding related affiliate programs and promoting them correctly can add a good sized stream of income to your business.

Pick a Program

One of the most important steps in starting an affiliate

program is making sure that you sign up with the right company. There are a number of factors to consider.

1. Commission - Some companies pay as low as 2% commission, while others can reach upwards of 60-70%. Obviously you aren't going to make any money promoting a product that you receive a very small percentage of the sale. Your best off making sure to get at least 20% of the sale.

2. Product Price - You also want to pay attention to how much the product costs. You might make 50% commission, but if the product only costs \$6, then you are only going to get \$3 a referral. You can do much better, you should be able to get at least \$20 per referral for any good paying affiliate program.

Find a product with both a decent commission and a decent price. Your primary goal is making money, so make the most of your time spent referring customers.

3. Two-Tier Programs - There are programs that pay you a commission on direct referrals, and then they pay you a smaller commission on all referrals from affiliates that you signed up. This is a great perk, although the previous two factors are more important.

4. Referral Length - You should also check out how long after you referred a customer that you still get credit. With advanced tracking systems in place, companies can keep track of customers for a long time after they first were referred. Some companies promise that they will still give you credit for a year after you first referred a customer. Since many customers don't buy on the first visit to a site, this can also be a great perk.

5. Lifetime/Residual Income - This is actually a very important aspect to consider. Many companies that charge a monthly fee for their services will pay you a percentage every month as long as they keep the customer. For example, the hosting company I use, Host4Profit, charges \$24.99/month for its hosting services. They pay their affiliates an even \$10/month for every referral. This gradually builds up into a steady, sizeable income.

More on Host4Profit at:

www.redlionbooks.com/essentials/eccommercewebhosting.htm

6. Reoccurring Commissions - You can also find programs that will pay you a commission for every purchase that

a customer you referred makes. For example, if i refer Joe Surfer to a site, they will pay me for every purchase that he makes, not just the initial purchase. The length of time varies, sometimes you can get reoccurring commissions for a month, a year, or maybe forever.

Pick More Programs

If you can make a lot of money with a couple of products, wouldn't it make sense to increase your income by just joining more programs? It sounds good, but it has major flaws. Your income depends heavily on the traffic that your site receives, and you are only going to be able to convert a certain percentage of visitors to buyers of any of your affiliate programs. Too many programs dilute your conversion rate of visitors to buyers, and actually has other negative effects.

If you join too many programs, you won't have time to promote any one or few of them effectively. To be a successful affiliate, you do need to spend time marketing your programs. Instead of picking every program on the Internet, you are much better off picking a few good paying programs, and spending a lot of time marketing them.

Best of luck to you,

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