

The Pros and Cons of Earning Money with Affiliate Programs

By Angela Wu

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"I don't have a product. I don't even have a product IDEA!"

This is one of the most common concerns I hear from people interested in starting a business on the Internet. It's obvious that you need to sell either a product or a service in order to make money.

That's where affiliate programs come in. Many beginners start online by joining affiliate programs; you sell another company's product or service for a commission. Affiliate programs are available in practically every market you can think of. If you want to see what I mean, visit <http://www.associate-it.com/> to view an extensive list of affiliate programs.

Affiliate programs are a convenient way for people to get a 'jump-start' online without the time, effort, and money necessary to create a product of their own. However, they're not a 'perfect' solution. Here's a list of the positives and negatives to building an affiliate business...

Negatives to affiliate programs:

- You have to share the profits. You earn a commission, which typically ranges from a measly 5% to a generous 50%. The rest of the money goes into the company's pockets.
- You pay all marketing costs. The company is providing you with a product or service to sell; it's your job to actually make the sales. This is no easy task, unless you're a natural-born marketer! You can choose to use only free methods of advertising... but these methods aren't necessarily the most effective. Marketing can get expensive -- and you pay for your own marketing,

regardless of whether or not it results in any sales.

- You can get 'sidelined'. Building an affiliate business is hard work; if you intend to eventually market a product of your own, you may find that the affiliate program is taking up too much of your time.
- You're at the mercy of the company. You rely on them to pay you on time - or at all. If they decide to change commission rates (usually to lower them!), you typically have no say, except to cancel your affiliate contract. And finally, if the affiliate program decides to close shop - well, you're simply out of luck.

Positives to affiliate programs:

- + You're free to concentrate on just one thing: marketing. The affiliate company handles everything else - billing, inventory, delivery, customer service, and all the other stuff that goes with the territory. This is one reason why affiliate programs are so popular; they give you the opportunity learn how to market online without being overwhelmed by everything else.
- + Startup costs are lower than if you had your own product. There are numerous costs associated with the research, development, and delivery of your own product. When you run an affiliate business, the only thing you're responsible for is marketing - and you have the option of using free methods only.
- + You get a 'head-start' while researching product ideas. Affiliate programs allow you to sell a product or service while you're still trying to come up with a product of your own. That's not to say that they're an 'easy' way to riches - they're not - but you can learn how to market while earning an income.
- + Multiple streams of income. A bunch of 'smaller' pay cheques can really add up! It's even better if you already have your own product or service and just want to use affiliate programs to add another stream of income.

Many people from all walks of life make hundreds or even thousands of dollars every month through affiliate programs alone. Affiliate programs aren't perfect, but they provide a great option for those who are willing and able to put in the necessary time and effort.

Angela is the editor of Online Business Basics, a practical guide to building a profitable Internet business on a beginner's budget. Each issue is packed with valuable tips and tools to help you to nurture your business to success! <http://onlinebusinessbasics.com/article.html>

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