

# Two-Tier Affiliate programs are best

By John Lynch

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When you join an affiliate program or start an affiliate program of your own, you have to decide whether it will be a single tier or two-tier program.

With a single tier program you earn a commission on any sales you make and that is it. If you are running your own affiliate program, you pay your affiliates a commission for any sales they refer and that is all.

However, with a two-tier program, affiliates are allowed to recruit sub-affiliates and are paid a small percentage of the sales these sub-affiliates generate. For example, the affiliates may earn a 30% commission for selling product X himself; and when one of the sub-affiliates makes a sale, the affiliate may get a 10% commission as well.

This is very profitable for the affiliate as he can recruit an army of sub-affiliates, all earning commissions for him without any effort on his part except for the initial recruiting process.

If you are starting an affiliate program of your own should it be two-tier or single tier? Some might shy away from the seeming expense of a two-tier program. But is it really that expensive? Many affiliate program managers make the wrong decision on this.

Let's look at an example.

You have an affiliate program up and running and an average affiliate joins your program. Mr. Average has a web site that receives average traffic. He also has an ezine with thousands of subscribers published monthly. Mr. Average posts your affiliate links to his web site and promotes your product to his ezine list.

Initially, he generates good sales. However, a point comes when he saturates his market with your product and his sales begin to drop. He begins to lose interest in your program and your sales remain small.

What happens if you set up a two-tier program? Rather than trying to keep your commission pay outs small, you motivate your existing affiliates to recruit other people to your program. This will exponentially increase your affiliate sales. Would it not be worth paying the referring affiliate a percentage of their sub-affiliates' sales?

Now when Mr. Average joins your affiliate program this is what would happen. When he has saturated his market with your product, he would now promote your affiliate program to his customers and ezine subscribers. Many of Mr. Average's customers and subscribers decide to join the affiliate program. This in turn will motivate Mr. Average to continue promoting your products and recruiting affiliates.

Now what is the situation?

\*Your income increases because of increased sales.

\*You have a much larger customer base to which you can sell 'backend' products.

\*An increase in your income because of the life time loyalty of the customers referred by your affiliate.

\*An army of sub-affiliates who will sell your products, and in turn promote your affiliate program to their customers and subscribers.

The little extra in affiliate sales commission pay outs will be more than compensated for by the exponential sales increase.

This is why the two-tier affiliate program is a guaranteed winner and should be the

automatic choice for potential affiliates  
and affiliate program managers.

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