

Should you Add Affiliate Sales to Your Marketing Mix?

By June Campbell

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Online sales from the corporate web site not all you had hoped for? Is the site barely holding its own even though you've paid top dollar for a good design, your best copy writers generated the text, and a search engine guru managed to get you decent rankings in the search engine war?

If that's the case, it might be time to implement an affiliate program (a.k.a. associate program).

In short, affiliates are "commissioned sales people" who promote a merchant's product or service on the Internet. In return, they are paid a commission for each customer they bring in. Each affiliate is given a unique string of code that he or she places in a banner ad, web link, or in an email message. When someone clicks on the special link, they are taken to the merchant's web site. Affiliate tracking software monitors the activity and tells the merchant which affiliate generated the clickthrough.

Depending on your operation, you might opt to reimburse your affiliates for sales, leads, or clickthroughs. (i.e. the number of people who click through a special link and arrive at your web site.)

Noteworthy large companies currently using online affiliate programs include Walmart, Payless Shoes, Boscov's Department Store and many others.

Affiliate programs work effectively for small businesses as well as large. Dr. Ken Evoy of Montreal (www.sitesell.com) and Cory Rudl of Vancouver (www.internetmarketingtips.com) are perhaps unfamiliar names to many Canadians. However, in the online community of international web marketers, both men are highly prominent marketing gurus. Both have built lucrative online businesses primarily through the use of affiliate sales.

Home businesses aren't excluded. Many a home biz operator has generated excellent sales by incorporating an online affiliate program into the marketing mix.

As you might expect, not all affiliate programs are successful, and not all operate without a glitch. Those companies with successful programs have figured out the secrets to making a program work.

Binkley Toys Inc. has used an affiliate program to sell their teddy bears online since 1996. As of January 2003, the company has 7,846 affiliates. Rob Bishop, VP rates their affiliate program as "more than successful." (<http://www.binkley-toys.com>).

Initially, Binkley Toys paid affiliates a sum for each clickthrough generated. "It could get quite expensive, with no guarantee that a click (or 1000 clicks) would turn in to a sale. Now, we only pay per sale. If there is not a sale, then there is no commission paid," Bishop commented.

While some businesses administer their own affiliate program using sophisticated affiliate tracking software, Binkley Toys has opted to use a third party service called Commission Junction (CJ). CJ is one of the larger affiliate administrative services on the web today. (Affiliates are called "publishers" and merchants "advertisers at CJ).

CJ handles all aspects of the affiliate program, from providing specially coded links to tracking sales to issuing checks to affiliates. "This frees us up to do what we do best -- manufacturing teddy bears," said Bishop.

It's not inexpensive for an advertiser to open an account with CJ. Bishop's advice is to consider your ROI and to have a smooth running operation before investing in a top line service like CJ. "I believe we paid \$450 US to join CJ, and the last I heard it was over \$2500 US, Bishop recalled. "There are less expensive programs to try before investing in a more expensive program like this one."

Attracting and motivating affiliates is another consideration. All companies with affiliate programs will tell you that a small percentage of their affiliates bring in the lion share of the sales. Many affiliates do little or nothing to promote the product other than putting a link on a web site and hoping for the best.

The secret, therefore, is to attract affiliates who know what they are doing and who will work actively to promote your products.

Binkley Toys provides their affiliates with fresh banners,

buttons and other marketing materials. It's also important to ensure that you have a fast and easy web site, good product descriptions and photos, and fair prices and shipping charges. "If you have good affiliates signing up for your program, and they do not get a good return for their time, then they will drop your banners and advertise a more profitable program instead," Bishop remarks.

One key element is to reward affiliates for sales made by repeat visitors. It's common for a web surfer to clicks through an affiliate link, buy nothing, but return the next day through the corporate web address instead of the special link. With Binkley Toys' system, the referring affiliate would be paid commission for any purchase the customer made that day. (The tracking is accomplished with a web technology called "cookies.")

Bishop reports that Binkley Toys uses cookies that are set never to expire. The company believes that they owe affiliates commissions on returning visitors since they were the initial referrers. "This practice is common offline with Sales Reps so I do not see why it would be any different online, says Bishop. "I think this also keeps affiliates advertising for us loyally."

One last consideration: before implementing an affiliate program, be sure you are able to fulfill the sudden influx of orders that might occur. Nothing will lose you affiliates (and customers) faster than orders that do not arrive as promised.

Commission Junction (3rd party admin service)
<http://www.cj.com>

Linkshare (another 3rd party affiliate admin service)
<http://www.linkshare.com>

BeFree (yet another 3rd party admin service)
<http://www.befree.com/>

ClickBank (3rd party admin service for merchants selling electronic products only)
<http://www.clickbank.com>

Associate Programs (Resource site for affiliates)
<http://www.associateprograms.com>

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