

# How Do Affiliate Programs Work

By Mario Sanchez

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Affiliate programs are one of the web's most effective marketing techniques. They create a win-win situation by which site A refers a visitor to site B, and site B pays site A a commission if the visitor makes a purchase. The referrer site (affiliate), can make money with no overhead (no product, no warehouse, no collection risk). On the other hand, the destination site (vendor) receives a steady stream of qualified leads from hundreds, maybe thousands of affiliate sites, and doesn't have to spend a dime unless a visitor makes a purchase.

The way it works is like this: the vendor gives the affiliate specific HTML code that it must use on its site to create a link to the vendor's site. This code contains an embedded ID number that allows the vendor to know when an incoming visitor comes to them by clicking the link on the affiliate site.

The vendor's servers will then set a cookie (a time sensitive electronic identification mechanism) in the visitor's computer so that every time he comes back to the vendor's site, the vendor's servers will 'remember' that he was originally referred to them by the affiliate, and will pay him a commission when the visitor makes a purchase.

This makes it possible for the affiliate to make a commission even if the visitor doesn't purchase anything the first time, but comes back and buys later. Also, it is not necessary that the visitor enter the vendor's site through the affiliate's link other than the first time, since the vendor's servers will identify the cookie and will know that the visitor was originally referred to them by the affiliate.

At the vendor's discretion, the cookies can be set up to expire that same day, remain active indefinitely, or anything in between (vendors usually call the duration of a cookie the "referral period"). For this reason, it is better to choose vendor partners that offer long referral periods (120 days is considered very good). This increases the affiliate's chances of success, since very few people will buy on their first visit, although exceptions do occur with vendors that enjoy superb brand recognition and feature user friendly interfaces, like Amazon.com (the pioneer of affiliate programs) who, in spite of keeping cookies alive for only 24 hours, is able to generate a significant portion of its sales in the first few minutes after a visitor has clicked into their site.

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Mario Sanchez publishes The Internet Digest ( <http://www.theinternetdigest.net> ), a website and newsletter that gives you free advice on web design and Internet marketing.

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