

Watch Your Profits Soar With An Affiliate Program

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When executed properly, an affiliate marketing program will jump start your sales, increase conversion rates and lower the cost of retaining customers. The most common affiliate program model is called "pay for performance". The merchant pays an affiliate partner when a sale (or sometimes lead) is made. Think of it as being able to recruit a bunch of "commission only" sales reps. Only you don't have to pay for their health benefits, social security taxes, etc. Affiliate programs can return sizable ROI's and increase brand awareness for a fraction of the cost of other advertising channels. What makes a good affiliate program? While this article can not cover everything necessary to start an affiliate program, it will provide a guide that covers the fundamentals, and will help you get started in the right direction.

Set A Clear Affiliate Program Strategy

- Establishing a clear, well thought out strategy is imperative for a successful affiliate program. As with any successful marketing campaign, before you dive into the tactics, be sure to establish focused objectives and measurable goals. At minimum, your strategy should cover objectives for: Finance - Sales

Establishing financial goals will enable you to measure successes later on. How much revenue do you expect the program to generate? Set goals for conversion rates and click thru rates that you want your affiliates to achieve (make sure they are reasonable!). Marketing - Branding

What are your marketing objectives? How will you insure that your product/companies message is clear, and not jumbled by the affiliates? What messages are important for your affiliates to communicate to potential customers? Affiliate Relationships

All too often, strategies forget to address the kind of relationships you want to have with affiliates. What kind of relationship do you want with your affiliates? Do you want open channels of communication? Do you want them to feel as if they are part of your company family? Don't forget, very good affiliates can make their money almost anywhere, you will need to have a "relationship" strategy in order to keep them focused on selling your products.

2. Research, research, research

- What is your competition offering?

- Who in your vertical market offers the best program?

- Don't be shy, ask affiliates what they want, what they hate, etc. <http://www.abestweb.com/> offers wonderful forums for affiliates. Create the Affiliate Program Fundamentals (AKA The Tactics) Decide How You Will Manage The Program Now that you are ready to set up your affiliate program, you will need to decide how to manage it. There are 3 basic options. One is to purchase an affiliate software program. The second is a hosted solution. This is software hosted on the vendors server. Depending on how many affiliates you plan to recruit, managing them yourself (which includes managing payments) with a stand alone software program or hosted solution may take up some considerable time. However, if you are just starting out, and have a limited budget this maybe your best option. Once your program grows and is successful, you may want to consider moving to a network solution option. The network or affiliate tracking company will run the program for you. The company will manage the affiliate sales, and manage commission payments, and so on. These companies usually take a percentage of sales and charge a sizable set up fee as well. Depending on the size of the company, it will also allow you to recruit affiliates quite easily. For information on the various solutions available see our review article Overview of Affiliate Management Solutions. Affiliate Incentives

- What type of incentives will you offer? Cash per transaction, or per lead?

- Will you offer a flat cash rate or will it be commission based?

- Will your incentives be progressive?

- Bonuses (cash, trips)

- Sales contests

- How long will you honor the customer referral that an affiliate sends you? (For example, 30, 60-90 days, lifetime) Establish Trademark / Branding Usage Policies This is extremely important. You must establish concise and easy to follow branding and trademark guidelines. Affiliates are clever marketers (after all that's why we want them right?) and some may push the lines if you do not clearly define what is allowed (and what isn't). Be especially clear on keyword bidding. Do you want affiliates bidding on your trademarks? Do you run a "pay per click" (PPC) program yourself? If you do, your affiliates may end up driving your PPC program's cost up if you let them bid on your keywords. Some companies are fine with their affiliates bidding on their terms and others aren't. It all depends on your objectives and goals. Look at your program through the affiliates eyes. Is this a program you would want to participate in? What if you had 20 other programs to choose from, would an affiliate select yours? Create Terms And Conditions You will want to create some type of formal agreement that outlines the terms and conditions of your program. This agreement should outline your entire program. It should cover topics such as minimum payments, how returns and credits will be handled, requirements, branding guidelines, frequency of payment, etc. The best thing to do is to look at other affiliate program agreements. This will give you a starting point. Try looking at Amazon's agreement, they have one of the biggest affiliate programs available. Create Your Affiliate Advertising Programs One of the keys to success is to make it as easy as possible for your affiliates to market your products. Establishing a mini "library" with cookie cutter ad programs can help your affiliates get up and running very quickly. Affiliates will most likely want to create their own programs as well, however offering a set of quality ad programs will provide them with some ideas. The typical types of programs are:

- Banner ads

- Text link ads
 - Keyword Ads for PPC campaigns Be sure to use proven and tested programs. You will lose your affiliates very quickly if they don't see any results. You should have a very good understanding of the CTR and conversion rate for each campaign. Be sure to watch these numbers every week, as some campaigns start out great, and then turn into duds. Remove under performing campaigns immediately. For each ad campaign you create, establish how you will measure them, and the goals for success. Establish Strategic Affiliate Relationships Create Strategic Relationships With Your Affiliates
 - Determine the type of affiliate demographic you want to target. What do they sell? How big are they?
 - How many affiliates can you manage? How many affiliates do you want in your network? Establish monthly goals for signups so that you can measure success.
 - Create the messaging you will use to attract affiliates. This can be just a couple of paragraphs or a quick sales letter. However, be sure to focus on selling the affiliates on your program. Remember to put yourself in their shoes, and answer the question "What's in it for me?"
 - Determine if you will use a tiered hierarchy for your affiliates. For example, a 1 tiered hierarchy is pretty straightforward: Affiliate A signs up and sends you a customer, you then pay them 10% commission. A 2 tier would work like this, Affiliate A sends you a referral for Affiliate B. Affiliate B signs up, and sends you a customer, you pay them 10%. Affiliate B will be paid a commission (10%) and Affiliate A will be paid a commission (5%) as well.
- Evaluate Affiliates/Partners Methodically Establish how you will measure and track your affiliates success. Whether it is a spreadsheet or database, you will need some way to track the success of your affiliates. At minimum, you will want to keep track of their click thru rates, conversion rates, and sales revenue. Always keep an eye on your top affiliates. Analyze their techniques, and try to understand what they are doing that your other affiliates aren't. Once you have a handle on this, communicate this to your affiliates. The more successful they are, the more successful you will be. Setting up a successful affiliate program takes a considerable amount of planning and research. This article should help you get started. For more information on setting up affiliate programs we suggest you try:
- Affstat 2006 Report: Affiliate Program Benchmarks
 - Successful Affiliate Marketing for Merchants at Amazon.com