

A “Beginner’s Guide” content farm hired me to produce an introductory e-book on affiliate marketing, a topic about which I knew nothing and conducted extensive research in order to write a comprehensive guide. The company’s goal was to replicate the highly-successful “For Dummies” model.

BEGINNER’S GUIDE TO AFFILIATE MARKETING

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If you’re reading this, it’s a safe bet you’re interested in making money while using the Internet, and the term “affiliate marketing” has come across your radar. After doing some googling, you’ve realized it’s pretty complicated! Because you’re not an ad agency CEO or an IT expert, you might not know exactly what affiliate marketing is, or where to start. That’s OK! This easy-to-read guide filled with examples and tips is a beginner’s roadmap through the basics of affiliate marketing, so you can get off to a great start.

What is Affiliate Marketing and How Does It Work?

Affiliate marketing is a form of online advertising. It works by relying on partners, or affiliates, to act as a gateway to channel traffic to a product. Every time an affiliate helps generate a sale of that product, they earn a commission. The name of the game in affiliate marketing is relevance. We’ll repeatedly come back to the importance of relevance when pairing material with products.

That might sound a little complicated, so here’s a very basic example of an affiliate marketing relationship: say you’re a publisher of a website about cars and car maintenance. Affiliating, or partnering, with an online tire merchant could help drive people to their online store. The idea is, because the people visiting your website are likely to be interested in car maintenance, they’ll also be more likely to shop for tires, and because the ads you choose are relevant, your visitors are less likely to ignore them. When you link to that merchant’s site and your readers click over and buy their tires, you receive a commission based on the sale. That’s affiliate marketing in a nutshell.

Let’s go through some of the terms that frequently pop up with affiliate marketing: the publisher (affiliate) uses or provides content with space for advertising and receives payment (e.g. the car maintenance website); the merchant has a product they want to advertise and they pay affiliates for advertising (e.g. the online tire store); the network is the space where affiliates and merchants gather and conduct business, and the consumer (e.g. the person who reads the car maintenance website) visits the affiliate’s space and possibly ends up buying something from the merchant based on an ad they see.

If you’re a publisher and want to generate revenue through a website or social media, becoming an affiliate is a way to earn money using the traffic you already have.

If you’re a merchant, partnering with publishers who have access to the consumers who want to buy your stuff is part of an affiliate marketing strategy. It works well for merchants because you only pay affiliate commissions to publishers who help sell your stuff--no wasting money on retainers who don’t pull in any business.

The History of Affiliate Marketing

Affiliate marketing has been around almost as long as the Internet. Some sources suggest it first surfaced in the adult entertainment corner of the Web, but most commonly its origins are traced to a man named William J. Tobin and the website he created in 1989, PC Flowers & Gifts.

Affiliate marketing became more mainstream and widely used after Amazon.com adopted the practice in 1996 and became a one-stop-shop mega merchant for publishers. Back then, the Web was becoming a place not just for information, but also a space where people could buy things and were looking for information about the stuff they wanted to buy. Linking together information, products and advertisements for those products was a natural progression.

At first, affiliate marketing was a pretty straight-forward process, but as the Internet has expanded and more tools have become available, applications for affiliate marketing have also grown. Now, with the wide-spread usage of social media and cell phones, there are many more ways to incorporate affiliate marketing into the time you spend online.

How Does Affiliate Marketing Generate Money?

Long story short, you get paid every time a consumer starts with you, ends up with a merchant, and buys something.

The longer explanation is, the success of affiliate marketing is measured by the number of consumers who click on an affiliate link, and the number of those people who actually buy something from a merchant.

Pretend that 1,000 hot sauce lovers visit your site because you publish a lot of information about the best kinds of sauce for every meal. Within your content you include affiliate links to a few companies selling really great hot sauce. If you're doing OK, about 100 of your visitors will click an affiliate link, and about 10 of the affiliate link clickers will end up buying a bottle of hot sauce from your partner merchant. If that hot sauce costs \$4.99 a bottle, you'll get a small percentage of the purchase price (what percent depends on a lot of factors).

That kind of exchange is a Pay Per Sale (PPS) model, and the vast majority of affiliate marketing commissions come from PPS. There are other, less common ways publishers get paid, like being compensated for delivering "leads," or people who may eventually end up buying a product, or simply being paid for generating interest.

The ratio of people visiting your site compared to people who click an affiliate link and eventually buy something from the merchant is called the "conversion rate." In the hot sauce example, the conversion rate was 1% (Out of 1,000 visitors, 10 ended up buying something). Knowing your conversion rate is important so you can tell which of your strategies are working the best to generate commission.

Advantages and Disadvantages of Affiliate Marketing

It sounds pretty easy, doesn't it? You're already running that website about car maintenance, so why not do some affiliate marketing and be paid for the traffic you're already getting? But before you jump into affiliate marketing and spend a ton of time and energy chasing down merchants, you should carefully consider if it's a good choice for your material.

For the right kind of operation, affiliate marketing makes a lot of sense, especially if you're generating content related to a very specific product or service, and you have the time to create or curate relevant content and chase down good merchants. A "best of" website with links to products, or a space where you can offer repeat visitors rewards, are great candidates for affiliate marketing.

There are also sectors that really won't benefit from affiliate marketing. Building good partnerships takes time, so you may not make significant money until you've been at it for a while. If you aren't able to tie your affiliate links to good material, you'll be wasting a lot of effort. Also, choosing good partners is important, and vetting them takes work. Certain types of content don't match well--your Tumblr about your cat Mittens probably won't generate a lot of ad income.

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