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# <u>Why Affiliate Marketing? The Facts and Figures You</u> <u>Need to Know</u>

To begin with then, what precisely is affiliate marketing?

Simply put, affiliate marketing means marketing as an affiliate. This basically means selling products in order to get commission – just as you might do as a door-to-door salesman for cable TV.

Of course, the life of a door-to-door salesman is a rather unpleasant one because they're travelling around all day, getting doors slammed in their face and only earning money if they get fortunate enough to land a sale. As a salesman you live and die by your ability to persuade a cynical audience and you invest huge amounts of time to try and make the sale.

As an online affiliate, things are a little different. Now you'll be selling products for commission but you'll be doing it through the web and you'll be letting your customers come to you.

You'll have any means necessary available to you to achieve this with and you'll be able to constantly tweak and improve the system you're using to make sales. What's more, you can learn from the advice and mistakes of others and in some cases even use templates.

In fact, you can even outsource the marketing process!

And because you're investing less time in marketing this way, you can take on as many different products as you want and thereby scale up your income significantly. Moreover, you can do this 'on the side' to begin with and not rely on it for your main income – it makes a wonderful supplement to your income.

### The Truth About Affiliate Marketing: Facts and Figures

That's affiliate marketing in a nutshell but what do the numbers say?

Affiliate marketing has certainly been growing over the years with about 5.7% of big affiliate marketers starting in 2006 versus 13.9% in 2012. Most affiliate marketers are between 31-40 according to surveys and target B2C products (business to consumer) rather than B2B (business to business). <u>91% of these affiliate marketers choose e-mail marketing as their primary method of contacting customers</u> while 60% work from home.

What's really interesting though is the salary. While nearly 40% of affiliate marketers earned below \$5K in 2013 and use it as a secondary source of

income, the top earners surveyed earned as much as \$500K (this accounted for 3.3% of marketers). 50% were earning *at least* \$10K a year, whereas about 20% were on \$50K+. Not bad! (Data from Three Ladders Marketing).

The bottom line? Affiliate marketing is a highly lucrative job that appeals particularly to young entrepreneurs. There's a lot of money to be made and the industry is growing.

#### Affiliate Marketing vs Selling a Product

If there's a downside to affiliate marketing, it's that you won't keep 100% of the profits you generate – which can be disheartening. The percentages you get for affiliate marketing actually are very good and in some cases you get more of the profit than the creator – a lot of creators and producers give their affiliates 60% of the income as the *starting point* in fact. And it's unusual to see affiliate marketing get you much less than 40%.

But then again, this still isn't *100%.* So now the question becomes, why would you choose to use affiliate marketing when you *could* be getting all the profit by creating and selling your own product?

There are many answers but the first is that you don't have to go through the lengthy process of creating a product to sell. The sorts of things that sell very well online are quite often digital products – which means e-books, online courses and software. Any of these things take a lot of time to create and a lot of skill – if you're not a proficient writer, then you might struggle to create an e-book that people are going to be happy to pay for. Likewise, if you're not a programmer, you probably can't make the next must-have piece of software. And if it's a physical product you want to sell, you'll have to learn the entire manufacturing process.

Now you have two options. One is to *learn* the necessary skills or just to work hard to overcome your limitations. You might write and rewrite your e-book for instance, get it proofread and then rewrite it again. But it will be a slow process. You could learn to code meanwhile, or you could learn how products are designed and created.

The other option is to outsource the entire process. If you can't write/program/design, then you can find someone who *can* by going onto a site like UpWork, Elance or People Per Hour. So is this a good strategy? Well yes, it can be, but it will also cost you a big upfront investment and it will mean you lose some control over the outcome. The best programmer in the world can make you an amazing piece of software but they can't read your mind – so that software may not be precisely how you imagined it. Likewise, a good writer will

try to stick to your guidelines, but unless you give them a full-length draft they're always going to insert some of their own ideas and opinions which may be contrary to your own.

And here's the thing: you can never know if a product is going to be popular or not. So in other words, if you spend months and hundreds of dollars creating your product, you may yet find that there's no one interested in buying it. Of course, this will then leave you at a huge loss and you'll have to either give up or sink even *more* money into yet another untested idea. It's actually quite a rough ride!

Smart business nous will tell you instead to use the 'fail fast' approach. This means testing as many ideas and products as you can to begin with to see what sticks and not committing yourself financially to any project unless you have *some* evidence that it's going to be successful. When you fail with affiliate marketing you lose nothing and you can thus keep trying different products until you find the one you'll profit from best.

And what's even better? You can pick a product that's *already* selling well and that's *already* getting amazing reviews. You can literally find someone online who is making a killing from selling an affiliate product and then you can sell *that exact same product* knowing that it's possible to get rich from that strategy. When you sell your own product and it's not making the money you hoped it would, you may find you can't tell whether it's the product or your sales strategy that is holding you back. With affiliate marketing you know that the product works, so it's just a matter of finding the best way to peddle it.

Now there are scenarios where it *does* make more sense to create your own product and ultimately this gives you more freedom and flexibility and more profit. But for a lot of people, affiliate marketing makes more sense at least to begin with.

### How Affiliate Marketing Works

Now you know why affiliate marketing is so appealing, it's time to look at how affiliate marketing works, both from a technical perspective and from a practical one.

#### Affiliate Marketing in Technical Terms

Essentially, affiliate marketing relies on cookies. Cookies are small files that you can store on the computer of any online web user. These cookies can then be used to identify that user at a later point or to retrieve information about them. Cookies are what enable sites like Facebook to keep you signed in for example and they can also be used by advertising companies to show you ads relevant to your browsing history. In the case of affiliate marketing, cookies are used in order to show that traffic came from your website/advert and these work alongside unique 'identifier URLs' which are your private gateway to that website.

#### Affiliate Marketing In Layman's Terms

So in other words, you have your own address that you use to send people to the product page. They then get redirected to the main site but during the process a cookie is stored on their computer that is basically the digital equivalent of 'tell 'em I sent you'. Then, when they buy a product, this is logged in your profile and at the end of the week/month/quarter you get paid your commission.

To get started in affiliate marketing then, all you need to do is to find a product you like and you think you can sell, sign up to the affiliate program and then paste your unique link in any form of marketing, advertising or otherwise. That could be a Facebook ad, it could be an email or it could even be a physical flier.

### How To Get Started With Affiliate Marketing

So now you understand the basics, how do you go about getting started and actually trying your hand at affiliate marketing?

The first thing you of course need to do is to find a product that you can sell as an affiliate. To do this, there are a few different approaches...

#### Top Affiliate Networks You Need to Know About

The main method through which to become an affiliate marketer is to start selling products from an affiliate network. Affiliate networks are basically online tools that make it easy for you to find products and to manage your sales and income. Affiliate networks give you access to popular products and they automate the entire process so that you don't have to communicate directly with the seller. They streamline the process in other words.

#### Some big affiliate networks worth joining

<u>Clickbank</u> <u>ShareASale</u> <u>JVZoo</u> <u>Max Bounty</u> <u>MarketHealth</u> <u>OfferVault</u> PeerFly

Take a look at these networks, you'll see just how many millions of different products in various niches you can promote as an affiliate.

#### Finding Products Online

One option is simply to find products online by typing "product name affiliate" or "Niche (dogs, dog training etc.) affiliate program" into Google. This should bring up a list of related offers which you can market as an affiliate. Now all you need to do is sign up through their site and start promoting it with your affiliate link.

Some affiliate offers give you commission on memberships and subscriptions. What this means, is that if someone signs up to one of these offers using your referral link, you'll then get a commission for every month that the person is signed up. This means you can feasibly stop marketing completely eventually and still be making a huge profit while you sleep... forever!

#### Amazon Associates

Another way to be an affiliate online is to sell Amazon products. Amazon has an affiliate system where you can sell their products on your site and get commission. This of course gives you access to millions of different products which you will find makes it much easier to fit your selling in with your existing online presence. If you have a fitness site, now you can sell dumbbells and running shoes. Likewise, if you have a website about computer games, you can sell all the games that you're recommending directly. Amazon also has lots of great tools to make it easier to sell your products and to manage your sales.

Another great thing about Amazon is that you get commission on all products.

For example, if you were marketing hair care products from your Amazon affiliate link and somebody clicked your link to go to Amazon and bought a TV, iPhone and dishwasher, you would get commission on all those products.

Important: Amazon currently does NOT allow for direct promotion through email marketing. I will have a future guide on building websites specifically for Amazon Affiliate Marketing.