



Fact Sheet

Affiliate Programmes

June 2007

Ever wondered how your web site can generate income for your business, even if you don't sell online yourself?

Our E-Business Advisers discuss how you can use affiliate programmes to either generate income for your firm, or to drive traffic to your online sales web site:

1. What are Affiliate Programmes?

Otherwise known as “pay per performance” marketing, affiliate programmes are a form of online marketing where an advertiser pays for results, rather than paying just to reach a particular audience.

Your web site advertises the products or services offered by another firms' web site in exchange for a commission, normally on completed sales via their web site.

One of the largest affiliate schemes is that run by Amazon - their “associate program”. It is typical in how it operates:

- Associates drive Internet traffic from their web sites to Amazon through specially-formatted links on the associate's web site. This allows Amazon to track sales and other activity.
- Associates earn up to 10% in referral fees on sales revenue made through their links. Amazon then sends quarterly payments to these associates.

There are many other firms directly involved, (like Amazon), in this process themselves.

There are also firms who specialise in acting as intermediaries, putting advertisers and affiliates together.

They track the activity (this normally involves setting a “cookie” - a tiny piece of coding - in the web site visitor's web browser).

With this cookie, the advertiser and affiliate can be linked, commission rates worked out and monies accrued if your web site visitor does go on to purchase from the advertisers' site.

2. What are the advantages?

Besides the obvious one of income generation for you, there are other advantages too:

- You can provide an additional service for your web site visitor, at no additional cost to either you or them.

For example, if your business is running a dog breeding kennel, it is unlikely that your web site will sell puppies online!

However, if you found books that you'd recommend to your buyers on puppy care or training, an associate link from your web site to Amazon would generate a small amount of income to you, as well as providing an additional service at no cost to you for your customers.

- Likewise, you could add affiliate links to veterinary care pet insurance schemes, or dog products e-commerce web sites.



Fact Sheet

The trick is to find complementary products that add value to your offering.

- On many schemes, it is also possible to “deep link” into the merchants’ web site.

This means that the actual page with the book or other product you are recommending will be linked to, rather than the generic home page of the site.

- The percentage commission paid varies considerably between different schemes - 10% or so of product price seems to be the average.
- Best results seem to come from putting the affiliate link at the top right corner of your web page
- It’s also important that you give your web site visitor a compelling reason to click through to the affiliated site - a brief testimonial can work well to achieve this.
- By working with an intermediary firm, it is also possible to create your own affiliate scheme too.

If you do so, it is important that you are clear about the margins on your products.

If you make 10% on a product, and the affiliate gets paid 10%, it isn’t worth doing!

3. What are the downsides?

- It’s unlikely that affiliate schemes will make you rich - but there are lots of “get rich quick” affiliate schemes on the web which you should avoid!

Generally, for a little effort in terms of setting up the scheme, you should be able to bring in enough to at least cover your web site costs.

This effectively means your “brochure” web site can pay for itself - and possibly even bring in an additional margin!

- If your web site visitor goes off to another web site - they aren’t on your site!

You should ensure that your affiliate partner’s web site opens in a new web browser window - so that your web site still remains when the visitor has finished on the other site.

- It is also important that you don’t have too many affiliate schemes links on your web site.

This can both look unprofessional, and possibly negatively affect your rankings with the search engines.

- Sometimes you have to earn a minimum amount of commission before you are paid. If your site doesn’t generate much commission, you may only receive a payment once a year.

4. Other considerations:

It’s probably more effective if you think how you can add value to your visitors and customers by helping them to find other complementary products they might need.

If you would like to affiliate link to a site for another product that would add value to your visitors, you should search that company’s web site for an affiliate scheme, or email the web master at the firm concerned.



Fact Sheet

5. Useful Links

www.amazon.co.uk -
Click on the "Associates" link on the home page.

www.omguk.com -
UK intermediary, with many brand leaders. They run affiliate schemes for Norwich Union, Avon and Asda amongst many others.

www.affiliatewindow.com -
UK intermediary, with many brand leaders. They run affiliate schemes for Boots, B&Q and Burton Menswear amongst many others.

Searching in Google for "affiliate schemes" will also return many other links.