

What is Affiliate Marketing?

Over the past few years, affiliate marketing has grown into a tremendous business online that allows people to sell their products and services. It is a partnership that involves three components:

- An “advertiser” -- The merchant wanting to sell their products and services
- The “publisher” – The affiliate who wants to help them to sell their products and services
- The “customer” – The person who buys the product or services

When the affiliate sells the other person’s product or service, they get a percentage of the profits paid to them by the person they are selling it for. In essence, it is a merchant outsourcing their sales to someone so they have help selling their product or service.

How Does This Work?

In the majority of cases, an affiliate marketing situation works like this:

- The website created by the affiliate to sell the product or service is visited by a potential customer who is interested in the product or service being advertised.
- The potential customer clicks onto the affiliate link and that goes to the landing page of the business the affiliate is selling the product or service for
- The potential customer becomes an actual customer and buys the product or service
- The affiliate gets a percentage of the sales of the product or service

This makes affiliate marketing a sort of cost per action type of advertising. The bottom line, however, is that the affiliate doesn’t get a penny just for attracting a potential customer to his website or even by getting them to click onto the link to the third party website where the product is being sold. They only get paid if the visitor turns into a customer and buys the product or service.

Why do Merchants Like Affiliate Marketing?

Affiliate marketing is enabled by the affiliate hyperlinks that lets merchants track where their customers come from. This makes it possible for them to know which

affiliate the sales generated from so they can pay them the percentage they earned accordingly. An affiliate marketer's success in being able to sell the merchant's products or services relies on how well they can convert visitors into sales. If they put out a good advertising strategy that gets the visitors to buy the product or service then they should get high conversion rates.

Plus, it depends on how well the product or service relates to the website you have it on. For instance, if you have a blog that is on raising dogs, then you would want to be trying to sell an affiliate offer for something like a dog training book and not be trying to sell a book about how to buy a house. The more relevant the product or service is, the better chances you are going to attract the right customer base.

Since affiliate marketers only get paid if they make a sale, it is a system that is not so risky to the merchant. As long as they have enough sales through all their means (i.e. they are selling it themselves, plus they have several affiliates selling it for them) then even if one affiliate doesn't do very well, they aren't having to pay them because they didn't make sales, so they didn't lose money. It is a form of free advertising for the merchant until the affiliate makes a sale and has to be paid their commission.

Why do the Affiliates like Affiliate Marketing?

Affiliate marketing is also quite appealing to the affiliates because they can make money by selling the products and services for the merchant. This is cheaper for them to do than them having their own product or service because they only have to sell it, they don't have to package it, or mail it out to the buyers. Plus, depending on how much of a commission they get per sales, they could potentially make quite a bit of money.

Affiliate marketers can choose several strategies to get the targeted audience to buy the products they are selling for the merchant. It all depends on the niche they are targeting and the type of product or service. Some of the strategies that have been used with success include:

- Offering Coupons or Promo Codes
- Doing Product Reviews or Ranking

- Doing Product Aggregation or Price Comparison

All in all, affiliate marketing is a process set up to allow a merchant to sell their product or service through a willing affiliate, who then makes a profit of a percentage of the sales they make on their website.