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WHAT IS
AFFILIATE
MARKETING

Affiliate marketing refers to programs that aim to sell more products for a company through partnerships with third party online sales people called affiliates or publishers. Unlike traditional Contextual Advertising, affiliate marketing programs allow content publishers to connect directly with advertisers.

A successful affiliate marketing campaign can lead to a higher income to publishers compared to publishing contextual ads from services like Google AdSense. From an advertiser's standpoint, affiliate marketing is an efficient way of promoting one's products because the reward system is based on the publisher's productivity. The advertiser only needs to pay if the publisher successfully facilitates a sale.



HISTORY OF AFFILIATE MARKETING



The affiliate marketing business model is not new. It has been around shortly after the first few businesses started offering products and services in the web. The affiliate marketing commission system was likely inspired by the commission payment system of offline sales people. In the sales world outside the internet, sales people have been paid via commission or a percentage of the payment amount for the longest time. In particular, it is a common sales model in the cosmetic, homeware, car and pharmaceutical industries.

The first recorded transition of this business model to the online world happened in 1994. It was a flower selling business called PC Flowers and Gifts. Its founder, William J. Tobin, designed and patented the use of revenue sharing and tracking of visitor's activities. The first affiliate network was the Prodigy Network, an IBM owned subscription service that offered online services like access to news, games, polls and many more.

Subscribers of the network were given the opportunity to earn commission for facilitating a PC Flowers and Gifts sale to other members of the network. In 1996, Amazon launched what we now call Amazon associates. At the time, Amazon focused on selling tangible books. A website owner can post a banner ad or a link that leads directly to the product page of a specific book. Commission is paid if a visitor who used the link purchases the book.

In the years that followed, many other affiliate marketing schemes were launched but Amazon Associates became the most popular among them. Since then, the popularity of affiliate marketing as a website monetization method has increased. In 2006 for instance, sales generated by affiliate marketing in the UK, amounted to \$2.92 billion.



The popularity of affiliate marketing increased even more when more and more people took part in online content creation. In the early 2000s, Web 2.0 types of content became increasingly popular online. People turned to blogs and forums for answers when they face problems. Some of these blogs and forums monetized their online properties using affiliate marketing programs. By positioning affiliate products as a solution to people's problems, they were able to earn from the content they post on their websites.

Around 2011, Google cleaned up its search engine results pages with what is commonly called the Panda update. This update in the search algorithm penalized websites with poor content. This was largely due to the fact that many website owners gamed the process of ranking in Google's search result pages. This process is called Search Engine Optimization or SEO.

By doing practices frowned upon by Google, webmasters with websites that hardly have any useful content in them managed to reach the top spot of search result pages. Practices like stuffing a webpage with keywords or creating thousands of fake links that point to a websites allowed these webmasters to raise their spam webpages in the rankings. Most of these spam webpages were monetized by affiliate links and banners. With Google cracking down on webpages like these, the black hat days of most affiliate marketers came to an end.

After the Google Panda updates, websites that provided useful and engaging content rose to fill the top positions of the search result pages. Because of this, websites with excellent content managed to get the affiliate marketing sales.

In the following years, affiliate marketers saw the emergence of social media websites. Together with this, smartphones and other mobile devices replaced personal computers as the primary tools used for accessing the internet. With these changes in the internet marketing world, affiliate marketing strategies also evolved. The internet became a truly multimedia experience. Text content no longer ruled the internet. Instead, videos and images dominated the screens of internet users.

This gave way to a new breed of affiliate marketers. Some of them do not even own a website. They only use their Facebook pages, YouTube Channels and Instagram accounts to generate affiliate sales. These days, people no longer spend countless hours surfing the web. Instead, they stick to one or two apps, fully engaged in the content in these apps. This is the current state of affiliate marketing. The old ways of succeeding in this business still has some value. You could still earn by posting useful content in your website. However, if you want your affiliate marketing game to improve, you need to master the social media-marketing world as well.

THE AFFILIATE MARKETING BUSINESS MODEL

As we discussed above, affiliate marketing is a revenue sharing business model designed to increase the sales of a particular product or service. Before we talk about how you can take part in this business model, let us first discuss the different players in this type of business:

- **THE ADVERTISER**
- **THE CONSUMERS**
- **THE PUBLISHERS**



A person is seen from the side, working at a desk with a computer monitor and keyboard. The background is slightly blurred, showing an office environment. The text 'THE ADVERTISER' is overlaid in large, white, bold letters across the top of the image.

THE ADVERTISER

To understand affiliate marketing, one needs to understand the three parties involved in this type of marketing program. The first one, is the advertiser or the business that wants to promote its products or services. They set up their own affiliate marketing program or they sign up with an affiliate network to manage the marketing program for them. The advertiser's goal is simply to sell more products and to reach new markets through the internet. Most of the time, they set up this kind of program because they want to reach online markets that they normally cannot reach by traditional online advertising.

Affiliate marketing also has other benefits for the advertiser's online presence. By setting up this program, more content creators will be talking about their products. Some of these content creators have thousands of fans. Each one of these followers will be exposed to their products. Even if these followers do not purchase a product now, they will still become familiar with the promoted product. They may choose to look for the product in the future, without passing through the affiliate marketing channel.

The advertisers should provide the tools needed by the publishers. For instance, they could provide marketing materials that the affiliate publishers will use to promote their products. They should also provide the platform to make it easier for the publisher to participate in the program. Most affiliate programs come with an account to the affiliate marketing website. This website serves as source of all the tools provided by the advertiser. It also comes with a dashboard where the publisher can track their performance .

A woman with dark hair tied back, wearing a white long-sleeved shirt, is standing in a store aisle. She is holding two water bottles: a blue one in her right hand and a silver one in her left hand, comparing them. The background shows shelves stocked with various products, including more water bottles. The text 'THE CONSUMERS' is overlaid in large white letters across the middle of the image.

THE CONSUMERS

The next party in the affiliate marketing business model is the consumers. The consumers refer to the people who buy the products of the advertiser. The advertisers want the right types of consumers to see their marketing materials. If they like the advertiser's product or service, they can click on the link provided with the marketing material and start the purchasing process.

The internet is filled with people who can become consumers. However, the best types of consumers are those that are willing and able to buy the advertiser's products. A willing consumer is interested in the product or service. He or she has a personal reason for wanting or needing the product. A consumer is able to buy the product if he or she can complete the purchasing process. First, the consumer needs to have the technical knowhow on completing an online purchase. He or she should also have enough funds to pay for the product or service offered.

The image shows two women in professional attire. The woman on the right is wearing glasses and pointing at a tablet held by the woman on the left. They appear to be in a collaborative work environment. The background is slightly blurred, suggesting an office or meeting room setting.

THE PUBLISHER

The last party is the publishers. Publishers are the people who post the marketing materials of the advertisers so that the consumers can view them. Affiliate programs usually require their publishers to have an online asset that they can use to attract the attention of consumers. Most affiliate programs require that you have a website where you will promote their products or services. While a website is usually required when signing up, the publisher is not limited to promoting the advertiser's marketing materials in there. Depending on the affiliate program guidelines, the publisher can use contextual advertising, social media marketing, and other means to bring attention to the affiliate offer.

If you want to earn money in affiliate marketing, the best way is to become a publisher. It will be your role to generate leads towards the websites of your affiliate advertisers. This means that you need to attract people who are likely to buy the products of the advertisers and encourage them to go to the advertiser website and make a purchase.

This part however, is easier said than done. Though billions of people use the internet every day, you will not be able to reach the majority of them. A big chunk of the online population does not speak English. Among the English speakers, only a small percentage is interested in the topics you are discussing in your blog, your videos or your podcasts. Even among people who are interested in the topic you are discussing, only a small percentage have intentions of buying online. The majority of people still prefer to buy things through brick-and-mortar stores if they are available. Many of those who habitually buy things online have their preferred online stores. Many of them just buy from the popular sources like Amazon.

The most successful publishers earn through affiliate marketing consistently by establishing themselves as authorities in their chosen fields. You may also follow this path. Most of these people are already experts in their fields and they only use online marketing as a source of extra income. If you want to create content related to your job for example, you can brand yourself as an expert. A trainer in a gym for example, can create a website where he puts contents that gym goers can do when they cannot go to his classes. In the process, he can promote fitness related products that the visitors of his website can make use of. Because the gym trainer is an expert in his field, the visitors in his website are likely to follow his advice.

You can also take the same approach by starting an affiliate business based on what you do for a living or on a hobby you like to do. By doing so, you can establish yourself as an expert in that field. It will also be easier for you to find your first website followers. You can encourage the people you meet in your job to visit your website. In there, you can provide free advice to keep the visitors coming back to your website. In the process, you can monetize the website by suggesting products and services that you use yourself. You could then use affiliate links to direct your visitors to these products and services.

A carpenter for example, could provide free carpentry lessons in his website and his social media accounts. Together with his content, he could provide Amazon Associate links to the product pages of the tools and other products that he uses in his carpentry lessons.

To establish yourself as an expert, you will need to provide evidence to the visitors of your website. For instance, you can create an about page where you put your credentials and your achievements in the field. You could also provide photos where in you are working to show people that you are who you say you are.

While it is easier to convince people to buy the affiliate products if you are an expert, there are other approaches to become a trusted source in the affiliate marketing business. For instance, you can also become a successful publisher even if you are just a beginner at your chosen topic. Instead of providing advice based on your personal experience, you can also give them as you learn a new topic. A beginner carpenter for example could show people his journey in learning to become an expert. In the process, he could share the lessons he learned together with the tools he uses to learn.

Many people who go to the internet are beginners who want to learn something. It is rare to see a free website that will teach you everything you need to know to learn a skill. Most websites that teach specific skills tend to be paid and often demand a high price. You can give the audience a free version of these websites. Instead of charging the people for the information, you can earn through the affiliate marketing income instead.

