Chapter 4

Amazon Associates: A Model of Affiliate Marketing

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ABSTRACT

Affiliate marketing, without a doubt, is the quickest and easiest way to make some profit on the World Wide Web. Aside from this, affiliate marketing brings many benefits like minimum to zero financial investment to start out with this earning stream, a variety of programs to choose from, unlimited number of programs to join, extravagant commission schemes ranging from 20% to 90% of the selling price, get paid as you produce results. You’re not handcuffed by time, you can work at your own pace; No limit as to how much you can earn. Because of these amazing benefits, millions of online users have tried their hands in affiliate marketing. The affiliate marketing space has matured quite a bit since 1994, when the Olim brothers began their first affiliate program at CDnow. The “buy web” program revolutionized advertising and marketing on. The Internet by shifting the “burden of response” from advertisers to content producers.

INTRODUCTION

Affiliate marketing is a type of performance-based marketing in which a business rewards one or more affiliates for each visitor or customer brought by the affiliate’s own marketing efforts. The industry has four core players: the merchant (also known as ‘retailer’ or ‘brand’), the network (that contains offers for the affiliate to choose from and also takes care of the payments), the publisher (also known as ‘the affiliate’), and the customer (Wikipedia, n.d.). The market has grown in complexity, resulting

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in the emergence of a secondary tier of players, including affiliate management agencies, super-affiliates and specialized third party vendors.

Affiliate marketing overlaps with other Internet marketing methods to some degree, because affiliates often use regular advertising methods. Those methods include organic search engine optimization (SEO), paid search engine marketing (PPC - Pay Per Click), e-mail marketing, content marketing and in some sense display advertising. On the other hand, affiliates sometimes use less orthodox techniques, such as publishing reviews of products or services offered by a partner (International Journal of Advertising 30, Pg 13–46. 2011).

Affiliate marketing is commonly confused with referral marketing, as both forms of marketing use third parties to drive sales to the retailer. However, both are distinct forms of marketing and the main difference between them is that affiliate marketing relies purely on financial motivations to drive sales while referral marketing relies on trust and personal relationships to drive sales (Kappe, 2012).

Affiliate marketing is frequently overlooked by advertisers. While search engines, e-mail, and website syndication capture much of the attention of online retailers, affiliate marketing carries a much lower profile. Still, affiliates continue to play a significant role in e-retailers’ marketing strategies (Halligan, Shah, 2009).

**HOW TO START AN AFFILIATE MARKET BUSINESS**

Affiliate marketing gives you the opportunity to earn a commission by selling products or services offered by other companies, (Weber et al, 2007) It’s a great way to supplement your income from the convenience of your own home. Fortunately, it’s also easy to become an affiliate for companies that are household names

**Process of Becoming an Affiliate**

**Sell What You Know**

To start, you should stick to selling products or services that you’re familiar with. Online marketers call this process “picking your niche.” [1] You should select a niche that represents your current interests or your occupation. For example, if you’re an expert at interior decorating, it makes more sense to sell comfort sets than it does to sell automotive parts. You’ll do a much better job with your individual marketing efforts if you stick to selling what you know.
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