

GOAFFPRO

# Affiliate Marketing

A Definitive Guide  
for Merchants

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# What is Affiliate Marketing?

Affiliate marketing is a type of marketing where a company pays/rewards someone for referring sales to their store. It is a low-risk and cost-effective way of advertising for businesses. Additionally, it helps them optimize their budget for marketing and allows them to target the right audience.

There are three main components of affiliate marketing, the merchant, the affiliate, and the consumers.

- A merchant is anyone trying to sell their products or services to customers.
- The affiliate is who promotes the merchant's products or services to customers.
- Customers are the ones who purchase the merchant's products or services after being referred by the affiliate.

Affiliate marketing works on the pay-per-sale model. As per this model, the company pays the affiliate only for the sales they refer to their store. This pay-per-sale model, especially, helps smaller businesses that have limited resources to spare on marketing.

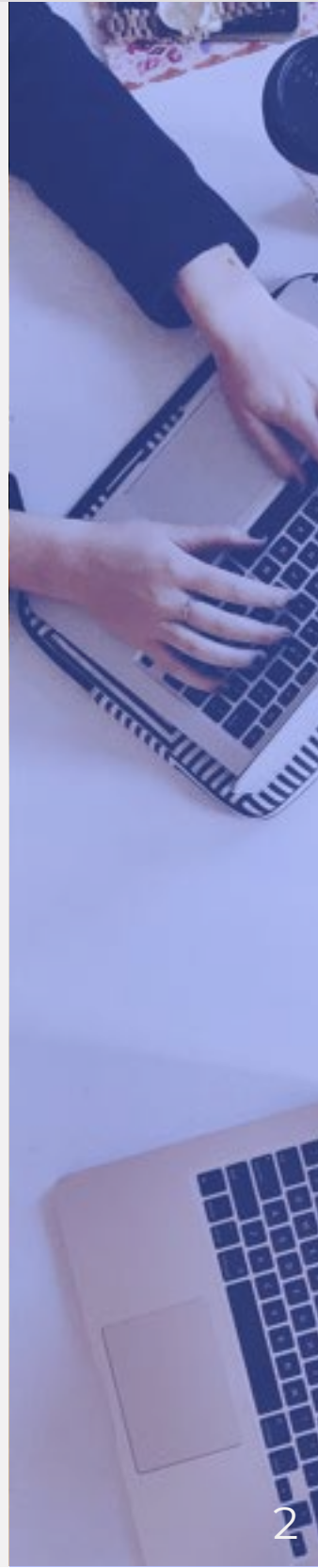


# Affiliate Marketing Statistics

In recent years, affiliate marketing has seen a significant rise in adoption. It is becoming the preferred marketing channel for online stores and businesses. Major companies like Amazon, Walmart, eBay, and AliExpress already run affiliate programs for their stores.

As per the affiliate marketing [industry report](#) by Saas Scout, up to 30% of all sales of advertisers get generated through affiliate programs. Also, the annual affiliate marketing spending is estimated to be \$12 billion.

According to a [2016 survey](#) by Rakuten Marketing, over 80% of the merchants ran an affiliate program. The survey also highlights that nearly 90% of advertisers consider affiliate programs to be an "important part to their overall marketing strategy."





# How Does Affiliate Marketing Work?

In affiliate marketing, the merchant compensates or rewards an affiliate for the sales they refer to the store. The compensation that the merchant pays the affiliate is also known as the commission.

Additionally, referral tracking gets used for tracking sales made using an affiliate's referral.

Generally, there are two types of referral tracking used:

**Referral link tracking:** When an affiliate is assigned a unique referral link, they can share this link with customers in their promotions. When a customer visits the store using the affiliate's referral link and makes a purchase, that sale gets attributed to the affiliate. The affiliate earns a commission on that referral sale.

**Coupon code tracking:** Likewise, referral sales also get tracked using coupon codes. If the affiliate is assigned a coupon code, they can share it with customers in their promotions. When a customer uses that coupon to purchase in the store, that sale will get attributed to the affiliate. The affiliate will earn commissions on such referral sales.

# How to Build your Affiliate Program?

## Define objectives for the program

While building your affiliate program, it is necessary to define what your objectives are. Typically, merchants look to increase their brand awareness and get more sales or visitors to their stores.

## Choosing an affiliate marketing app

Creating an affiliate program has become easier over time. You can choose affiliate marketing apps like GoAffPro to help create an affiliate program for your store.

## Budgeting for the affiliate program

It is essential to have a budget planned out for the affiliate program. A budget plan would include how much money you allocate for the program and the commission rates you set for your affiliates accordingly.

Generally, there are minimal costs involved with running an affiliate program. With a good affiliate marketing app, you can essentially automate your program, which makes it easier for you to manage.

# How to Find Affiliates?

After building the affiliate program, the next task for merchants is to get affiliates to join it. They should selectively recruit affiliates that are compatible with their brand and products. A crucial factor in an affiliate program's success is getting good quality affiliates.

## Where do you want your brand promoted?

Affiliates can have a range of platforms where they can promote your brand and products. These can include promotions through blog posts, promotional posts on social media like Instagram or Facebook, or by creating reviews on platforms like YouTube or TikTok.

## What audience is the affiliate targeting?

Affiliates can have different types of audiences following them. It is, therefore, essential to look out for demographic factors like age group, gender, location, and content while searching for affiliates or influencers. Their audience should match your brand's targeted audience.

## What audience is the affiliate targeting?

A great way of reaching out is by promoting the affiliate program on your social media channels. Additionally, you can connect with existing customers, informing them of the program and its rewards. You can also reach out to influencers by email or try connecting with them through social media DMs.

# Reaching out to influencers for your program:

Before reaching out to influencers, you should know a little more about them.

There are broadly three types of influencers based on their follower or subscriber count, these are:

Nano influencers: 1k to 10k followers

Micro influencers: 10k to 50k followers

Macro influencers: 50k to 1M+ followers

Focusing solely on the follower count of influencers would not be wise, as they may not be genuine (artificially inflated). Metrics such as post shares or comments can give a more real-world view of audience engagement. Additionally, you should check out what content the influencer produces and if that matches your brand's messaging.

According to [The State of Influencer Marketing](#) report, the engagement rate of nano influencers is twice as high as that of any other group of influencers.

While reaching out to influencers through emails or DMs, here are a few things you should mention: your personal introduction, your brand's introduction, why you think they would be a good partner for your brand, and your compensation. Though in the case of DMs, you can be more casual in your approach.



# How to manage and scale the affiliate program?

After building the affiliate program and finding affiliates, merchants can move on to managing and scaling the program.

## Focus on affiliate performance

Merchants should regularly measure the performance of their affiliates. They should focus on affiliate KPIs (key performance indicators) like the number of referrals, visits, and sales they bring to the store. These can be evaluated monthly and used to refine the program settings.

## Efficient program management

The merchant should ensure they manage the program efficiently for its smooth running. It includes setting up competitive commission rates, providing marketing resources and tools to affiliates, and rewarding affiliates for their performance.

## Commission payment to affiliates

Commission payments are a crucial component in managing an affiliate program. Merchants must ensure that they make timely and regular payments to their affiliates. Getting the process of commission payments to be as smooth as possible will improve affiliate loyalty.

# Authored by

GoAffPro team

GoAffPro is a complete affiliate and influencer marketing solution for your store. With GoAffPro, you can set up a branded affiliate program for your store and customize the program as per your requirements. It offers options such as a custom branded portal, per-product/affiliate commissions, multi-level network, targets, boosters, email marketing, and more.

**Interested in building an affiliate program for your store? [Connect with us today.](#)**



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