

MODULE 9: WORKING WITH AFFILIATES

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Pros & Cons of Creating an Affiliate Program

One of the best ways to boost sales of your digital product, especially if you don't have a large online audience already, is to work with affiliates. In this week's modules, we're looking at the benefits and drawbacks of setting up an affiliate program as well as exactly how you go about doing that and how to make your relationship with affiliates profitable for everybody.

The Benefits of Working with Affiliates

As you may have guessed from that introduction, I'm a fan of working with affiliates, and I think the benefits outweigh the drawbacks for most ebook authors. With that in mind, let's start by looking at some of the benefits:

Introduce Your eBook to a New Audience

By far, the biggest benefit of working with affiliates is that you're able to get your ebook in front of audiences who might not see it otherwise. If it takes so many people viewing your ebook and sales page to close a sale (something that's true for every product and author no matter how good the cover or sales page is, although the specific numbers might vary), then getting more people to that page is always a good thing.

Unfortunately, as an author, there are only so many people you can connect with. If you have a large blog, that might be hundreds of thousands of people, but that's still a fraction of the number of potential customers out there, and affiliates help you extend your reach and increase the visibility of your ebook.

Increase Your Overall Sales

The most obvious benefit, then, is an increase in the overall number of sales you're able to make. If you can double the number of people who hear about your ebook, you might also double your total number of sales (assuming the audience is within your target market). That's pretty much a win all around.

Add to Your Brand Awareness

I had a funny thing happen recently. Every few months, I check the reviews on my Amazon listings of older ebooks I've released. There was a negative review on one of my first ebooks, *How to Have Your Cake and Eat It, Too*, and the author of that review referred to "a lot of hype" surrounding the book and that she didn't think it lived up to that hype.

Well, the funny part is that ebook is nowhere near a bestseller. I stand by the information in it, but it was my first ebook release as an individual author, and there's a lot I'd like to improve and update to make it an even better resource. In total, over the past three years, it's only sold about 1,000 copies.

But because this purchaser had seen the ebook referenced in multiple places recently (I believe as part of a bundle sale), that equaled "a lot of hype" in her mind.

And that's a definite benefit of working with affiliates – it grows the brand awareness of your book, your blog and you as an author. As people see multiple references to the ebook – in posts or in sidebar buttons – their curiosity grows. And that added exposure can add to additional sales or less tangible brand awareness that helps you grow your blog and business in general.

Improve Your Search Engine Rankings

And finally, there are SEO benefits to working with affiliates as well.

As I've mentioned before, I am a search engine optimization (SEO) fail. It doesn't come naturally to me, and I don't enjoy it, so for the most part I ignore SEO as much as possible and just try not to do anything that will severely penalize my sites. But one thing I do know is that inbound links can be good for SEO, and working with bloggers is a great way to get additional inbound links to your products and your website.

Now, it's important to note that the rules of search engine are always changing, and there are times when too many inbound links can be a bad thing (if Google considers them spammy), but if you're working with quality affiliates who are writing genuinely about your ebook, you should be okay.

It's also important to realize that when you're using e-Junkie, the links are actually routed through e-Junkie's servers, so you miss out on some of these SEO benefits.

From [Amanda White](#):

Affiliates rock my socks off. I cannot imagine doing it without them. Not only do they bring in most of my sales, they are so encouraging! I know many of them are promoting b/c they want to make money. But they are also so positive and make me feel like, "Hey, this really is a good book!"

[Read Amanda's full case study interview here.](#)

The Drawbacks of Working with Affiliates

While there are lots of benefits to working with affiliates, there are a few drawbacks to keep in mind as well:

Your Profit Is Lower on Each Product Sold

The most obvious drawback to working with affiliates is you'll earn less on each ebook sold than you would through direct sales. That said, if you're reaching a new audience that wouldn't see your ebook otherwise, a lower profit margin is better than no sales at all, right?

You May Be Losing Direct Sales

It is possible, yes, that you'll sell ebooks through an affiliate to customers who would have purchased directly from you instead if that affiliate hadn't shared the link. However, in almost all cases, the benefit of the additional sales you'll make more than makes up for a few lost sales.

There are several ways to work around this, though. One is to schedule your email announcements to past customers, blog subscribers, etc. for the very moment the ebook launches so that your link is the first one those potential customers see. They still might end up buying through another link after hearing about it from you first, but in those cases, I'd say your affiliate played an important role in closing the sale because the customer wasn't ready to buy the first time you told them about the ebook anyway!

Another option, if you're truly concerned about this happening, is to simply launch without an affiliate program first and then add an affiliate program later on. I did this unintentionally with this course. We pulled things together rather quickly, and I wasn't planning on launching an affiliate program at all until all of the modules were completed, but I received so many requests that I ended up launching it after a couple of weeks instead. That actually worked out really well for everybody, and I can see the benefits to doing it again that way in the future.

Low-Quality Affiliates May Have a Negative Effect on Your Brand

Another drawback, and one without an upside, is that low-quality affiliates can actually negatively affect your brand. If an affiliate describes your ebook poorly, makes unsupported claims about your product or creates spammy links, it can affect your overall brand, your SEO rankings, etc.

In all honesty, the only time I've ever experienced this is affiliates who post our BundleoftheWeek.com sales early, before they're actually live, which occasionally results in an upset customer who purchases the wrong bundle. That's frustrating, but not nearly enough reason to avoid affiliates altogether, since our affiliates sell a large portion of our bundles each week.

One way to work around this issue is to simply be selective about who you allow to join your affiliate program. You could make your affiliate program invite-only, create a brief application for affiliates to explain how they will be promoting your product, etc. I'm not sure it's worth that extra work, but if you've had trouble with affiliates in the past or are very concerned about your products being marketed properly, that's definitely an option worth considering.

Managing Affiliates Takes Time and Work

And finally, one of the things that holds ebook authors back is simply the time, expense and effort of managing an affiliate base. You have to choose and set up an affiliate program, make monthly payments, answer questions, offer creatives, etc., and it can take time to manage all of those moving parts.

However, if your goal in writing your ebook is either to grow your brand or increase your income, the work is probably worth it, don't you think?

Deciding on an Affiliate Split

Once you've decided that an affiliate program is in your best interest (hint: for most people reading this, I think it is!), there's still one big decision to make: what percentage of the sales price will you offer affiliates?

Consider All of Your Expenses

While we've already talked about a low profit margin being better than no profit margin, it is important to calculate all of your expenses so that you understand what your bottom line will be after paying affiliates. Use the [Earnings Calculator spreadsheet](#) to automate these calculations so that you can see how the price of your ebook and the percentage you offer affiliates affects your net earnings.

One thing to keep in mind is that your affiliate split is calculated on the gross sales amount – the price of the product before any expenses. So, for example, when selling a \$0.99 ebook, an affiliate who earns 50% will earn \$0.50 from each book sold. However, you'll also be paying a PayPal fee of \$0.32, which means your net earnings are just \$0.18 per ebook. That might be okay for an initial launch sale where

you're trying to get the ball rolling, but if money is your goal, it will be very hard to make any significant profit at just \$0.18 an ebook!

How the Price of Your Product Affects the Affiliate Split

One of the benefits of digital products as opposed to physical products is that there is very little overhead on each copy sold. That means that you don't have to consider the cost of supplies, shipping, maintaining a physical location, etc. when deciding on an affiliate split, which allows you to offer a higher percentage.

In general, I think that your direct affiliate split should fall somewhere between 30-50%. There's less incentive for an affiliate to promote a product that only offers 10% commission, and offering them an affiliate rate in that range should make it fairly to balance the additional sales with the lost income.

That said, there are a few things to consider when setting your affiliate split:

1. It's easier to raise that rate than to lower it.

At the time when I began selling digital products, many people were offering 50% affiliate splits, and that was the most appealing to me as an affiliate, so I decided to offer the same split to my affiliates. What I wish I'd done instead is offered a slightly lower affiliate rate and then run promotions at an increased rate several times a year as an added incentive for promoting the products. I still might do that at some point, at least for new affiliates, but I'm a little bit uncomfortable with the idea of lowering the affiliate rate we've already established!

2. Lower priced products may call for a higher affiliate split.

It sounds a little bit backwards, but if your ebook is priced at \$5 or less, you may need a higher affiliate split to make promoting that product attractive for affiliates. The one exception to this is during "discount days" when you're offering your ebook at a deeply discounted price, since affiliates should be able to make up the lower earnings per book by selling more books at the lower price!

As the price of your digital product increases, your affiliate split can actually go down because each sale will result in more money for the affiliate. So, for example, this ecourse is priced at \$17, and the affiliate split is 30%, which means that affiliates earn \$5.10 for each course registration through their link. Now, I'm sure all of our affiliates would love a 50% split, but \$5.10 is still a respectable amount to earn on each sale. On the other hand, 30% of a \$3 ebook is only \$0.90, and that doesn't offer quite the same incentive.

One More Thought

As a side note, I've seen several references on ProBlogger to authors who offer affiliates 100% of the net profit for the sole purpose of growing their list with "warm leads", i.e. paying customers. I'm not sure how I feel about this strategy, but if you're thinking about giving away an ebook for free anyway, it may be worth considering!

Choosing a Platform for Your Affiliate Program

If you've decided you'd like to work with affiliates, the next step is to figure out how exactly you do that, right?

There are really two options that are popular for bloggers right now: [E-Junkie](#) and [WP-Affiliate](#). These programs offer different features, and which one you choose will depend on your needs. Let's look at some of those:

E-Junkie

To recap from [Module 6](#), e-Junkie is both a sales platform and an affiliate management tool. It starts at \$5/month, which is relatively inexpensive but can add up over time. However, it's easy to use and doesn't require a whole lot of technical know-how or customization.

In addition, affiliates who work with multiple ebook authors can access all of the e-Junkie programs in one place, which is pretty convenient for them.

One of the biggest drawbacks, however, is that while e-Junkie offers links for affiliates to use to promote your products, there is no way to upload banners, so you will need to do that separately on your site and direct affiliates there.

You may also want to create instructions for affiliates that show them how to use e-Junkie. For a great example of how to format those instructions and banners, visit Tsh Oxenreider's [affiliate sign-up page for One Bite at a Time](#).

WP-Affiliate

The other option is to use the WP-Affiliate plugin in conjunction with the WP-eStore platform. These only work for WordPress sites, and there is an upfront fee of \$79.95 for a bundle that includes both plugins, but no recurring fees. Both plugins are fairly easy to set up, but offers tons of additional options and customizations (although those may require a bit more technical know-how and/or experimentation to figure out!).

Both e-Junkie and WP-Affiliate let you download a CSV file that can be uploaded directly to PayPal's mass pay tool to pay affiliates, although WP-Affiliate's tool gives you more options for customizing the date range, minimum payout, etc.

Besides the upfront fee, the plugins aren't quite as easy to use as e-Junkie. However, there are a few really nice features that you don't get with e-Junkie:

1. Upload creatives and banners directly to the affiliate platform so that affiliates can simply copy the code and paste it onto their site without having to edit the code themselves.
2. Use on unlimited number of sites and add an unlimited number of products.
3. Affiliates can create tracking links to virtually any page on your site by adding their code to the end of a link, which offers more flexibility for their promotions.
4. Links to your site are direct, rather than through a redirect ([http://e-junkie.com/...](http://e-junkie.com/)), which increases the SEO benefit.

My Recommendation

As I said, I really do see the benefits of both programs, and in general, my recommendation is this:

If you'll only be selling one product and you want a simple, straightforward platform, I think e-Junkie is the way to go. Yes, you'll be paying more over the lifetime of your product, but I think the convenience and ease of use may be worth it. (Plus, you always run the risk of having to reconfigure WP-Affiliate or it not working altogether due to a WordPress update. That risk is probably pretty slim, but my point is that there's no guarantee that the upfront costs will be the only costs you ever incur with that option.)

On the other hand, if you think you'll want the more robust platform at some point – to offer more products, customize the tools you offer affiliates, etc. – you'll want to start with WP-Affiliate despite the extra work because otherwise you're not only wasting money, but you'll also end up with tons of dead links to your e-Junkie account when you make the switch.

Working with Affiliates After Your Launch

The real key to working with affiliates – and I'll admit this isn't something I'm great at with my individual products – is to stay in touch often, offering promotions, tools and incentives to help them promote your ebook on an ongoing basis and not just as part of your launch.

Seasonal Sales & Specials

There are seasons that just make sense for promoting certain products, and taking the time to map out your seasonal sales and special offers for 6 months or a year is a great way to be sure you don't drop the ball on those.

Offer discounts, special bonuses, bundle deals (if you have more than one product), etc. throughout the year, and use those promotions as an opportunity to stay in touch with your affiliates.

But beyond just telling them about the offer, consider offering them tools that will help them promote your products (special banners, free downloads to offer their readers, etc.) as well as tips and tools that will help them with all of their affiliate promotions, which will give them a reason to stay connected with your newsletter!

From [Susan Heid](#):

Affiliates play a huge role in promoting products sold from my site. The items sold on Amazon do not really create big revenue for them, but I do keep them informed. I am lucky enough to have a huge reach with my own newsletter subscribers, so when I have a new product come out I always pre-release to my subscribers and offer a discount that will not be offered on my site to the general public. They love this, and I love doing it – sharing with them is what it is all about, they are the heart of my community.

I will give affiliates information so that it will be easy for them to promote it – web copy already put together, tweets, an email for their subscribers and also Facebook status text. This makes a big difference on if they will share or not. If the work is already done for them, it makes it much easier. I also will try to work with them and offer either a giveaway of a product or a discount code for their readers. I prefer a discount code, as a giveaway tends to not lead to sales, as people forget and do not want to buy the product if they have a chance of winning it. So I tend to work toward offering a discount for a certain period of time.

I use my own affiliate program on my WordPress site, so capturing emails from those affiliates who are enrolled is easy, just copy and paste to my email I'm sending out and I am good. In addition, when I issue affiliate commissions, I will add a small note to the next product that is coming so they will get excited about it and remember it when the next email comes. It is the perfect time, they are receiving money from promoting a product and I give them news for an upcoming product and the opportunity to earn some more money!

[Read Susan's full case study interview here.](#)

Affiliate Contests

I love the idea of offering affiliate contests to incentivize your affiliates to promote various products, but I'd be careful about competitions that pit affiliates against one another, since those types of offers put smaller affiliates at a disadvantage and can actually discourage them from promoting your products.

Instead, consider offering bonuses for affiliates who sell a certain number of bundles. You could even do tiered bonuses where the bonus increases the more they sell. A promotion like that obviously takes more to administer, but if you can get affiliates excited about promoting your product, the burst of sales can be a good payoff!

From [Kitchen Stewardship](#):

I make a note to self to email my affiliates once a month with promo ideas. It doesn't always work. My affiliates usually sell about 1/4 to 1/3 of the books sold in a given month (guesstimating). I know other bloggers' affiliates sell many more than they do, so either I am just good at selling to my own audience or I need to seek out some bigger affiliates! (Or maybe my covers just stink...) 😊

I have started running 50% off promos with special landing pages for affiliates with big audiences, and that does seem to be a good way to get a boost in sales on a given book for the month. I also offer a half-off-any-book code on the thank you page after a purchase, and that also makes an impact on those special sales.

[Read Katie's full case study interview here.](#)