

Should You Start an Affiliate Program?

One of the questions many business owners ask themselves is how to know when and if you should start an affiliate program. In this article we will look at this question in more detail. This should allow you to determine if you have the right type of business for offering an affiliate program.

Amazon runs one of the largest, and most successful, affiliate models that is in existence today. Each time an affiliate refers a customer they are given a small commission amount. This helps the affiliate earn an income, and Amazon gain new customers and increase their business.

In order to run an affiliate program you must be willing to share a portion of each sale that your business makes. So take this into consideration before proceeding any further. Are you willing to share your revenue with affiliates?

Actually, instead of seeing this as “sharing” view your affiliates as online sales people. After all that is what they are. Instead of having traditional sales people going door to door. Today’s model is having affiliates promote your products online. This is done by placing advertisements and banners and by them emailing their lists.

One of the best business models that is ideally suited to affiliates is for those who produce digital items. Once you have created the product, it doesn’t technically cost you any more to produce thousands of copies.

This way you can easily afford to pay affiliates a commission rate. They will be bringing your new customers for your products, and in return you are offering them the chance to earn a good income.

In order to decide if running an affiliate program is profitable you have to determine what your costs are. This includes any advertising money, production costs and delivery costs. If you are making a good profit margin, can you part with a certain amount in order to gain new customers?

There is no point in setting up an affiliate program if you do not. Certain services may not be suitable for affiliates. If you have to do all of the work, is the cost of sharing this with someone else worth it? You may find that you end up working for less money than you want to.

To recap an affiliate program is great if you have:

- Digital products
- High profit margins
- The need to attract new customers regularly
- Worldwide appeal for your business
- Low cost production costs