

# Reach New Markets

Tap into other people's networks to build your business

by Gihan Perera

**Sample**

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## Introduction

This is Gihan Perera. Welcome to this program which is about affiliate marketing – in other words, paying other people to refer people to your products and services and paying them a commission if they make a successful sale on your behalf.

## A success story

Let me tell you a story about how I made some of the easiest money I ever made - because of an affiliate program. It happened a few years ago when I attended an Internet marketing seminar on the Gold Coast. It was a full weekend seminar which cost about \$1,600.

I didn't earn any income at the event itself. But they had an affiliate program, which gave me the opportunity to make money by promoting the seminar. It was simple. They would allow anyone to promote their seminars on their behalf, and all I had to do was send someone to their Web site. If someone booked as a result of visiting the Web site, they would pay me a referral commission.

It turned out to be a fairly hefty commission from this particular group: 50% of the ticket price, or \$800. As it turned out, I referred three people who booked as a result of reading about it on my mailing list promotion. So I not only covered my own cost of the seminar, but I made a profit as well.

There lies the power of affiliate marketing.

This was from the viewpoint of the affiliate; in other words, I was the affiliate and they were the marketer. In effect, I was a commission-only salesperson. I'll be discussing the subject throughout the rest of this book from the point of view of the marketer. In other words, you're running a business with products or services, which you'd like to promote to a wider market.

You have people currently in your network who can reach new customers through their own networks. By giving them an incentive to promote your business, you reach new markets and increase your sales.

### **Why is this different?**

There is a lot of material available already about the benefits of affiliate marketing, particularly on the Internet. You can get e-books, books, special reports, online courses, even attend seminars where they talk about nothing else but how to run a successful affiliate marketing program.

So what makes *this* book different? Why am I even bothering to cover a subject that's covered thoroughly by other materials? Here's why: This book focuses on you as a small business owner looking to add affiliate marketing to your overall marketing mix.

Most of the existing material applies to those who want to make affiliate marketing their one and only marketing tool. Many of these business people set up products and services

purely for the sake of affiliate marketing. All they want to do, and their total aim, is to run a business to get affiliates to promote their products and services and make money in this way. That does work – in fact, I personally know people who have done that very successfully.

But for most of us, that's not how we run our business. We already have a business, and now we would like more sales from new markets. We will be using affiliate marketing as one – but only one – of our marketing channels.

So that's my goal: To help you make more money by adding affiliate marketing to your mix. Other programs promoted on the Internet are great if you have the time, energy and focus to make affiliate marketing work for you as your main marketing method. But if you want to add it to other marketing techniques you already use, take my advice here to get started.

If you find that this marketing method really takes off and it is something you really enjoy doing, by all means change course. You might even find that it is more profitable than all your other marketing put together and becomes so profitable that you don't have to market very much in other ways. But for many of us, you will find that paying people commissions for referrals is just one of the things you'll do as part of your marketing mix.

## Overview

Here's what I cover in the book.

***Benefits***

In this first section, I'll cover the benefits of affiliate marketing. Some might be familiar to you; others might be new.

***Common Mistakes***

This very important section covers the most common mistakes businesses make when getting started with affiliate marketing.

Be aware that after reading this section, you might decide that affiliate marketing is not for you! You may realise that some of the things you must do to overcome the mistakes may be more effort than you are willing to expend. If so, that's a good sign! It's better that you know that now than struggle spending time, energy, effort, money and focus trying to make something work when really you're making some fundamental mistakes.

***Key Principles***

In this section, I will discuss what are, in my opinion, the three keys to affiliate marketing. We'll cover what is important in terms of doing the numbers and how to figure out the lifetime value of a customer. This latter will be a very important part in deciding how you will be paying commissions to your affiliates.

***How To ...***

In this section, we get into the nitty-gritty on how to sign people up, how to choose your affiliates, how to notify them about changes, how to monitor what happens, how to know when sales come in and how to know which affiliates got the sales, and of course, how to pay your sales force.

**Enjoy the Program!**

I've designed this in such a way that it's ideal for people who have never done any sort of affiliate or referral or commission based marketing ever before but it's also useful for you if you have some experience already. If you're already running an affiliate program or you're thinking about and you read a bit about it, I think you'll find some useful tips in here for you as well. So enjoy the program. I'm sure you'll get a lot out of it.

## Benefits

These are my five key benefits to setting up and running an affiliate program.

### 1. Reach other people's markets

The main idea behind an affiliate program is that you've got a product or service to sell, and other people have access to people looking for that product or service. So why not bring them together?

So the first advantage or benefit from an affiliate program is using other people to reach the markets you can't reach easily, cost effectively or maybe not at all. By paying them a commission, giving them an incentive to refer people to you, you get access to those previously unreachable markets.

### 2. Get trusted referrals

The second key benefit is that the referrals you get in this way are usually higher quality referrals. We term this as a "trusted referral". This person is not just someone who visited your Web site from Google. It's somebody who was referred to your site or to your business by somebody they know and trust.

For example, this happened in the example I gave you above regarding the Internet marketing seminar. My mailing list subscribers knew from experience that I would only recommend high quality products and services. I got referrals for the seminar even before I had been to the seminar myself. They trusted my judgment, so they were more inclined to book for the seminar than if they had been introduced to it through some other form of advertising.

With your affiliates getting you business, you will likely get higher quality referrals that will buy from you. It's a great thing. Take advantage of it!

### **3. Reach *new* markets**

Here's the third key benefit: You will be accessing new markets – markets that you wouldn't have had before. Perhaps you have only been marketing to one geographic area, but the affiliates you acquire may allow you to market worldwide. These new markets may only be small areas, but they may be areas that your affiliates have access to which you don't.

### **4. Get “warm” leads**

If you work your affiliate program correctly, your affiliates are not just going to refer people to the home page of your Web site. Rather, they will refer people to a particular page selling one product or service. So you won't get “browsers.” You will get someone going there because they know what they want.

Even if you don't have a Web site, this works for a storefront business as well. The people visiting your store are ready to buy. And they trust you because someone they know and trust referred them.

## 5. Low risk

The fifth and final benefit of affiliate programs is that they have a low risk. You won't be paying your affiliates unless they make a sale; and your affiliates don't pay any fees to join your program.

Again with that seminar I used as an example above, as an affiliate I just wrote in my newsletter, "Hey I'm going to this seminar. If anyone else is interested, please have a look! Just click through this link." My newsletter recipients clicked through and they bought. There was absolutely no risk for me. There's no risk at all. If nobody buys, it's no big deal. Nothing is lost. And similarly for the company – they were quite happy to promote this program as far and wide as they wanted. There were only possible upsides of sales, and no downsides at all. Really a win-win proposition!

## Common Mistakes

Having covered the five key benefits of having an affiliate marketing program, let's now look at the other side of the coin.

These are not necessarily *disadvantages* of running such a program. Rather, I'm showing you the common mistakes many businesses make. If you avoid these mistakes, you can run a very successful affiliate program.

As I mentioned earlier, after going through these mistake, you might decide that affiliate marketing is not right for you at this point. And that's fine. It means that you can invest your time, money, energy and effort elsewhere, which could be the right thing for you to do at the moment.

### 1. Unrealistic expectations

I personally feel that the biggest mistake most businesses make when starting any new venture – whether it's affiliate marketing, joint ventures, referral systems, or commission-only salespeople – is that they're too optimistic. They assume money is just going to come rolling in because now they have this huge fleet of salespeople working on commission, who will be referring people left, right and centre to their business.

In most cases that just isn't true. Many people start off with very optimistic views of how their affiliate program is going to work, but discover they have to downgrade their expectations very quickly. Most affiliate marketers on the Internet will tell you that a tiny, tiny percentage of their affiliates (perhaps 1 or 2 percent) generate 80 to 90 percent of their income for them. And most of their affiliates generate almost nothing.

You have to work hard to get your affiliates generating sales. If you don't, you'll only get a trickle of sales.

## 2. Poor sales conversion

If you don't get good sales conversion yourself, do you think your affiliates can do any better? If you haven't road tested your system before offering it to affiliates, they won't succeed either.

This is especially true of the Internet. I've heard people say to me, "How can I get access to affiliates with big databases – 100,000 people or more? Then they can promote my products and service to their list." Well, the first question I have is, "What's your conversion rate?" They usually say nothing because they don't know what that means – let alone what the rate actually is.

Briefly, your conversion rate is the percentage of site visitors who make a purchase. For example, if 100 people visit your Web site and 4 buy, your conversion rate for that web page would be 4%. I will cover this more in detail under "Doing the Numbers."

In affiliate marketing, a big mistake is not being able to sell successfully first, before embarking on such a program. If you can't sell your product or service to your own network of people, you will never be able to prove to your affiliates that they could sell the service or product. So what incentive would there be for them to sign up and send your promotion to their valued database? Why would they be interested in doing that?

People with the huge databases have built up trust with their customers. They have a particular relationship with the people in their database. They won't have the confidence that they should advertise your product to them, nor that they could even profit at all from this venture. Sure, you'll pay them a commission, but if you can't prove your conversion rate, they won't know what opportunity exists for them.

This may be the deal breaker for you in launching an affiliate program. Consider the products you have for sale currently on your Web site. Are they selling well? Are you happy with your conversion rate? If your answer is no, or if you don't even know the answer to those questions, you have no right to try and convince other people to sell for you.

So test your sales techniques and other marketing methods – and know that you can sell yourself – before you start offering it to your affiliates.

### 3. Poor incentives for affiliates

The third mistake is that any business people don't offer enough of an incentive to their affiliates. For the affiliate it really comes down to what's in it for them. It's not so much about the percentage of commission; it's about how much money they're going to make; and how many sales they need to make in order to create a decent income.

Take again the example of the seminar that I promoted. They were offering 50% commission to their affiliates. Is 50% good? Well, sure! But 80% is better or how about 100%? I've seen some affiliate programs that offer 80 or 100 percent.

You have to also ask, "80% of what?" I've seen people who sell e-books for \$29.00 and they offer 80% of that to an affiliate, or \$23.20. That's good, but not nearly as attractive as 50% of a \$1,600 seminar ticket and making \$800 for every sale.

Some affiliate programs offer higher commissions; but again it's not the percentage, it's the actual amount of money the affiliate makes and whether they're going to continue making money from the customer if they make future sales.

We will go into more detail on the numbers and later. For now, be aware that you can make a mistake by not offering an attractive enough bonus to your sales force.

Don't be stingy with your incentives for your affiliates. They have the market; they have the database; they have that list which you don't have. That is as valuable to you as the product or service that you have to sell.

#### 4. The wrong partners

The next most common mistake is to choose the wrong partners. Because it costs you and your affiliates nothing, it's tempting to offer your affiliate program to anybody on the planet who could be willing to promote you. But if you're just starting out and *especially* if you're just running this as one marketing method in your marketing mix, it's really important to pick the right partners.

I have an affiliate program on my Web site, but I don't promote it publicly. If someone I know and trust asks me about the program, I invite them to sign up. But I'm careful about who I choose. I only have a very few affiliates who bring me occasional business. But I won't open it up to everybody.

Even people with big databases might not be the right partner for you. If they aren't the right market for you, you'll spend most of your time answering queries, handling customer complaints, etc. In brief, you'll waste your time with the wrong sort of people. So it's not always a good thing to get more traffic to your Web site.

#### 5. Too much, too soon

The fifth mistake is to get too sophisticated too soon. There are some very sophisticated affiliate marketing systems available, and some of them are excellent. However, most are geared towards those who want to run their business using affiliate marketing as the only

marketing tool they use. I mentioned in the introduction that this book focuses on you as a small business owner looking to *add* affiliate marketing to your overall marketing mix.

Many of these sophisticated systems are beautifully automated. You can almost just sit back and let the money come rolling in. But these systems can be very expensive, they are hard to learn, and if you are just going to be using affiliate marketing in your mix to promote your products and services, these things can get in the way. They're fantastic systems but they also can be very complicated. It's a real pity if the intricate technology gets in your way of getting started. In fact, I'll be showing you ways that you can get started without any real system in place at all.

So we have now covered what I feel are the five most common mistakes that people make. Now we are going to proceed with some key points to make affiliate marketing work.

## Final Words

As we come to the end of this book, let's recap some of the things we covered. Affiliate programs can be wonderful marketing tools for you. They allow you to get access to markets you would never have otherwise reached. They allow you to have people selling on your behalf without paying them a salary or wage or any sort of fixed income. You only pay them out of profit that you would never have had otherwise.

On the other hand, these programs can also be a pain in the neck. There are many challenges to overcome. And many people are too optimistic about the results they will achieve. They haven't road tested the programs for themselves so they're not sure what will really come of it. Sometimes they choose the wrong sort of affiliates.

But if you do try it, make sure you maintain realistic views, do your numbers, and choose the right affiliates. Always remember to ask that question: "Who has your customers and clients before you?" Create an affiliate program that makes your life easy using some sort of affiliate software that's not too sophisticated.

If you remember these things, then you can actually create quite a comfy income. It can generate a steady stream of income for you even when you're not working, so you don't have to be actively marketing; your affiliates are doing it for you.

It's such a low cost form of marketing; it's no risk to you. It's low cost because you know that every dollar that you spend in commissions is coming out of your profits rather than coming out of expenses. And if you can make the affiliate program work really well, it can be the thing that brings you financial freedom! You could get to a point where you have hundreds of thousands of other people selling your products or services on your behalf with a great incentive.

I hope you've learned something useful about affiliate programs. I hope you decided now that it is the right thing for you and will pursue it with great rewards! But if you decided against it, and that's the best thing that you got out of this program, then at least you know it's the right time to focus your energy elsewhere.

If you are going for it, I wish you all the best. It can be one of the most rewarding things to wake up in the morning to find that people have been sending business your way and you've got money going into your bank account while you've been asleep. And you can now have the life you have always dreamed of.

If you would like to give me any feedback about this book or about how your affiliate program is going, you can visit my Web site [www.gihanperera.com](http://www.gihanperera.com). I would love to hear from you! Best of luck for the future!

## Now it's up to you!

I hope you've learned something from this special report. But more importantly, I'd like it to spur you into action – because, of course, what matters is not knowledge itself, but **applied knowledge**.

If you read this and do nothing, that's just as bad as not reading it at all. In fact, it's **worse**, because you've wasted your time!

So please **take action**, and start **now**.



## About Gihan Perera

Gihan Perera is a business consultant, speaker, author and entrepreneur – with clients throughout Australia, and in New Zealand, South Africa, Singapore, the U.K. and Canada. He works with professional speakers and trainers, consultants, business owners, CEOs and strategic leadership teams to improve their marketing, sales and persuasion skills in one-on-one meetings, group presentations and on the Internet.

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