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## **Affiliate Marketing as an Innovative Campaign in e-commerce: A Field of Rising Opportunity**

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### **Abstract:**

This study aims at how companies use Affiliate Marketing as Innovative Affiliate Campaigns in marketplace for maintaining the long-term relationship with the internal and external stakeholders. The Affiliate Marketing focuses on the relationship between the advertiser and the associate. Affiliate Marketing has provided more opportunities for e-commerce businesses in this 21<sup>st</sup> Century.

This study also explores about how companies are using Affiliate Marketing as an Integrated Affiliate Program with innovative campaigns. Does Affiliate Marketing enhance the Brand Image, Brand Reputation of the Online Marketers and leads to Customer Satisfaction?

Keeping in the mind the research objectives of this study, this paper uses exploratory cum descriptive research design. A Survey Method is used by personal interaction. The Personal Interaction is limited to administration of questionnaires to collect required data. The statistical tools like z-test were used for statistical analysis.

**Keywords: Brand Reputation, Brand Image, Customer Satisfaction, Innovative Affiliate Programs by using Affiliate Marketing as successful Campaigns.**

### **1. Introduction**

Affiliate Marketing ensures greater market penetration through various websites where they can target specific groups of internet users. It is a technique where other associates will promote the companies website. Hence when ever a visitor visits the website of the Associate, they will be rewarded. The Associate will showcase the advertisement of other companies' products or services online. There are many ways where compensation will be provided for the Associates.

This strategy has become more popular in this 21<sup>st</sup> century where companies are putting their advertisements in Associate website. The companies often use banners and text ads to promote their products or services for creating awareness among the end users.

Affiliate Marketing ensures to target specific groups. The companies can position their products or services for a particular focus group.

Affiliate Marketing is a modern tool for companies in this techno savvy world. There are some disadvantages as well like if the server is not robust then they cannot hold the number of traffic to the website. If the website is not properly designed and if the content used in the Advertisement is more, then to open the web page it takes more time and hence there is a threat that end users may shift to competitor's websites.

## **2.0 The success of Affiliate Marketing**

In this present era few of the business have chosen to use websites like Google, Yahoo, Lycos, Ask.com and Amazon.com as affiliates. The success of Affiliate Marketing has helped businesses to increase the traffic. This can be achieved by using key words efficiently while Search Engine Optimization is required for enhancing long term business to the external and the internal stakeholders for the web presence, which is very much crucial for the existence of e-commerce.

Now a day's third-party affiliates are considered as popular tools in Affiliate Marketing. In this techno savvy world Affiliate Marketing can be a greater tool for the business. The companies are considering for the web presence as there are plenty of the opportunities for the small and big businesses where they can entice more visitors or the potential customers to their websites. Hence it encourages the companies to grow their business where the web is considered as a globe market.

Affiliate Marketing provides high traffic in Advertising space which can be incorporated to different types of the organizations. The popularity of Affiliate Marketing has increased in this present era, thanks to the advancement in web technologies, where the marketers can cater to different types of the potential customers, where the companies can come out with innovative marketing campaigns in this growing industry in ecommerce.

Affiliate Marketing uses different types of Adverts like Banner Ads (Images), Text Ads, Shopping Links and Search Engine Links.

## **3.0 Goals of the Affiliate Marketing**

### **3.1 Revenue Goals**

The end goal for any Affiliate Marketing Program is to achieve the revenue from Innovative Marketing Campaigns, hence the Marketers have to set their Short and Long term income objectives where they have to focus on to provide value to their services. The Affiliate Marketing can get revenue whenever a visitor clicks on the advertisement which may lead to a sale.

### **3.2 Cost and Profitability Goals**

Affiliate Marketing companies they set their goals for reducing their overhead or labor costs. This helps the Marketers to leverage the advantage of increasing their revenues. They focus on selecting the right website host where they can design and develop websites by their own where they can reduce costs and meet their profitability goals.

### **3.3 Traffic Goals**

The main objective for any Affiliate Marketers is to increase the web traffic. Website Analytics tools allow the Marketers to track on how many visitors have visited the website every day. The next goal is to find out the location of the visitor. Hence all this data will help the Marketers to associate value towards their services, where the objective is to guide the visitors properly and provide suitable service to the clients, which directly leads to higher revenue.

### **3.4 Productivity Goals**

It is very important for the entrepreneurs or the Affiliate Marketers to set their productivity goals as the initial stages of Affiliate Marketing has to have sales and hence they should identify and bring the visitors to the website, which is challenging. Due to this Marketers have to come up with Innovative Marketing Campaigns, where the focus should be more on informative websites or interactive blogs.

## **4.0 Top 10 Tips for the success of Affiliate Programs**

For the success of Affiliate Marketing the Marketers have to engage with the prospects, which it leads to increase in web traffic. Hence this is where Marketers can expect revenues. The biggest challenge is to convert potential prospects to clients.

### **4.1 Know your Audience**

For successful implementation of Affiliate Programs is to identify the need of the prospects and understand what the prospects are looking for in the website, depending on that the Marketers have to provide affiliate products which resolves the problems of the client.

### **4.2 Be Trustworthy**

In this modern era the prospects are very techno savvy and they are aware of their needs and they would try to find an affiliate product which suits their interest or the need. Hence Marketers should not provide too many ads where they might get disturbed and walk away out from the website. Hence Marketers have to build a trust with prospects, understand their needs and provide the affiliate product which suits them. Hence by gaining a trust from the prospects it generates positive word-of-mouth and they may recommend others and post a comment which is positive in nature.

### **4.3 Be Helpful**

The affiliate ads should be more informative. Hence the content which is posted in the website should be more helpful and useful for the prospects. The affiliate ads should provide right direction and guide the prospects where the content provided in affiliate link should have value associated.

### **4.4 Be Transparent**

Marketers should be honest as when they prepare content in affiliate link they should disclose the affiliations. If the Marketers provide an affiliate link which doesn't disclose the affiliations, the chances are more where the prospects as they are techno savvy they will come to know about it and they would rather opt directly to the vendor. Being transparent it helps in building loyal clients.

### **4.5 Select Carefully**

Marketers might have plenty of products or services, but they need to showcase those kinds of products or services which prospects generally like. The Marketers should also have to come up with innovative ads with vivid graphics so that it is more attractive and effective.

### **4.6 Try Different Programs**

Affiliate Programs designed by the Marketers, if it is not been able to generate the traffic which is expected, then it is better to come up with Innovative Affiliate Programs. The Marketers can come up with different programs which can cater to the type of the product or type of the customers to maximize the profits.

### **4.7 Write Timeless Content**

The Marketers should come up with timeless content. Where whenever visitors visit the website of home page or front page, they expect a combination of good graphics and information. If the information provided in the front page is out dated they visitors will leave the website. Hence the Marketers should make necessary changes in the content quickly. To make it as a timeless content the Marketers can show "most popular", "most recent" in their front page to attract the prospects.

### **4.8 Be Patient**

Affiliate Marketing takes time for generating revenues. Hence Marketers have to be patient enough as they take considerable time to come with content which is more informative, more helpful and useful for the visitors. To build an innovative Affiliate Programs they need time for coming up with innovative ads with vivid graphics to attract the prospects.

#### **4.9 Stay Relevant**

The Marketers have to provide up to date information about latest products or services in Affiliate Programs. They have to come up with innovative ads for visual appeal. The Marketers have to understand the latest trends, tastes and preferences of the prospects. As they have to update themselves and explore new opportunities.

#### **4.10 Content Comes First**

The Marketers have to provide highest priority to the content. As content has to be more informative, Helpful and useful to the visitors.

### **5.0 Advantages of Affiliate Marketing**

#### **5.1 Simplicity**

When compared to Traditional Advertising where the company has to spend more time and to invest crores of rupees for the Marketing Campaigns. Where as Affiliate Programs generates huge revenues.

#### **5.2 Less Time Consuming**

Affiliate Campaigns generally takes time for expecting the desired results. But when we compare to Traditional Advertising to run an Innovative Traditional Marketing Campaigns it takes considerable amount of time and efforts when compared to Affiliate Programs. However both Affiliate Campaigns and Traditional Campaigns, it takes time for payments.

#### **5.3 Direct Affiliates – Helps Build a Working Relationship**

If the companies work directly with affiliates it ensures a right climate where, it is conducive for building a long turn relationship. Due to the close working relationship between the company and affiliates they can expect more commissions.

#### **5.4 Network Affiliates – No need to Actively Source Companies**

Networking Affiliates helps in signing with affiliate companies is easy. Hence while registering with the network it is easier for them to start linking with other affiliate companies which fast rather than searching for source companies.

#### **5.5 Network Affiliates – Big Names**

Having a Network Affiliate majority of the big companies will accept the affiliate campaigns. Hence once the visitors visit the website they are able to associate and recognize big brands, where they might most likely to click. Indirectly selling an ad space for big companies is very difficult as it might be run by small businesses.

### **6.0 Disadvantages of Affiliate Marketing**

## **6.1 Uncertainty**

Affiliate ads can get revenues only when the visitor clicks and purchase the product or services in the website. Hence there is a degree of uncertainty as the visitor may not visit to the affiliates. Hence the Affiliate Campaigns have to be targeted in such a way that they have to meet the tastes and preferences of the visitor as per their expectations.

## **6.2 Waiting for Payment**

To come up with successful Affiliate Campaigns, it takes time to come up with innovative ads to put in front page of the website and to expect revenues takes more time depending upon the schemes or the affiliate network. Generally sales will pick up over a period of time.

## **6.3 Profitability**

Affiliate Marketing works well if the content is more informative, helpful and useful, where the innovative ads are vivid with graphics and meets the requirement of the visitors. Due to which visitors will visit to the website quite often, which makes an Affiliate Campaigns successful and the Online Marketers can expect more profits. However if Affiliate Marketing fails to sell advertising to well known companies then they will struggle to achieve the profits.

## **6.4 Direct Affiliates – Can be Time Consuming**

For making and arranging direct affiliates campaigns it can take both time and efforts as Direct Affiliates itself is a process which is complex in nature.

## **6.5 Requires Traffic**

Affiliate Marketing goes well only when sufficient visitors visit the website and confirm with online payment. Hence this is more as a result oriented. If the Affiliate Campaign or the scheme does not work well, then the visitors will shift to other affiliate websites. Hence the success rate of the Affiliate Marketing directly links to traffic generated.

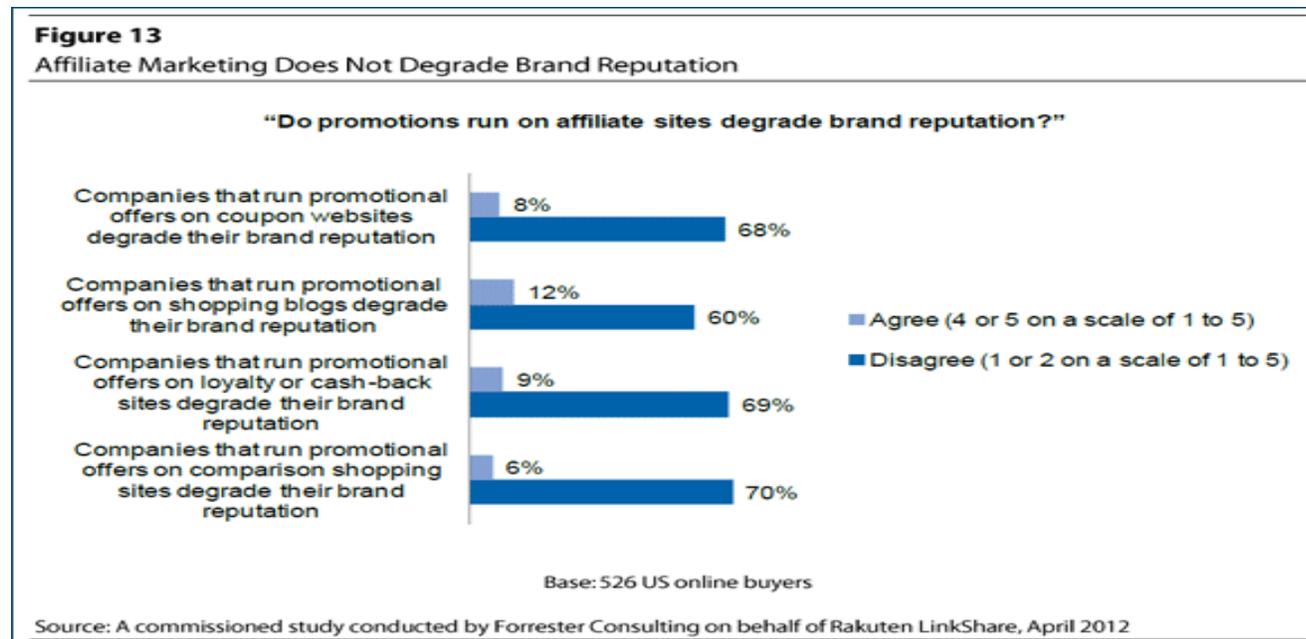


**Source: Forrester Consulting – April 2012**

Figure 1 clearly indicates that Affiliate Marketing is showing good signs of growth, where they are going to exceed the 4 billion threshold until late 2015 or early 2016.



Figure 2 clearly indicates that 74% of online shoppers visit 2 to 3 sites for final purchase decision.



**Source: Forrester Consulting – April 2012**

Figure 3 clearly indicates that majority of the Potential Customers who opt for online shopping in affiliate sites, where they feel that companies whom they do promotions in affiliate sites does not degrade the Brand Reputation. Hence Affiliate Marketing enhances the Brand Image in the minds of the customers.

## 7.0 Objectives of the Study

1. To identify the goals of Affiliate Marketing
2. To analyze the success of Affiliate Programs
3. To assess the advantages of Affiliate Marketing
4. To identify the disadvantages of Affiliate Marketing
5. Innovative Affiliate Programs implemented by online Marketers

## 8.0 Limitations

The study had to be completed in a short span. The study is restricted to Innovative Affiliative Campaigns as a Modern tool for online Marketers for the company's products or services.

## 9.0 Review of Literature

**Viljakainen, Back and Lindqvist, 2008**, have expressed that Affiliate Marketing was first coined by Amazon in mid of 90's, where it was managed by the affiliate network where companies can advertise their products online where they are willing to sell ad space. An affiliate network provides an opportunity for utilizing the ad space where they can expect additional revenue.

**Hsu, Lai and Chen, 2007** have opined that due to affiliate networks in a trusted websites featured both brand and product information which guides the prospects to identify the brands which is needed for them, as Affiliate Marketing Content is highly informative, Helpful and useful.

**Papatla and Bhatnagar's, 2001, 2002** have stated that in recent times Affiliate Marketing as strongly linked to both cross media and online advertising.

## 10.0 Methodology of the Study

**Subjects:** 100 Customers, who are actively involved in online purchasing of products in and around Mysuru region during January, 2016.

**Questionnaire:** Self structured questionnaire was prepared with the help of the experts to analyze the perception of the customers towards Brand Reputation, Brand Image of the Products/Services offered by online Marketers who are implementing Innovative Affiliate Programs.

The questionnaire consisting of 20 questions of which 5 questions each is used for 4 parameters.

**Parameters:** Brand Reputation, Brand Image, Customer Satisfaction, Innovative Affiliate Programs by using Affiliate Marketing as successful Campaigns.

**Duration:** January, 2016

**Procedure:** The questionnaire was administered to 100 customers who are actively involved in online purchasing of products in and around Mysuru region during January, 2016 and collected back the information.

To fulfill the objectives of the study z-test was used.

This paper also uses exploratory cum descriptive research design.

## Data Sources

Primary data has been used by administering questionnaire to the customers.

Secondary data has been used through appropriate websites, Magazines, E-Journals, Newspaper articles.

**Analysis:**

The purpose of the study was to analyze the customers' perception towards Brand Reputation, Brand Image of the product/services offered by online Marketers who are implementing Innovative Affiliate Programs. To accomplish the purpose of the study, we constructed self-prepared questionnaire with the help of experts and administered to one hundred respondents and collected back information during the period January 2016. The collected information was tabulated accordingly.

To fulfill the objective of the study following statistical hypothesis was constructed and tested subsequently.

**Statistical Hypothesis:**

$$H_0: P = 0.5$$

$$H_1: P \neq 0.5$$

Where P = Proportion of customers, who prefer Brand Reputation.

To test above hypothesis, z-test was used and

$$z = \frac{p - P}{\sqrt{\frac{PQ}{N}}}$$

$$\text{Where } p = \frac{X}{N} = \frac{72}{100} = 0.72$$

X = Number of customers who preferred Brand Reputation

N = Total number of Respondents

Therefore, **z = 4.9**

Since calculated z-value was greater than 1.96, the test was significant at 5% levels i.e. customers do prefer significantly the Brand Reputation of the product/services offered by Online Marketers who are implementing Innovative Affiliate Programs at 5% levels.

**11.0 Innovative Affiliate Programs used by Online Marketers using Affiliate Marketing as a Best Campaign for Promotion; Few Cases****11.1 Amazon.com Associates**

Amazon.com was pioneer to bring Affiliate Marketing in early 90's. They are the largest online retailer and they have their own affiliate program. The young online marketers can have an opportunity to earn commissions or revenue whenever they bring sales or leads. They provide commissions up to 10% for the selected products. The biggest advantage of the Amazon is that, they have wide acceptance by the customers as they have a Huge Brand Image with global presence. Amazon has got variety of products up to 2 crores in their website, which can guide variety of the marketers and bloggers. Amazon keeps a track on the earnings, payments and details of invoices so that they can cater to variety of the customers.

Amazon doesn't pay the same commission to the Associates to all the products. Amazon provides commissions based on Product Category like 10% commission for the sale of digital products and 4% commissions on sales of consumer electronic items.

Amazon provides opportunities to the online marketers for promoting affiliate links through interactive blogs, Facebook to generate maximum profits.

### **11.2 eBay Partner Network**

The eBay partner works similar to Amazon, where they also pay commissions to affiliates for the sales. However eBay's affiliate program provides a percentage of the eBay fee to affiliates unlike Amazon paying price based commission. The eBay has huge inventory of variety of the products where they can promote and provide suitable products to the customers.

The biggest advantage which eBay has in affiliate program, it pays 200% bonus for purchases made by new customers. Hence it provides an opportunity to associates where they can promote the products and entice the new customers to venture in eBay.

The revenue sharing arrangements with associates will vary from country to country. It ranges from 50% to 80% of the eBay fee depending upon the location of the affiliate and the category of the product for purchase.

eBay encourages interactive blogs, content of the blog post and uses the search engine optimization as key words.

### **11.3 LinkShare**

LinkShare is also an affiliate network where it connects affiliates with cost-per-sale and cost-per-action in their affiliate programs. LinkShare has plenty of merchants who are in their network, which includes leading brands like Macy's and Sephora.

LinkShare is an affiliate network not a direct affiliate program like Amazon. The LinkShare focuses on networking with different types of merchants where they can promote variety of products or services. Since LinkShare has owned by Japanese e-commerce giant Rakuten, where it has a good reputation among the online marketers and merchants. It is user friendly platform and commissions are giving appropriately.

### **11.4 CPA Affiliate Networks**

The Affiliates like Amazon.com, eBay and LinkShare offers both cost-per-sale and cost-per-action, but in majority most of the offers are from cost-per-sale. CPA affiliate networks like Neverblue and PeerFly provides access to the affiliates with the offer in cost-per-action like online games and free software trails.

The conversion rate is more in cost-per-action than cost-per-sale as it entices the customers to sign up for a free-to-pay online game or free software trail. There are hundreds of CPA networks which offer to individuals, small teams, and small online marketers for encouraging them to earn from CPA Affiliate Networks.

## 12.0 Conclusions

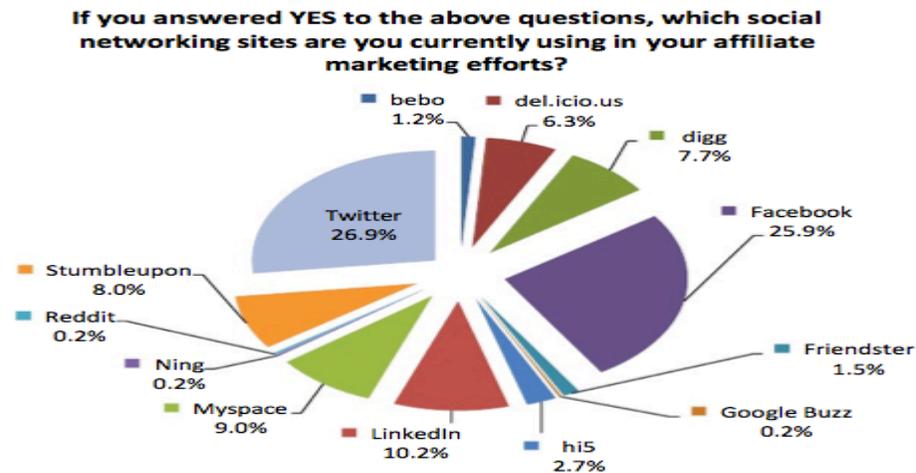


Figure 4 clearly indicates that 27% of Twitter, 26% of Facebook and 10% of LinkedIn are the key Social Networking Sites who are constantly involved in Innovative Affiliate Campaigns where the online marketers are putting their marketing efforts.

In this 21<sup>st</sup> Century Affiliate Marketing is growing extensively for all the e-commerce in India, where plenty of the opportunities will be provided to Individuals, Merchants, Small Businesses, and Online Marketers for generating revenues.

Now the customers are very Techno Savvy and they prefer to opt for online shopping, where they can save both time and energy. Due to the increase in sales of Smart Phones where the next generation have a better GPRS, Broad Band Connectivity, it provides a right platform to venture in Online Shopping Sites.

The e-commerce Industry in India has increased from \$3.8 Billion to \$12.6 Billion in the year 2013. The consumer base has also expected that it will touch 100 million people this year when compared to 35 million last year. **Source: Google with Collaboration with Forrester Research**

Hence it is very evident that online shopping will provide more opportunities for Affiliate Marketing, where it creates a presence of online brands in web. This provides the online marketers; small businesses to come up with innovative affiliate programs to cater to different types of customers by provided the right product at the right time.

It is expected that expenses of digital ads are expected to increase by 35%, which is more than 507.41 Million US Dollars in 2013 **Source: CMO Council India**

e-commerce sites like Amazon, eBay, Snapdeal and Flipkart have their own affiliate programs where they are spending huge amount in digital ads every year and their huge presence is felt in online sector. Hence majority of the Potential Customers who opt for online shopping in affiliate sites, where they feel that companies whom they do promotions in affiliate sites does not degrade the Brand Reputation. Hence Affiliate Marketing enhances the Brand Image in the minds of the customers.

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