



The Reality Affiliate Marketing Plan

By Peter Turner



Introduction:

You're probably already familiar with the concept of affiliate marketing but just in case you aren't, affiliate marketing just means promoting other peoples' offers or selling other peoples' products. It's a widely used system where affiliate marketers are compensated by the vendor of a product for referring sales on their behalf. Affiliates are usually compensated for their efforts with a percentage of the sales they personally refer via their personalized affiliate links. For example, someone might purchase a pair of gardening gloves from Amazon after seeing an advertisement on a gardening website placed by an Amazon affiliate and then clicking their affiliate link. The affiliate who placed the advertisement containing their link would then be eligible for a small percentage of the value of that sale. A lot of affiliates promote physical products like those available from Amazon, but I focus on digital products because the commission rates are much higher.

Digital Products:

Before you can promote digital products, you need to know exactly what they are. Digital products, sometimes referred to as 'Infoproducts' are products which are distributed and accessed via the internet, with no requirement for any physical items to be transferred. They include e-books, reports, website hosting, online advertising, website memberships, video training courses, digital assets like domains, software, apps and licenses to sell other peoples' products.

The Affiliate Business Model

Anyone can be an affiliate marketer. However, most affiliate marketers don't have an affiliate business. I define an affiliate business as a venture which does 2 things:

- i. generates regular sales.***
- ii. generates a net profit.***

Most affiliates are hobby marketers, they don't approach their promotions like a business and either get little to no sales or spend more on advertising than they earn in sales.

The real key to creating a successful affiliate marketing business is being able to create affiliate campaigns that generate a positive ROI (return on investment).

Return On Investment (ROI):

A return on investment is the percentage of your invested money that is returned to you in the form of sales or profits. For a project to be profitable this needs to be >100%. Financial investors rely on correctly predicting whether a currency, commodity or stock will increase or decrease in value. As digital marketers, we rely on optimizing a digital sales funnel so that it will generate more revenue in sales commissions than it costs to advertise.

The Reality Affiliate Marketing Plan:

This is a simple, step-by-step guide to creating and promoting profitable affiliate campaigns

It's based on strategies that work in REAL LIFE rather than hype.

You might be used to seeing promotions from other affiliates which claim that you can earn 5-6 figures a month or a specific amount like \$200 a day simply by applying the strategies contained in a webinar, e-book or video course.

The truth is that a lot of webinars are nothing more than long-winded sales pitches with very little useful training or content and anyone who claims they can show you a way to achieve a specific level of income is not being honest with you as they don't know you any better than I do.

As such, they cannot predict what you'll do with the information they give you or whether you will understand and apply it correctly.

The only thing anyone can help you to do is develop the skills necessary to launch profitable campaigns.

Once you can create profitable campaigns, you can make a consistent net profit and scale up your business. Obviously, you can scale up over time to any level you choose.

That's the truth about affiliate marketing in a nutshell and any specific figures thrown at you by the 'gurus' are simply hooks to draw you into

their next high-ticket webinar sales funnel. They aren't based on the simple reality of affiliate marketing – that is, that it's a business in which you need to invest time and money, and then grow over time.

This is a short report that you'll be able to get through in a few minutes and, if you understand and apply the information it contains, I am confident you will be able to create your own affiliate business - a venture which regularly launches profitable affiliate campaigns and thereby makes you more in sales than it costs to run.

Firstly, you need to be able to calculate whether an affiliate campaign is profitable.

The Mathematical Formula to Determine Affiliate Campaign Profit:

It's important to understand how to crunch the numbers so that you can calculate whether an affiliate campaign is profitable and the ROI you achieved from that campaign. This might be something you already understand but I have included it just in case you require further clarification:

$$\text{Number of Visitors} \times (\text{EPC} - \text{CPC}) = \text{Profit}$$

For this to be a positive value your EPC (average earnings per click) must be higher than your CPC (average cost of a click).

Let's see a realistic example:

Let's say you buy a solo ad and send 500 visitors to an affiliate link for a product that costs \$20 and converts 4% of your visitors to buyers. You receive 50% of the sales you refer as affiliate commissions and therefore receive \$10 for every sale you refer.

Your average EPC in this instance is $\$10 \times 0.04 = \0.40

However, real targeted traffic is expensive so you're going to be paying at least \$0.50 for every click on your solo ad.

The profit for this affiliate campaign is therefore:

$$500 \times (0.40 - 0.50) = -\$50$$

That's a \$50 loss.

Nowadays, it's nearly impossible to achieve a profit by promoting an affiliate link with paid advertising.

Whatever anyone tells you visitors are costly, and so called 'free traffic' generation isn't free as it takes a lot of time and isn't guaranteed to work.

There is no way around these simple facts. However....

.... if you collect email leads before you send people to a sales page, the formula changes, favorably....

The Mathematical Formula for Affiliate Campaign Profit with front-end Lead Capture:

$$\text{Number of Visitors} \times [(\text{LCP Conversion Rate} \times \text{EPL}) - \text{CPC}] = \text{Profit}$$

EPL is your expected earnings per lead from the initial affiliate link click and your subsequent email follow ups, which are sent to give your leads several more opportunities to buy the product via your affiliate link.

Your EPL needs to be high enough to exceed your CPC when your EPL is multiplied by the fraction of your visitors your LCP (lead capture page) converts to leads.

For example, if your lead capture page converts 25% of your visitors into leads, your LCP conversion rate in the above equation would be 0.25 or $\frac{1}{4}$.

Let's apply the previous 500 visitor solo ad example but this time with the visitors being sent to a lead capture page with a conversion rate of 25% for this traffic source.

$$500 \times [(0.25 \times 2.8) - 0.50] = \$100$$

That's a \$100 profit.

In the above equation I have used an EPL based on 28% of your leads going on to buy your affiliate product at some point during their initial exposure to the product and your subsequent follow up sequence, which I think is a realistic figure.

Studies have shown that, on average, only 8% of the people who go on to buy a product online, buy it on their first exposure to it.

The example therefore realistically illustrates just how essential it is to collect leads rather than just sending visitors to an affiliate link.

Although the 2nd formula is a bit complicated, the thing you need to take onboard from all this is that **list building is essential** if you want to earn more than you spend.

Also, this profit calculation doesn't take into consideration sales you make from your newly generated list for different affiliate products you promote to them in the future.

When calculating ROI for any campaign, which you should calculate *after* your follow up messages have been delivered, the formula for this is simply:

$$\text{Gross Profit} / \text{Ad Spend} \times 100 = \text{ROI} (\%)$$

$$\text{Applied to the above example: } 350 / 250 \times 100 = 140\%$$

This ROI calculation does not include the value added to your online business in the form of new email subscribers which would be considerable.

Here is the Reality Affiliate Marketing Plan broken down into 8 basic activities:

1. **Create** – Promoting a raw affiliate link to a product sales page sets you up to lose money straight off the bat. You need to create an

automated digital sales funnel which builds your email contact list on the front end so that you can grow your contact base while you promote. After your visitors subscribe to your email list to get your free offer, your funnel needs to automatically present the product you're promoting to them. Most people don't buy a product on their first exposure to that product, which means that building a list so that you can give your prospects further opportunities to buy your product massively increases your affiliate campaign profit. If you're promoting with paid advertising, a good digital sales funnel can mean the difference between a huge return on investment and a huge loss from promoting raw affiliate links. If you're promoting with free traffic, using a digital sales funnel means you work less hard for more profit.

2. **Promote** – There's a lot of misconceptions about traffic and it's important to understand the difference between targeted visitors and 'clicks'. There are a lot of sites around that will sell you a 100000 clicks for 5 bucks or whatever. This type of traffic won't make you any money because the clicks, if they're even made by human visitors, aren't targeted. In other words, your website isn't getting visited by people who are interested in your offers. Many affiliates think that any clicks will eventually convert into sales. The truth is that clicks must be targeted to convert into leads and sales. If you don't get *targeted* traffic, you won't make any money – it's that simple. There are only 2 basic ways to send visitors to a webpage: with paid advertising and with free traffic methods. The fastest way is with paid advertising although some free traffic methods can also be very effective. One type of paid advertising that has worked better for me than any other is solo advertising. In my experience, the best place to get cost effective solo ads is at Udimi. This is a marketplace where you can buy solo emails to established marketers' lists. Advertisers leave ratings for solo ad vendors so that you can see what sort of results other people are getting with each vendor. There are a few free traffic methods that have yielded good results for me. For example, if you're promoting products related to making money online, you can get lots of free targeted visitors by using ad exchanges. These include mailers, safelists, text ad exchanges and traffic exchanges. Whilst these sources won't work as well as real solo ads, they're free and most of the people using these sites have an online business to promote,

so your sites are being visited by people who want to make money on the net. Personally, I've never had any success with trying to gamify search engine algorithms with seo, so I don't really do any search engine optimization. On the other hand, social media sites have worked quite well for me, although no free traffic source I have tried has worked anywhere near as well as paid advertising and if you want to get your affiliate business launched quickly, paid advertising is by far the best solution.

3. **Track** – All successful affiliates track both clicks and conversions. Tracking clicks enables you to determine whether your advertising is getting you any visitors. Tracking conversions enables you to determine whether the visitors are real and interested in your offer. Unfortunately, there are a lot of advertising sellers online that get you a ton of clicks but the clicks they get you never convert to leads or sales. When tracking conversions, it's easiest just to track whether your clicks convert to free offer sign-ups as this will give you more data than tracking sales. All genuine leads can convert to sales if they're shown the right offer at the right price. However, it is worth mentioning that buying incentivized leads is not a good strategy for affiliates, as people who sign-up to offers just to receive a few cents or whatever are very unlikely to buy anything from you.
4. **Tweak** – Adjusting your affiliate campaigns in response to your conversion tracking statistics is something else that successful affiliates do. Put simply, this just means testing whether making changes to various components of your affiliate campaign such as your lead capture page (a.k.a. a squeeze page), solo email copy, banner ad design or email follow-up copy increases or decreases sign-up conversions and/or overall profit for the same traffic source. You can also 'split-test' 2 different versions of a lead capture page to see which gets the most sign-ups with the same traffic source. Although this sounds a bit complicated if you're just starting out as an affiliate, split-testing it's a great way to boost your return on investment. Don't worry if tweaking campaigns sounds a bit complicated – just get a campaign launched and promoted and then worry about tweaking after you've got some results.
5. **Engage** – People buy stuff from other people. Once you have some email leads it's important to try to connect with them so that

they know who you are, trust you and care what you have to say and what products you recommend. If you connect with your leads, you'll be building the most valuable asset an affiliate can have – a responsive following. There is a huge difference between a list of opt-in email addresses and a responsive following. You can have 100000 email addresses and not make any significant income from your list but if you have a small list of targeted, responsive followers, it can make you very wealthy. You can connect with your leads by telling them about yourself – some of what you tell them is very likely to resonate with them as most affiliates start out for the same reasons, like wanting to make money from home so they can spend more time with their families and wanting greater control over their lives than can be achieved by having a 9-5 job. Running a blog is a great way to engage your leads as it gives you a brand platform to communicate your ideas. Sending regular emails to your email list with links back to useful blog posts shows your leads that you want to help and if your blog content is good you can brand yourself as a leader in your niche. The advantage of being perceived as a leader in your niche is that your leads are much more likely to open your promo emails and buy the products you recommend to them.

6. **Help** – If you want to really connect with your leads and build a long-term loyal customer base, it's important that the free content you give to your new prospects really helps them. If your giveaway product is a free report, your leads will base their opinion of you on that report, so giving them a shoddy, poorly written and uninformative report will not help you at all. It's also essential that any premium product you recommend genuinely provides your buyers with a solution to whatever problem the product claims to solve. For instance, I mostly promote digital products related to affiliate marketing, I am therefore particularly careful when looking for products to promote as I don't want my leads to buy a crappy blind offer which makes big income claims and then disappoints when the product behind the sales page turns out to be a massive dud. Sometimes you can find poor quality products which sell very well. They have huge EPCs, fancy videos, big promises and loads of (misleading) testimonials on the sales page and lots of affiliates promote them just to make a fast buck. Promoting offers like this is

NOT a good strategy for building an affiliate business because it is unethical, it damages your brand and it disappoints your lead base, making them very unlikely to buy from you again. Obviously, the good products make big claims too and if they didn't they wouldn't be able to compete in today's digital product marketplace. It's therefore important to buy and test products yourself before you promote them so that you can separate the hypey offers which are worthwhile from those that are just 100% hype. There are no 'non-hypey' offers in the digital product marketplace so testing products to make sure they work is an important step for every ethical affiliate who promotes digital products.

7. **Sell** – Whilst you can still create a profitable affiliate business without doing any hard selling, if you want to grow your business as quickly as possible, you need to pitch products to people now and again. Some people are natural sellers, and some aren't. Personally, I'm not a natural seller, and wouldn't be able to persuade people to buy things over the phone. Fortunately, you don't need to talk to people to sell affiliate products these days, you just need to be able to write a good sales email and press 'send' to broadcast it to your subscribers. In fact, if there's an amazing offer which would really help your lead base, you owe it to them to try to get them to buy it.
8. **Scale Up, Rinse & Repeat** – Once you've successfully launched a funnel, got some visitors through it and achieved a good ROI, you can scale up your advertising to increase your campaign profit. You can also take that same successful campaign model and apply it to more affiliate products. Each time you do this, you will get a little bit better at 'plugging leaks' in your funnel which could reduce your overall profit by improving your advertising copy, lead capture pages, lead magnets and follow-up sequences.

Flow Diagram Illustrating the Architecture of a Profitable Affiliate Marketing Campaign with Front-End Lead Capture:



Must-Have Resources for Building Digital Sales Funnels:

Your OWN Website – If you're serious about being a full-time digital marketer and chasing down your dream lifestyle, then the very first thing you MUST have is your OWN website – not a free one – a domain name which you actually own.

I know there's a lot of conjecture out there about making money online without investing anything but my experience, which spans several years, is that to build a real, lasting online business you need to invest in it. One thing you definitely need to get is a domain name that reflects what your business is about, as well as reliable hosting.

Having your own website on a domain name that you own shows people you are serious about your business and projects a much more professional image than a free website or blog. People also instinctively trust a unique domain name more than web content posted onto third party sites such as social media sites, forums, article directories and blogging platforms as a unique domain name gives your content a more authentic feel.

If people have more trust in your website, by extension, they will trust you more and be more receptive to any affiliate recommendations you have included on your website.

Your website provides you with a perfect platform for communicating with your customers and leads, thereby building your 'brand'. This is really important, as people buy stuff from other people, generally people that they trust or even like. A website is a great way to tell people a little bit about yourself, show them that you are not just another 'marketer' selling to them but a real person.

The days when you could just advertise an affiliate link and make money from cold traffic are long gone. Today's internet marketing requires you to do so much more than that if you ever want to make a reliable income from it, let alone the huge pay days you might have heard you can make as an online marketer.

However, getting your own domain name and website is the very first step on your journey to becoming one of the very small percentage of marketers who make a lot of money online.

When deciding on a domain name there are a few things you need to consider but the most important points for me are that your domain should be something which quickly tells people what your website is about and something easy to remember so that people can easily type it straight into a browser if they notice your domain name advertised and decide to see what your website is like. It is also advantageous to get a domain that contains keywords or keyword combinations that people who would be interested in the products or services that your website is going to promote would be likely to search for in the search engines.

An Email Autoresponder - Having an effective email autoresponder is VITAL if you want to use digital sales funnels because you need to follow up with A LOT of email leads if you want to make a regular online income and autoresponders automate this whole process.

These are a lot of autoresponder companies out there. You could even host your own if you have the right script, but I personally choose to use a premium 3rd party autoresponder service (Aweber), as they have people working for them whose job is to keep your emails arriving in the inboxes of your leads and customers instead of their spam boxes, by maintaining good relationships with major personal email providers such as Gmail.

Inside your autoresponder back office, you have systems for creating email marketing campaigns which include an email opt-in form creator which enables you to put opt-in forms into your webpages using html, thereby creating your lead capture pages.

You can set your autoresponder lists to either '**double opt in**' or '**single opt in**'.

Double opt in means an email lead who subscribes to your list will have to log into their email accounts to click a link in a confirmation message sent by your autoresponder, to confirm they wanted to give you their email address in the first place.

Personally, I only use a single opt-in system for capturing leads as I think double opt-in systems are more for the benefit of the autoresponder company than you, and a single step system (without the need for your subscriber to confirm their email address) gets you more leads more quickly.

You also have a follow up email builder enabling you to write media-rich email messages which are set up to be sent to your leads according to your chosen schedule eg. every day, every 2 days or whatever you prefer.

The other important function your autoresponder will have is the ability to send 'broadcasts' to your lists.

This is how, when a new affiliate launch occurs, some of the top affiliates will bank 20000 USD in commissions with just 1 or 2 email blasts. They have large responsive lists that they built using an email autoresponder which they can message whenever they want with a short but punchy email promotion that makes them in a few hours what most people take months to make.

If you ever want to be able to have that kind of hands-free income, then you are going to need a professional autoresponder service.

An Extra Strategy for Boosting Conversions and ROI:

1. **Bonus Incentives:** Bribing your prospects with bonuses for purchasing affiliate products via your link can yield a massive increase in conversions, especially if your bonuses complement the product you're promoting. For example, if you were promoting a landing page building software, a good bonus to add to that would be a set of royalty free images the buyer could use with the software to make more effective landing pages.

Summary:

Sadly, there are no push-button 'easy-money' solutions for making a lot of money with affiliate marketing.

Once you realize this, you're a lot closer to achieving your business goals because you're no longer distracted by the BS designed to lure people into buying over-priced, over-hyped and under-delivering products and training.

You can then focus completely on the activities which will be most profitable in the long run - creating affiliate campaigns, testing traffic sources and building an audience for your promotions.