

# Affiliate marketing assignment

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Here the task of intent providers is not only to deliver the advertisement but also to persuade viewers to convert into customers. Findings from the study indicate that affiliate marketing is the most effective way to sell the advertising space to advertisers, incomparable to traditional media, easy and precise to measure of advertising responses, much more flexible, used to generate revenue and much easier to reach a variety of customers. One-to-one is the best affiliate program in our country. Several recommendations are explored in this paper for the development of affiliate marketing in Bangladesh and for further research.

Rapid growth of online marketing indicates better possibilities of affiliate marketing that will contribute a lot in business sector. Field of Study: Marketing. Keywords: Affiliate Marketing, Content provider, Online Advertisement, Affiliate. 1. Introduction The Internet existed since the end of sass that was the Introduction of World Wide Web (WWW). It was a new medium for publishing Information which started its rapid growth. Since then, the Internet became the fastest spreading medium in human history. It took long 38 and 13 years for radio and television respectively to reach 50 million users.

But the internet reached the same in just five years. In Bangladesh, internet becomes familiarized in sass. Since then its growth in every sector is boosted up. The power of WWW is in the ability to bring easy-to-use medium, which allows consumers find information using a network of websites. However, company's website needs to attract internet users to visit the website. It did not take long since the World Wide Web was introduced before the companies realized the marketing possibilities of the Internet. Many scholars

note that, from the merchants' point of view, the Internet brings many opportunities and also threats.

Companies can take advantage of new technologies and improve their competitiveness, but on the other hand, they also need to face new startup companies, some of them with purely virtual operations. Affiliate marketing is a traffic \* Assistant Professor, Department of Department of Business Administration, World University of Bangladesh, Bangladesh. Corresponding author's e-mail: faro.[email protected]Com, Mobile: 0181 5189881. Hosannas & Mohammad building campaign, a method to increase the audience of a website. It is a form of promotion that uses the internet and World Wide Web (WWW) to deliver their marketing messages to attract customers.

Here advertising is mean of attracting customers to that website. Online advertising is an important revenue stream for the content providers. They can sell the advertising space to merchants to promote their products and services. Affiliate marketing is an agreement between merchant and content providers to promote merchant's products and services at their website. In affiliate marketing three types of compensation models are used to pay commission to the content providers: Pay Per Sale (UPS), Pay Per Lead (PL) and Pay Per Click (PC).

Affiliate program can be divided into two groups – one to one and one to many. It has some advantages over traditional advertising (marketing). It is more flexible, offers content providers to generate more revenues from their website, less advertising cost, cooperate with large number of merchants, more effective, easy and precise for reaching a variety of customers in a

short time. Our research questions are: what are online advertising and affiliate marketing? What are the different advantages, disadvantages and compensation models of affiliate marketing?

What are the responses of content providers by various characteristics of affiliate marketing in Bangladesh? In the context of Bangladesh, online advertising and affiliate marketing practice is new and it is developing. It offers various opportunities for the content providers and the merchants in our country. In near future, it is expected to gain more acceptability and popularity. Already some companies have started using affiliate marketing in Bangladesh. So, this is the time to conduct the research on such issue to understand affiliate marketing and to disseminate the knowledge gained from findings.

The research findings are different from previous studies from the sense of uniqueness of this paper in Bangladesh. This study is conducted to (I) investigate the knowledge of affiliate marketing and (it) find out the views of content providers toward it. The remainder of the paper is designed in eleven sections. Section 2 presents the literature review leads to spell out the objectives of the study in section 3. Section 4 discusses the methodology. Section 5 and 6 highlight online advertising and affiliate marketing, and advantages-disadvantages of affiliate marketing.

Authors put compensation model in affiliate marketing in section 7 and survey summary and data analysis in section 8. Findings are discussed in section 9. Recommendations are appear in section 10 with concluding remarks. At last, limitation and future directions are put in section 11. 2.

Literature Review The literature overview represents available theories and models help to understand affiliate marketing as well as the activities of content providers. Among the different scholars on affiliate marketing Hoffman and Novak (2000), Fire (2000), Gallagher et famous who have the theoretical contributions on such type of marketing.

Hoffman and Novak (2000) claim that by employing affiliate marketing, merchants can let thousands of independent websites, called also content providers, to display ads for TTS products 104 and only pay them when the ad would actually lead to a sale. In affiliate marketing advertising costs move from fixed to variable costs, which can facilitate allocating money to advertising. Fire (2000, p. 300) remarks that specific employment of affiliate marketing are storefronts where content providers can sell other company's products or services at their own branded website using technological solution provided by the advertiser.

He adds that in affiliate marketing particularly, advertisers can choose any one from three compensation models in order to pay omissions to the content providers such as Pay per sale (UPS), Pay per lead (PL) and Pay per click (PC). According to Gallagher and Auger (2001), affiliate marketing is classified as a type of online advertising where merchants share percentage of sales revenue generated by each customer, who arrived to the company's website via a content provider. Content provider also referred to as affiliate, usually place an online ad (for example a banner or a text link) at its website.

When visitors click at the ad, they are redirected to merchant's website and affiliation is tracked by a cookie torte on visitors' computers. They further

say that using affiliate marketing is more cost-effective to the merchants than other forms of online advertising, because it diminishes the administrative costs connected with buying advertising. According to Chaffed (2003, p. 484), affiliate marketing is particularly beneficial to small websites, as they would not have the chance of selling to major advertisers otherwise.

Alibi, Obligatory & Serener (2003) divide affiliate marketing into two groups – one-to-one and one-to-many affiliate marketing. Duffy (2005) points out that affiliate take the whole risk connected with marketing merchant's products. The concept is simple. If affiliates marketing efforts work, affiliate makes money. If they don't, affiliate does not make money and pays opportunity costs. There are no limitations for an affiliate how much money it can spend or earn. Employing affiliate marketing is advantageous for merchants from many perspectives.

It is stated that affiliate marketing is an online marketing advertising channel that puts merchants in charge of an online marketing sales force. Merchants look to earn revenue from sale of their products or services, by affiliates (publishers) who want to earn revenue from placement of product banners or text links on their site. Merchants only pay affiliate partners for results, such as a lead or purchase “ pay-for-performance” (Donna McCarthy 2009). There are a number of studies published in past decades that investigated the issue of affiliate marketing in different countries.

But there is no academic research paper which could be a proper substitute of this study in Bangladesh. 3. Objectives of the Study The overall objective of the study is to find out the knowledge of affiliate marketing ND views of

online content providers in Bangladesh. The specific objectives are as out the advantages of affiliate marketing; iii. Briefing the compensation model of affiliate marketing; lb. Analyzing the field survey; v. Providing recommendations for the future development of affiliate marketing in Bangladesh. 105 4. Methodology In order to complete this study, the researchers have proceeded through a work plan.

They physically have visited and discussed with website owners and content providers working with online advertisement and merchants who are promoting their products and services through online. Both primary and secondary data are used in this paper. Primary data are collected by interviews with websites owners responsible for choosing, implementing and evaluation of affiliate marketing. A multiple choice (MAC) questionnaire is constructed to conduct the survey. In the study, interviews are carried out by telephone and during personal meeting. Interview is made among the content providers from July 2011 to June 2012.

Secondary source includes observation of websites, published documents, internet search engines and various Journals of affiliate marketing. The population for this study is content providers of Bangladesh. The sample size here is 25 content providers who are selected randomly. 5. Online Advertising and Affiliate Marketing The term ‘ online advertising has several definitions. A discussion may be held whether the Internet is another form of advertising or its nature lies more in direct marketing. Chaffed says (2003, up. 484), advertising takes place when advertiser pays to place advertising content on another websites.

Internet advertising is a traffic building campaigns – a method to increase the audience of a website. Online advertising is a form of promotion that uses the Internet and World Wide Web (WWW) to deliver marketing messages to attract customers. Simply having a company website on the Internet is not considered as online advertising any more. Instead, advertising is the mean of attracting customers to that website. For content providers, online advertising is an important revenue stream. They can sell advertising space to the merchants to promote their products and services.

Content providers have four options to sell the advertising space: direct selling, site representation firm, ad network and auctions. Furthermore, many scholars added another option named affiliate marketing. Affiliate marketing is an agreement between a merchant and content providers to promote merchants' products or services at their websites. Merchants are called advertisers in online marketing and they pay for the content providers' services only when visitor coming from their website executes a specified action. Such action can be a purchase of a product, filling in a form with personal data, subscription to a newsletter etc.

In an article about affiliate marketing it is written that it is a popular method to earn profits from the websites and also helps the merchants to increase their sales. Affiliate marketing is very beneficial both for merchants and affiliate marketers (Thomas Ludwig 2012). By employing affiliate marketing merchants can enjoy some advantages. They can hire various independent websites to advertise their products and services, Advertiser of merchant can only pay the content providers if the ad actually leads to a sale and



advertising costs move from fixed to variable costs on ad in affiliate marketing.

It can facilitate allocating money to advertising. Not only merchants but also content providers can enjoy various advantages from affiliate marketing such as affiliate 106 arresting offers content providers new chances to generate revenues from their websites and it provides content providers with the opportunity to cooperate with large number of merchants to which they would not have access otherwise. Some disadvantages are observed in affiliate marketing. Accounts of false and misleading types of advertising that lead to unjust claim and also complaints people.

The shady and illegal practices involved in this kind of business include false advertising, unlawful use of trade names, logos, or other branding, spamming and hijacking. Merchants sometimes intentionally close down programs without informing the affiliates and paying commissions. Sometimes affiliates engage in false advertising and misleading the customer in order to get commission. This means that some affiliates sometimes make claims and promises regarding the product and services which are completely wrong or they extremely exaggerate it.

When this happens, the merchant usually suffers complaints and they definitely lose potential customer. As affiliate ads pay out on results, content providers do not have any guarantees that they will make money. They may have to try a number of different affiliates to find those that their visitors respond to. Content providers should have a good idea of the profile of people that visit their site to ensure their target customers appropriately.

The time from placing the ad up to getting payment can be several months depending on the affiliate schemes or network content provider register with. . Compensation Models in Affiliate Marketing In affiliate marketing, advertisers can choose from three below described compensation models in order to pay commissions to the content providers: Pay per sale (UPS) Pay per lead (PL) Pay per click (PC) Pay Per Sale (UPS): A type of affiliate marketing program where the advertiser pays the affiliate based on conversion of sales. If a customer follows an affiliate-link to the the affiliate is paid. Pay Per Lead (PL): PL is an online advertising payment model where payment is based solely on qualifying leads.

In a PL agreement, the advertiser only pays for leads generated at their destination site. No payment is made for visitors who don't sign up. Alibi, Obligatorily & Serener (2003) explain that under pay-per-lead, the merchant pays for the leads and then tries to convert them to customers (e. G. , by setting attractive prices). Because the attempt to convert occurs after the merchant as already paid for the leads and the pay is nonrefundable, the referral fees are a sunk cost. Pay Per Click (PC): Online advertising payment model in which payment is based solely on qualifying click-through.

In a PC agreement, the advertiser only pays for qualifying clicks to the destination site based on a prearranged per-click rate. Pay per click is perhaps the best advertising medium available for Internet-based businesses 107 and for small businesses in general. It allows them to carefully cut the advertising fat by choosing exactly what they will pay for and what they won't (2012, p. 28). 8. Survey Summary and Data Analysis In the survey questionnaire, there are questions for the content providers to measure the <https://assignbuster.com/affiliate-marketing-assignment/>

degree of their knowledge, response, attraction, attention and awareness for the affiliate marketing.