Chapter 3
Affiliate Marketing Strategy of Amazon India

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ABSTRACT

Affiliate marketing is one of the oldest forms of marketing in which one refers someone to any online product (Open Topic, n.d.). When the consumer buys this product on the basis of the given recommendation, then the person who has referred him receives a commission. This commission could vary from $1 to $10000, on the basis of the type of product which has been referred (Open Topic, n.d.). The rapid development of the term “Affiliate marketing” which is a performance based internet marketing practice, has made the online selling market even more competitive. Many companies are now venturing into the forming or improving their affiliate programs and giving higher incentives to keep the affiliates loyal. This study is a qualitative study about the Affiliate program presently run by Amazon Company.

INTRODUCTION

It analyses the success and failures of the programs when it comes to increasing sale of their products on their online portal. Internet marketing is crucial for the market today as many companies are resorting to the online selling platform. It is understood by many that the process of affiliate marketing, is a process of paying money for a successful marketed order of a merchant or a partner. (Duffy, 2005, DOI: 10.4018/978-1-5225-2656-8.ch003
161 - 163). But when it comes to the true essence of affiliate marketing the same is more complicated. Affiliate marketing is by far the lowest risk marketing as there is a direct payment to performance marketing and low profile. Affiliate marketing is the type of Internet marketing which uses methods like SEO, Paid Search Engine Marketing, and E-mail Marketing etc to help the merchant sell his product. In affiliate marketing, the business pays for one or more affiliates on the basis of each visitor or customer who buys the product through the affiliates’ marketing campaign. Thus affiliate marketing has three core parties: advertisers, publishers and consumers.

According to the “worldwidewebsize” website (2015), a 12 web application that records the number of index web, there are at least 4.79 billion pages. Thus the affiliate can share information to the rest of the world just by one click. It is due to affiliate marketing that many a business sees a lot of scope in online selling.

**REVIEW OF LITERATURE**

Different business has different business requirements. Affiliate marketing has many versions. A business selects an appropriate affiliate marketing method which is based on the objective of advertising and the targeted customers. The same must also be in synch with the marketing campaign.

Affiliate marketing has become a very profitable online marketing tool for many companies. As explained by Prussakov (2007), the affiliate programs are a new type of marketing strategy in which the partners or affiliates advertise products of the company. It has also been explained that this type of marketing is performance based, as the compensation is based on the amount of clicks.

Gallaugher et al. (2001) explains that these affiliate programs provide a site operator (who is the affiliate) with a commission which he would get if any of the products of the partner site (merchant) is bought by customers. The affiliate marketing program was seen to be more effective as compared to the traditional online ads.

Fiore & Collins (2001) have explained that simple banner ads, which just try and build a brand image, will turn out to be very expensive. Also their effectiveness was decreasing over the years. As per the Forrester Research (Fiore & Collins, 2001) the banner ads had a click-through rate of 40% in 1994. At present however the return rate has fallen to as low as 0.5% CTR (Pick, 2008). Thus banner ad now cannot be seen to bring in Assured sales.

Prussakov (2007) also has a view that an affiliate program could benefit e-commerce a lot more in increasing sales. This is because the affiliate program helps the n online business companies to sell products on its own website, and also provide links of products on other website thus creating a larger reach for the customers. Affiliate programs are also known as associate, revenue-sharing, or
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