



Affiliate Classroom

The journal of affiliate marketing and management best practices

**What Is a
Business Model
Anyway?**

**The Web 2.0
Business
Model**

**A Comparison
of Affiliate
Business
Models**

**Affiliate
Business Models**

Table of Contents

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What Is a Business Model Anyway?

By David Long

COVER STORY

To succeed long term, the existence of a solid business plan is crucial. In its simplest terms, a business plan spells out how you are going to make money and is something that deserves your respect. However, before you start trying to make a penny, you should first examine how you will handle the elements presented in this article.

PAGE 3

7 A Comparison of Affiliate Business Models

It's not always easy to determine the differences between the different affiliate business models. In order to make a good decision, you need to keep your abilities in mind, as well as the costs. This article examines the different business models and poses key questions to help you identify which business model is the right fit for you.

11 The Web 2.0 Business Model Revisited

Take a look at a business model in action as the author writes about using the Web 2.0 model with Twitter as an example. Twitter is there to be used and with a bit of planning and a few weeks of work, you can build yourself a platform from which you can launch any product or sell any affiliate product. Read this article for a step-by-step guide on moving forward.

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What Is a Business Model, Anyway? (and Why it Matters)

By David Long
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At its most elementary, a business model is just a plan that a person or company intends to use to generate income. It's an answer to the question: "How do you plan to make money?"

Novice and student entrepreneurs are often encouraged to create or select a business model before they lay down a penny to start a new business. That's sound advice. But, given the variety of options, and the haziness of the concept itself, it's not a bad idea to explore just what is a business model in the first place.

What Is It?

At its most elementary, a business model is just a plan that a person or company intends to use to generate income. It's an answer to the question: "How do you plan to make money?" In slightly more detail, it's the combination of elements that go into that answer: the intended market or niche (a demographic) and how you plan to reach it (marketing), the value proposition, the factors needed to sustain the business over the long haul, and other elements.

There's a difference, of course, between a plan and its execution. Even a well-thought-out strategy can be fouled up in the implementation. As Eisenhower once said (paraphrasing many older generals): "No battle plan survives contact with the enemy." Still, he knew, as does any good strategist, that you can't go in blind and hope to have a chance of success.

The Value Proposition

A key element in that business model involves thinking about what is called "the value proposition." That's a Harvard professor's way of saying: "What can you offer that others might want?" Affiliate marketers know that the list of potential things is limitless, and thank the Internet's inventors for that.

But the answer to that question goes beyond just what widget you advertise from which merchant. It bleeds over into the specific realm of exactly what you add to that process. Sure, everyone would love to put up a website with a graphic of a mountain bike and a little copy, then watch the bucks flow into the PayPal account. But, as the old saying goes, nothing ventured, nothing gained — usually, anyway.

Just how you go about creating that website, writing that copy, and reaching out to those interested in mountain bikes is all important. You can have the best navigation, offer stellar product reviews, keep up on the latest discounts, start an online club for enthusiasts ...

You can see where this is going. All your decisions as an affiliate marketer are about just how, in detail, you are going to add value to the customer's exploration, research, and purchase. That's all part of the value proposition component of your business model.

What Kinds of Business Models Are There?

To get a more concrete handle on the idea, it's helpful to have some examples, or at least categories, of business models. In the affiliate marketing world, those aren't hard to find, even when they're not explicitly named.

Suppose your target demographic happens to be gardeners. They'll search for things like tools, different types of plants, maybe some fertilizer, insect, or weed control products, and so forth. Identifying that target market is one of the first steps in developing a business model.

Even in the narrower realm of Internet sales (as distinguished from, say, retail or catalog), and the still-narrower one of affiliate marketing, there are a dozen ways to go about reaching that market. How you do that is another major component of your business model.

In "olden times," email was the way to go. Graphics were primitive or nonexistent on websites. Targeting technology — such as a good search engine, targeted ads, link exchanges, etc. — lay in the future. But even with all the advances made in the past 10-15 years, email is still not only viable but highly profitable, at least potentially. Some people still make tons of money off their lists and continue to build them daily.

A business model's marketing strategy could be based on this one method alone. Or, that could form only part of a wider umbrella strategy. No one can say in advance what's best for all affiliate marketers; there are too many variables. But there are general rules of thumb.

One such rule is: keep it simple, especially at first. As Anik Singal pointed out in our July issue:

"Focus on one business model to start. Don't try them all initially, you'll get scattered and confused. So pick any one good business model, with a proven product, get training in that model and then refine it until you are making it work."

The same could be said of any one aspect of a business model, in this case the marketing method. Even with those who have greater resources and capital — those who can hire help to look after multiple areas of the business — someone has to manage the overall strategy. Nobody can do it all, particularly when they're first starting out. (And that's when you need that clear business model the most.)

Similar advice applies to other marketing methods/business models: PPC, membership sites, blogging, and all the rest.

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The Consequences

Which business model you select or create will have wide and deep consequences for how you do business. That's a major reason to narrow your focus to just one model. Affiliate marketing that concentrates on PPC will involve very different costs and activities than one that focuses on, say, email.

Money

Capital outlay is one of the most obvious consequences of the choice of business model. PPC can become very expensive, very quickly. This can be a valid model even for novices, but it requires much more research upfront because you are spending real money, not just your time.

Even at only five cents per click you can spend \$5 per day with ease. That's not a huge outlay, until you multiply it by 30 or 365. Obviously, if you're not getting back more than \$150 per month in profit (not just sales) from that, you're losing money. And that figure is on the low end of things.

A short-term loss may be worth the investment to build a customer base. But beware tossing good money after bad. Measure, measure, measure, and don't feel bad about admitting defeat (if that happens) and changing tactics. Most people lose their shirts on stocks because they refuse to bail while losses are still small.

Time

Other business models permit you to hang in there much longer, and that may be appropriate for products/services for which building a clientele inherently takes longer. If, for example, you're in the process of becoming the go-to guru on all things Tulip, it will take a while for your expertise to become widely known. It takes even longer for sales to follow.

By the way, how you develop that reputation forms part of your business model — and not an inconsequential part, either. Blogging is one way, of course, and it properly forms part of the strategy in a multi-pronged approach. Ebooks are another well-tested route. (Look how Rosalind Gardner's fame and fortune grew with sales of her *Super Affiliate Handbook*.)

Here again, though, your time investment needs to be monitored and controlled. Your time is valuable because it's limited. It's possible to spend too much time blogging (I know!) and too little on other activities needed to implement your business model.

Focus

The other possible, and unfortunately somewhat common, error is the loss of focus. Anik warned about this above. Even if you're not spending

too much money or time on any one method, you can go to the other extreme and spend too little.

Few of us are talented enough to be good at everything. Developing your affiliate marketing business (which is the whole reason for having a business model, after all) requires doing some things really well.

That requires performing a whole array of detailed tasks: quality website construction, fine-tuning email lists, writing superior copy and creating (or finding) good graphics, or some such. (Exactly what "some such" is depends on your model, natch.)

Each of those takes not only time (and maybe money), but concentration and practice. There's a reason why Michael Jordan was a superb basketball player. He had the needed natural attributes, but so do lesser players. He focused, and worked on honing his potential to raise it to a high actuality. He did that every day for several years.

Some Final Words of Encouragement

It all sounds pretty daunting. But, fear not.

Break down the different components of your business model into manageable bites. Give each one a fair amount of thought before you click, blog, email, or whatever. Develop a plan and think about how to implement it. Be prepared to adjust, change direction, and accept (and learn from) the inevitable mistakes.

It's all part of the exciting — and potentially lucrative — business of affiliate marketing. Thousands with no more talent, luck, intelligence (or whatever mysterious X factors are required) than you have done it before you. You can, too. All you need to start is a good business model.

About the Author

David Long is a freelance writer and editor with over 20 years of experience. His PLR articles and eBooks have appeared on hundreds of websites. They cover topics that include Wine & Beer, Travel, Gardening, Health & Fitness, Pets, Stocks & Bonds, and dozens more subjects. He can be contacted for hire at JDavidLong@gmail.com.

Few of us are talented enough to be good at everything. Developing your affiliate marketing business (which is the whole reason for having a business model, after all) requires doing some things really well.

A Comparison of Business Model Affiliates

By Evelyn Grazini

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As an affiliate marketer, you know that you have many marketing choices at your disposal. But sometimes it's not so easy to determine the differences between them. In order to make a good decision, you need to keep your abilities in mind, as well as the costs associated with each marketing effort.

This article will give you a brief overview of the three main types of affiliate models — PPC, article marketing, and natural search/SEO — and let you know what is required for each. You'll also get a quick checklist of what you'll need to do if you select a particular model.

This list should help you make a decision on the type of marketing method(s) you want to use for your ventures.

PPC Business Model

Pay per click, or PPC, is a way to advertise your product or service in the search engines themselves. The preferred search engines of most marketers are Google, Yahoo! and MSN.

With PPC, you bid on keywords related to your business, and pay for advertising only when a user clicks on your ad. The marketer who bids the highest will get their ads displayed closer to the top of the search engine results.

PPC is sometimes referred to as pay for performance advertising, because you pay only when somebody clicks on your ad and visits your site. PPC ads appear on top and to the right of the natural search listings and are designated as "Sponsored Links."

With PPC, you have almost complete control over when and where your ads are shown. Your ads are triggered only when somebody types in a search query that matches the keywords you're bidding on. You can turn your ads on or off depending on the time of day. You can also target your ads to run only in certain countries, states, and cities.

However, it's really NOT as easy as just bidding the highest to get your ad displayed at the top. Your ad position is also determined by your maximum cost per click (CPC) multiplied by your click-through rate — in relation to your competitors. Remember that the search engines get paid only when somebody actually clicks on your ad. It doesn't matter if you're bidding \$10.00 and your competitors are bidding \$0.10. If nobody clicks on your \$10 ad, nobody gets paid.

With PPC, you have almost complete control over when and where your ads are shown. Your ads are triggered only when somebody types in a search query that matches the keywords you're bidding on.

The primary benefit of having your site rank in natural search is that it doesn't cost you anything — other than your time.

That's why you can't buy your way to the top — you have to earn it by bidding smartly, and writing ads that entice searchers to click and find out more.

PPC is a good fit if you:

- Like to work with huge amounts of keyword information.
- Are willing to invest the time needed to do daily research and updates to your accounts.
- Have more money than time and are willing to spend money to make money.
- Like working with statistics.
- Like analyzing (and reanalyzing) results.
- Know how to write small classified ads.
- Have an advertising budget of at least \$100 per month, per campaign.

SEO Business Model

Search engine optimization, commonly referred to as SEO, is the process of getting your site indexed and ranked in natural search results for keywords or search terms related to your business.

Natural search results and rankings are determined by the search engine's proprietary algorithms. In the natural search environment, site owners have little control over when or where their site will appear for a particular keyword. The primary benefit of having your site rank in natural search is that it doesn't cost you anything — other than your time. Sites with excellent content and strong inbound links (from trusted sites) typically rank the highest.

Another advantage of having your site listed in natural search is that it will be prominently featured on the search results page (SERP). If you rank well for your selected keywords, you can get a lot of free traffic. There are a lot of rules to keep in mind when setting up your site for SEO only. Actually, there are too many to list in this short article. However, the things to keep in mind as you build your site are:

- Put your keywords in the title of the page, as well in the file name if possible.
- Your domain name should consist of your keyword.
- Write articles and web copy with the appropriate keywords in mind (and only a few keywords per article or web page).

SEO is a good fit if you:

- Like to research a topic in depth.
- Enjoy writing content — a lot of content!
- Can be patient and have time to wait for traffic (and profits) to increase.

- Have a limited budget.
- Enjoy spending most of your time on one site to consistently track your SEO status and make changes to increase visibility.
- Enjoy doing keyword research and writing content based on just a few keywords at a time.
- Just like to make sales and don't really care where they come from (natural search result sales can be hard to track).
- If you do most of the work yourself, you can build an SEO-optimized site if you have a domain and hosting account. These could cost you less than \$10.00/month.

Content Business Model

Content means ARTICLES! A content affiliate focuses on writing articles that are extremely focused toward a particular keyword or keyword phrase. Inside the content are links to merchant's products. Banners can also be used above and below the content. Articles can include:

- Product reviews
- Press releases
- Informative articles on a product
- Personal recommendations
- Fresh, original content is one of the most efficient and long-lasting methods for generating traffic. Search engines, in essence, provide free advertising in organic results.

Spiders seek out and rank URLs not only by the number of links referencing a page, but according to many factors appearing on the page itself. Good content helps generate those results in two reinforcing ways.

- Good content gets linked to more often, helping to raise page rank.
- Original content helps you to avoid being penalized — since engines check to ensure that a site is not merely duplicating content seen a thousand times before on other sites.

All of these things help get you listed on the first few pages of search results. If you're not on the first two pages, the odds are less than 4 percent that you'll be seen at all.

Apart from encouraging the traffic essential to generating sales, writing original and interesting content establishes your reputation. If you own the site that surfers access for answers, they're much more likely to buy from you as well. **Shoppers purchase based on trust, and nothing builds trust like being a valued information source.**

Though this should be obvious, the content you create has to be relevant to what you are trying to sell. If your goal is to make money, an interesting article about Sparta may be just that, interesting. But unless

Fresh, original content is one of the most efficient and long-lasting methods for generating traffic. Search engines, in essence, provide free advertising in organic results.

Lastly, you have to keep it fresh. You can reuse the same content only so many times. It can get out of date if it's timely, and more specific information tends to be timelier.

you are selling Roman re-enactor gear, or there's some other clever tie-in, it probably isn't going to help you achieve your goal. Otherwise, readers may enjoy reading your article, but would have little reason to visit your site where you can market to them.

Lastly, you have to keep it fresh. You can reuse the same content only so many times. It can get out of date if it's timely, and more specific information tends to be timelier. It can get old, too, simply because you've gotten the traffic you wanted. People have read it, visited, and now want to see something new.

The content model is a good fit if you:

- Like to research a topic in depth.
- Enjoy writing content — a lot of content!
- Can be patient and have time to wait for traffic (and profits) to increase.
- Have a limited budget.
- Enjoy spending most of your time on one site/topic and have time to devote to content development each week. The writing can be contracted out, but you will still need to post the articles, unless you have money to hire that out also).
- Enjoy doing keyword research and writing content based on just a few keywords at a time.
- Like to make changes to a site by consistently adding many pages of content.
- Enjoy setting up tracking links so you can find out where your sales are coming from.
- Like to manage large sites with possibly thousands of pages.
- Enjoy making sales for years to come from articles written in the past.

Just as in SEO, you could get by with just a hosting account and a domain if you can add and update the content yourself (\$10.00 per month). Whichever business model, or combination of models, you choose, devote your full time and commitment to it. That will give your strategy the best possible chance to pay off for you!

About the Author

Evelyn Grazini has been marketing as an affiliate for over five years, and teaching marketing for two years. Find her blog and affiliate marketing resources at <http://www.bestaffiliateniche.com>.

The Web 2.0 Business Model Revisited

By Mark Thompson

<http://mjthompson.net>



Twitter epitomizes what Web 2.0 is all about by allowing you to directly address customers and potential clients.

Back in the November 2007 edition of this magazine, I laid out in great detail the Web 2.0 business model I was using to generate income and promote my sites. Eighteen months later, I have drastically changed this model. I now use just one site to generate income and exposure — Twitter.

In the original article, I had included Twitter as an “ignition site” — i.e., a site that was good for getting the search engine spiders to visit your site. Now all that has changed.

Web 2.0, new media, or whatever you want to call it — it’s all about engaging with people who want to hear what you have to say directly. Twitter epitomizes what Web 2.0 is all about by allowing you to directly address customers and potential clients. As a result, Twitter is becoming one of the major marketing channels of the 21st century.

Developing a Following

Twitter works by allowing you to develop your own community, talk to them, and listen to what they are saying. Major businesses are slowly catching on to the power of Twitter; don’t be left behind.

The key to using Twitter is to build up an army of followers who are interested in the niches in which you are active. If this means that you need to have several accounts dealing with different niches, then don’t be afraid to create multiple accounts.

One of the biggest and most-asked questions is, who should I follow? When you are starting out, there are a whole host of people whom you could target and follow. In general, you might follow:

- Friends and family
- People in your local community whom you see at professional and personal events
- Customers (and potential customers)
- Peers and people in your industry
- Service providers for your business
- People who inspire you personally or professionally
- Social media gurus

- People in your niche (this is the most important one for Internet marketers)

As you start out, be open to meeting new people on Twitter. As you begin to see the power and potential for Twitter in your business, you can adjust your goals and change whom you follow.

Finding Your Following

Now that you know who you should follow, the next problem is how to find them. Luckily, this is very easy. There are several ways you can find people to follow on Twitter.

- Name Search: Use the Find People search feature to locate people by name or Twitter username.
- Email Search: Let Twitter go through your email contacts to find people you already know on Twitter.
- Keyword Search (<http://search.twitter.com/>): Use the search feature to find people who include specific keywords in their tweets.
- Twitter yellow pages (<http://www.twellow.com/>): The Twitter yellow pages find people in your niche who have added their details....Don't forget to add your details while you are there.
- #FollowFriday: Look for #FollowFriday recommendations from people you already follow
- Most importantly, piggyback. Find people in your niche. See whom they follow, and follow them.

What to Do with Your Following

Now that you know who to follow and where to find them, it's time to do some serious thinking. The first thing you need to do is to decide what your goal is with Twitter.

Do you want to make sales, or do you just want to make people aware of your sites or personal blog? Once you have defined your goal, you'll know what types of tweets to send out on a regular basis.

The next step is to build up your followers and the people you follow. This is your own personal community. Twitter has some rules in place about how many people you can follow at one time, and the ratio of the people you follow and those who follow you back. Be sensible, and you won't run afoul of the regulations.

Once you have built your community, you then need to maintain it. This is where it can get quite difficult, as you need to balance your goals with those of your followers. There are several things you should do to maintain your community and fulfill your Twitter goals.

They are equally important, but they take different amounts of time.

Do you want to make sales, or do you just want to make people aware of your sites or personal blog? Once you have defined your goal, you'll know what types of tweets to send out on a regular basis.

Remember that while your ultimate aim is to sell and make a profit, that doesn't mean you need to alienate people. Limit your "promotional" tweets to about 10-20 percent of your tweets.

Communicate with your community — basically, tweet. Sending and reading tweets is your biggest activity on Twitter. The whole purpose of being on Twitter is to engage your community in conversation.

Managing Your Twitter Community

In the beginning, it takes some time to define your Twitter community and figure out your follow policy to meet your Twitter goal. In reality, this means that you need to choose who to follow. Many of the people that you follow will follow you back — that's what we want. After you've figured out those basics, you can do your community management in a matter of a few minutes once a week.

One important step is to find out which of the people you are following aren't following you back. If you find you aren't getting any value from their tweets, un-follow them. You need to be ruthless here; because of the ratios, you often can't afford to have too many people who aren't following you in return.

Reputation management is an important aspect of managing your community. You need to listen to what people throughout Twitter are saying about you and your company, your products, and your brand. There are many ways to keep an eye on these hidden conversations on Twitter. Keep a good reputation at all costs.

Finally, you should work at keeping your followers engaged. The hardest thing to do with Twitter is to constantly make interesting posts, but there are several ways to do this. Follow blogs and RSS feeds in your niche, and if any interesting posts are made, inform people of them.

Use Google alerts to get all the latest news in your niche. Each day you will get an email from Google with the latest information about your niche/product. You can then use these to create interesting tweets. If you read an interesting tweet, re-tweet it. This is a great way to establish a bond with people in your community.

Remember that while your ultimate aim is to sell and make a profit, that doesn't mean you need to alienate people. Limit your "promotional" tweets to about 10-20 percent of your tweets.

A great way to engage your community is to produce free reports, which you can give away to your followers. You can provide this information, and build more followers, by using some viral tweet software that sends the giveaway to your follower if they re-tweet your message to their followers. You can embed these reports with affiliate links or links to your sites. Be subtle, and you'll soon notice an increase in your income.

Follow the steps above, and you'll have built a large group of loyal followers. Use them wisely. Don't keep tweeting the same message. It's OK to send a message out over a few days and at different times but don't overdo it.

Try to vary your tweets and intersperse them with interesting and useful information. You can use BudURL.com to track the traffic from your

tweets, so you can find out what works and what doesn't.

Don't be in a rush to monetize your tweets. It's often said that it takes seven emails until someone trusts you enough to buy from you. It takes considerably more tweets to achieve that trust.

Twitter is there to be used. With a bit of planning and a few weeks of work, you can build yourself a platform from which you can launch any product or sell any affiliate product. Try it; you won't regret it!

About the Author

Mark Thompson spent many years working in an IT consultancy in London. Following a re-evaluation of his goals and lifestyle in 2004, he sold everything he couldn't fit into the family car and moved to rural Spain, where he now pursues a variety of online ventures. Visit his blog <http://mjthompson.net> to learn more about the benefits of his low-cost online business coaching.

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