

# CHAPTER 14

BEFORE YOU READ take an *Overview* of the subject matter by *Assessing Your Prior Knowledge*. AS YOU READ apply the new *Reading Technique*, learn the *Vocabulary*, and complete a *Language Activity*. AFTER YOU READ check your understanding through *Fact and Idea Review*, *Critical Thinking Question*, *Guided Discussion*, *Authentic Assessment*, and *Mini-Quiz*.

## A Point-and-Click Sales Force

### Want to extend your online reach? Enlist other sites to help you sell

by Dennis Berman

Walter W. Fredrick Associates Inc., a Peabody (Mass.) architectural-equipment and computer supplier, used to depend on its little three-person sales team to hustle for new accounts along Boston's high-tech corridor, Route 128. Earlier this year, the company added the Web to its marketing strategy, investing \$70,000 to sell its high-tech inkjet printers and other supplies online. But sales were disappointing.

Then, Treasurer Andy Fredrick borrowed a page from the experience of E-commerce giants like Amazon.com and mustered a virtual sales army, some 120 strong. How? By setting up a Web-affiliate program.

In practice, it means persuading other Web sites to display a link to Fredrick's home page. Every time a customer links to [inkjetexpress.com](http://inkjetexpress.com) from one of its affiliated Web sites and makes a purchase, that site owner gets a 5% commission, just like an in-the-flesh salesperson would. The result? In less than a month, Web affiliates helped bump Fredrick's site traffic from five visitors per day to an average of 182. Today, affiliates drive more than half of the site's traffic, which brings in \$2,800 monthly. That amount is growing 25% every four weeks, but it is still far from the \$3 million Fredrick grossed offline last year. "I'm happy to pay them," says Fredrick. "They're my sales force."

Most small businesses don't realize that they can set up their own Web affiliate programs a la Amazon to boost their Internet sales. The good news is that it's getting easier to do. More than 30 companies now offer an array of affiliate-management systems and do-it-yourself software. (You can learn more about such offerings at sites such as [www.adbility.com](http://www.adbility.com).)

As many as 2,000 affiliate programs float around cyberspace, says Declan Dunn, author of *The Complete Insider's Guide to Associate & Affiliate Programs*. That number should explode to 5,000 in the next 12 months. Still, according to Internet analysts Jupiter Communications, these programs generate an average of only 17% of site revenues—a reminder that affiliates aren't the only way to draw visitors. In fact, affiliate programs aren't for everybody. Depending on your goals, you may find promotional dollars are better spent on traditional advertising, E-mail newsletters, or strategic alliances.

Technology-wise, nearly all affiliate programs operate on the same premise: Affiliates place your graphics and code somewhere on their Web site. When visitors click that link and buy a product (or, in some cases, complete a questionnaire), the affiliate gets a percentage of the sale, or, in the case of the questionnaire, a flat fee. Some software programs track repeat customers and pay your affiliates accordingly.

Do-it-yourselfers can either buy the software or hire a local or Web-based programmer for as little as \$500 to \$2,500 to design a basic in-house affiliate system tailored to your existing software and data-reporting preferences. The downside: You're still responsible for recruiting your own affiliates and keeping track of payments.

Don't have that kind of time? Try a service bureau, which will manage your affiliate network—for a slice of the action. The bureaus' technology allows your affiliates to check their sales data independently. Those tools also allow merchants to log on to the Web site to sign up or drop affiliates, tinker with commission rates, and customize product offers. Bureau also maintains databases of thousands of affiliates from which to assemble your own network. You won't have to install or maintain any software, since it's all stored on the bureau's servers. But some companies may not want to entrust sensitive data to a third party.

Management services differ widely in their fee structures (table). The more expensive bureaus, such as Be Free and LinkShare, offer sophisticated tracking and merchandising that allow you to follow your sales activity by geographic regions or create campaigns around individual products.

But technology is the least of your worries. The hardest part is recruiting affiliates, keeping them happy, and turning them into productive sellers. To find your own affiliates, you can advertise your program on free sites such as refer-it.com. Such ads helped more than 750 sites find Richard Ackerman's antiquegumball.com, which sells refurbished vending machines out of Marina Del Rey, Calif. Ackerman, as do most affiliate program operators, screens out sites with objectionable content.

What attracts affiliates best? Not surprisingly, high commissions. In general, expect to fork over 10% to 25% bounties for low-cost items, with percentages decreasing as products grow pricier. Those eager to build a brand name can take a still more aggressive approach, as did Nashville's BellWether Group, a \$3 million meeting and travel-planning firm. On top of a \$5 bounty it pays for each qualified business lead over the Web, BellWether gives affiliates a 15% cut of its booking fees when a new client signs on. Some 700 affiliates have hauled in \$70,000 in new bookings since Jan. 1, reports Chief

Executive Michael D. Reader. Reader used to pay affiliates himself, but he now uses the services of Commission Junction. He has learned that just 20% of his affiliates refer 80% of his traffic.

For successful affiliate relationships, choose sites with a clear connection to your product or service. Reader, for instance, recruited some hotel reservation sites, while Marian Dieter, co-owner of Cleveland-based PrincetonWatches.com, hooked up with scuba-diving sites to sell her diving watches. Found a site that you think would make a good affiliate? Contact the Web site owner personally.

Prompt payments and a healthy relationship with your affiliates are a must. Keep them up-to-date with frequent E-mail newsletters, advises Dunn. Make personal telephone calls and offer higher commissions to your best producers.

The Web may change everything, but the basic rules of business still apply.

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## BEFORE YOU READ

### Overview

A point-and-click virtual sales team is the work group of today's global corporations as they push past traditional structure. By moving the modern-day sales force into cyberspace, businesses are boosting profits without personally meeting their customers or even their own sales affiliates.

### Assessing Prior Knowledge

1. What does it mean to work on commission? Give examples of some jobs that might involve this type of payment structure. Do you know anyone who has been employed under such an agreement? Was it preferable to earn money in this fashion, or would a regular wage or salary have been better?

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2. Think about the different types of school, sport, and social groups. Describe your experiences with a group in which a team of other people worked toward a common goal. Now imagine if you had to conduct all your interactions with the group over the telephone or Internet, without any personal contact. How would this change your experience of being in a group? Would it still be exciting and interesting? What types of activities could you no longer engage in with these individuals?

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## AS YOU READ

### Reading Technique

You are part of a company's sales force that has just recently launched its own Web site to augment the sales for its retail stores. You have been put in charge of a special committee to publicize the availability of online ordering. Write several questions to guide you while you read in learning more information about this option. Note any Web sites or bureau services that may be able to assist your business in this new promotional venture.

### Vocabulary

**affiliate** An organization or group joined in close association or connection with other similar organizations or groups; a subsidiary or branch organization; to form an attachment or relationship with another.

**gross** Total or entire amount of monies or profits earned before costs or taxes are deducted; whole or aggregate sum with nothing taken out.

**commission** A percentage of the amount of business done, paid to the agent responsible for the sale or order.

**tracking** The action of following, trailing, or tracing the movements of something; monitoring a line of travel or motion, or a sequence or succession of events or incidents.

**bounty** An abundant reward or gift.

### Language Activity

Visit several Web sites and notice the types of links. Be sure to explore different types of online businesses or organizations, including a non-profit group or educational site. How are links designed to attract one's attention? What special offers or services are advertised.

## AFTER YOU READ

### Fact and Idea Review

1. Name the different ways that a sales manager can choose to spend promotional dollars in order to attract Internet users. What factors must be considered before deciding which method will be the most effective?

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2. On a technological level, how do nearly all of the affiliate programs operate? What can account for their explosive popularity? Describe the affiliate software programs that are now available to web business owners.

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3. What role do service bureaus play in managing a company's affiliate network? How does it benefit a web site owner to hire one of these? Why might some companies be hesitant to employ their services?

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4. Why is it so important that web site owners hook up with affiliates that serve a similar market or have a clear connection to their products or services? Give two examples of such choices. Who might the owner of [www.antiquegumball.com](http://www.antiquegumball.com), which sells refurbished vending machines, have partnered with in order to increase his chances of affiliate success?

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**Critical Thinking**

How does the “linking-pin concept” apply to managers of Web affiliate programs? Is their role more or less crucial under these circumstances than when supervising traditional work groups?

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**Guided Discussion**

Discuss how group norms, conformity, and cohesiveness are fundamentally influenced by the new conceptual paradigm of “virtual sales teams.” Answer the following questions in your discussion.

- 1) How has doing business over the Web altered behavioral expectations and other work group dynamics?
- 2) How do personality, appearance, values, and social interests change under these circumstances?
- 3) What judgments made during interpersonal interactions must be eliminated in non-physical work group relationships?
- 4) By what new standards are affiliate sales team members evaluated and judged in the age of the Internet, as compared to traditional sales representatives who are assigned regions and work in the field?

**Authentic Assessment**  
**Design an Affiliate Network**

Imagine that you operate an online business and have decided it would be more profitable to set up a network of affiliate Web sites in order to increase traffic, sales, and profits on your own site. You are planning to attend an affiliate networking meeting, at which you will meet other businesspersons who are seeking to do the same thing.

- 1) Designate the specific products or services that you provide and name your Web site.
- 2) Next, make a list of the types or categories of businesses that are related to your business. Think of potential affiliates who might refer customers to your business.
- 3) Clearly determine why the people visiting your affiliates’ Web sites would be attracted to your site, as well. What do the two sites have in common? What similar interests or needs might be filled for customers at each?
- 4) Present your company and affiliate ideas in front of the class (who will act as the other businesspeople), and ask those audience members interested in sharing a link to your business to raise their hands.

5. After completing the presentations, meet with your potential virtual sales team members for further negotiations and to sign contractual agreements for the links.

### Mini-Quiz Completion

Please fill in the blanks in the following sentences.

1. After spending \_\_\_\_\_ to start its own Web site, the sales team at Walter W. Frederick Associates, Inc., increased from \_\_\_\_\_ people to a virtual sales army of \_\_\_\_\_ affiliates.
2. More than \_\_\_\_\_ of their site's traffic is now referred by affiliates and is increasing at the rate of \_\_\_\_\_ percent every month.
3. After the initiation of their affiliate program, this Massachusetts architectural-equipment and computer supplier increased the daily traffic on their Web site from \_\_\_\_\_ to an average of \_\_\_\_\_ visitors.
4. There are currently between \_\_\_\_\_ and \_\_\_\_\_ affiliate programs floating around cyberspace, even though they generate only about \_\_\_\_\_ percent of a site's revenues.
5. The commissions that an affiliate can expect to earn for the sale of low-cost items through links on their Web site are between \_\_\_\_\_ percent and \_\_\_\_\_ percent.
6. The BellWether Group, a Nashville meeting and travel-planning firm, pays its affiliates a \_\_\_\_\_ bounty for referring each qualified business lead, as well as a \_\_\_\_\_ percent cut of its booking fees when a new client signs on.
7. A \_\_\_\_\_ fee is usually paid every time a potential customer completes a questionnaire on an affiliate's Web site.
8. More than \_\_\_\_\_ companies are currently offering affiliate-management systems and do-it-yourself software.
9. Service bureaus maintain databases containing the names of \_\_\_\_\_ affiliates from which a company may choose to assemble their own network of Web site links.