

# Google AdSense

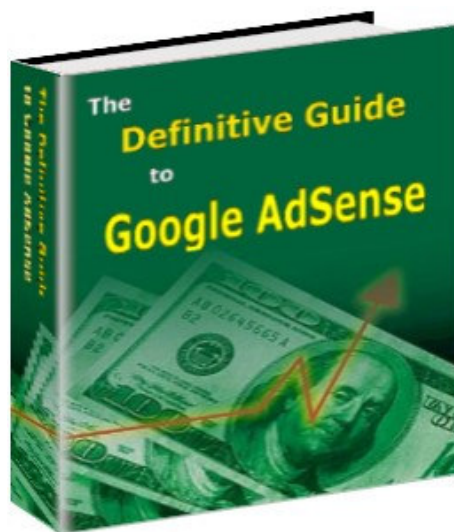
versus

# Affiliate Programs

**Which are more profitable for you?**

By William Charlwood

Author: **The Definitive Guide to Google AdSense**  
<http://www.factsaboutadsense.com/guide.htm>



# AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

## Trademarks

Google, AdWords and AdSense are trademarks of Google, Inc. VisitorVille is a trademark of World Market Watch, Inc.

## Disclaimer

The author has produced this work purely as a discussion paper and makes no warranty whatsoever about its contents. Any use of the information contained herein is at the reader's own risk and the author accepts no liability whatsoever for any actions taken or not taken by the reader as a result of this report.

## About the Author

William Charlwood is an internet marketing consultant based in Wiltshire in the UK. He consults mainly on Google-related issues to companies in the UK and Europe.

He specialises in helping businesses attract low cost sales leads and increasing the success company websites have in converting visitors into paying customers.

As an internet marketer he runs the popular ezine "The AdSense Insider" which anyone can subscribe to by sending an email to [adsense@getresponse.com](mailto:adsense@getresponse.com) and he is the author of a number of books and special reports on AdSense including **The Definitive Guide to Google AdSense**.

## Sponsored by The AdSense Shop

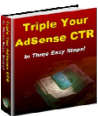
[AdSenseShop.com](http://AdSenseShop.com) has sponsored this Special Report

## The AdSense Shop.com


Name:   
E-Mail:

Everything relevant to Google AdSense in one place.


### AdSense books



**Triple Your AdSense CTR**  
This book is based on the experience of Jonathan Leger who developed the AdSense Tracker program. By analysing data from thousands if not hundreds of thousands of web pages and clicks he found out which ad formats and positions work best on your site. Could it triple your own Click Through Rate? It doesn't have to be worth buying unless you are only getting tiny amounts of AdSense revenue at the moment. **Immediate download here.**



**The Definitive Guide to Google AdSense**  
Written by William Charlwood who also runs Facts About AdSense.com, this is a comprehensive guide to getting started with AdSense and then maximising your AdSense income. 101 pages of clear, industrial-strength, high value information available for **immediate download here.**



**What Google never told you about Making Money with AdSense**  
Joel Comm wrote this book to help you increase your AdSense income. Joel's background is 100% internet for many years and he knows what he's doing. He explains what he did to grow his income from \$30 a day to \$500. **Immediate download here.**

- AdSense books
- High Paying keywords
- Tracking tools
- Special Reports
- AdSense Ezine
- AdWords books
- Suggest a product or book

Copyright © 2005 William Charlwood. All rights reserved.

Visit [http:// www.FactsAboutAdSense.com](http://www.FactsAboutAdSense.com) for more information about AdSense

# **AdSense versus Affiliate Programs – Special Report**

Sponsored by the AdSenseShop.com

## ***Introduction***

Let's just define a few things to make sure we are on the same wavelength before we kick off.

An affiliate program is one set up by a company or an individual who is prepared to pay you if you introduce a customer to them who then goes on to make a purchase.

So, as an example, I sell ebooks other than my own and when I get a sale, the authors pay me a commission. Typically this commission is 50%. For other products the commission rate may be lower. Affiliate marketing is really the internet equivalent of selling products in a shop and marking up the price you pay to the original supplier.

Many companies, as well as individual entrepreneurs, positively encourage people like you and me to become their affiliates simply because it can be a highly effective way of increasing their market share.

## ***AdSense is Google Adwords' affiliate program***

AdSense is, in one respect, Google's own affiliate program for its AdWords advertising system. Google gets people to open an AdWords account but it only makes a sales and makes any money when someone clicks on an ad. If the click occurs on one of Google's sites, they get all the money.

If that ad happens to be on your site via AdSense, then Google essentially pays you a commission on the click.

Now suppose you are in a situation where you spot an AdSense ad on your site for a product or service which also has an affiliate program. Are you best off sticking with the AdSense ads or signing up for the affiliate program?

In other words, which way are you going to make the most money?

This Special Report explores this area so that you can make a reasoned judgement about what is best for your website.

## ***Have you thought through all the issues?***

Before you can decide whether to go with AdSense or the Affiliate program you need to think through the process. The key issue, of course, is the

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

relative profitability of the two alternatives and we'll be looking at the numbers shortly but there are other factors you need to consider too.

The most significant non-financial ones are time and relevance.

Time management is one of the biggest problems with any form of internet marketing because there is always more you can do to improve sales, build traffic, and drive up your income.

My philosophy is to do one thing at a time and to do only those things that will deliver increased profitability over the long term and won't need any maintenance in the process.

In terms of brand-relevance, this will really depend on your target market. If you need to maintain a strong brand online but have nonetheless decided to use AdSense because it serves up relevant ads, it is an additional step to decide to promote other products via affiliate programs. You need to be certain they don't diminish the overall experience visitors have when they land on your site.

### ***Implementing AdSense***

If you place AdSense ads on your site, all you need to do is add Google's AdSense code into your HTML. After that, assuming you get traffic and clicks, you just need to pay in Google's checks.

If you have a template page that you replicate whenever you add another page to your site and include your AdSense code in this template page then the whole process is extremely simple and, importantly, low maintenance.

Once you've created a page with the AdSense code in it, you are then tapping into Google's advertising inventory. In other words, you are automatically offering your web space to hundreds of thousands of advertisers. Google will select the ads most relevant to your page automatically and these will be the ones that get seen by visitors to your website.

What's more, the ads will vary automatically depending on where in the world the visitor is so that they are most relevant to him/her which is something that you would find extremely hard to replicate yourself.

So Google is certainly simplifying matters for you here and don't forget that collecting payments from all these advertisers and turning them into a single check is another service of significant value.

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

Imagine having to chase after 50 or more advertisers each month for a few dollars each!

Finally of course, Google saves you the effort of going out to potential advertisers and doing a sales job in the first place. There's no way you really want to get into that game. Instead you can rely on the strength of Google's brand to acquire "customers" i.e. advertisers, on your behalf.

So Google is really delivering an excellent service to you with AdSense.

But there's a catch.

Google only shares the income it gets with you. You don't get the full value of the click even if you use all the income-boosting tricks in the bag.

In summary, in return for taking a share of the income it generates when someone clicks on an AdSense ad on your site, Google provides an excellent, highly sophisticated and effective service.

### ***Affiliate advertising as an alternative***

Now what about the alternative approach of replacing AdSense ads with ads for things that you have set up affiliate deals with?

First up of course, there may simply be no affiliate program available that suits your site in which case there's nothing more to do – just go with AdSense.

But let's suppose you've installed AdSense on your site and you are getting some clicks and that you've noticed one ad that repeatedly appears on your site that you know has an associated affiliate program.

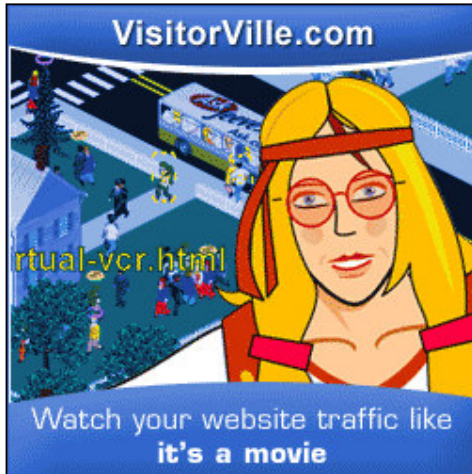
Should you create your own ad instead of sticking with AdSense for that product?

The first thing to do is to check out the merits of the affiliate program in the first place and to show you how to do this I'm going to walk through an example.

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

### Example: *VisitorVille*



*VisitorVille.com* provides a website statistics service with an amusing and informative twist: visitors to your website can be watched in real time moving from one page to another as if they were in a cartoon. It's a bit like "The Sims" combined with web stats.

The visualisations are excellent and can tell you some interesting things about the behaviour of your visitors. For example, anyone coming to your site via

Google arrives on the "Google Bus" and gets driven to the building that represents the page they land on. The tallest buildings are the most popular pages and you can pan around your "web Ville" to learn quickly where the hot spots are.

You can also set things up so that a "ding-dong" noise is made whenever someone new lands on your site – just like a door-bell.

As a product *VisitorVille* has immense visual appeal whilst delivering solid analytical value.

I first spotted an AdSense ad for *VisitorVille* on a website that competes with *VisitorVille* (that's something you need to watch out for with AdSense – I explain how you can keep competitor ads off in **The Definitive Guide to Google AdSense**) and paid them a visit.

### ***Affiliate program checklist***

I had 8 questions that I wanted answered:

- 1. Was there an affiliate program?*
- 2. Did it pay out good commissions?*
- 3. Did it appear to be well thought out?*
- 4. Was it supported by advertising media such as free ads I could copy?*
- 5. Did it have any particular positive or negative features?*

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

6. *How did it pay commission?*
7. *Did I think it would sell and how good was the sales copy?*
8. *Did it fit in with the potential interests of my site visitors?*

These are all questions you should ask of an affiliate program before making the decision to join up.

What I found was this:

- **Did an affiliate program exist?**

Yes. [VisitorVille](#) does have an affiliate program which means I could theoretically apply to join it. The application process also looked straightforward.

- **Did it pay out good commissions?**

Yes, not the best going, but reasonable at 30%. [VisitorVille](#) also offers a 10% commission on 2<sup>nd</sup> tier sales too which means that if you sign up an affiliate under you and they make a sale, you get 10% of the value of that as well. See note below about recurring commissions too.

- **Did it appear to be well thought out?**

Yes. There was clear evidence of a well-supported affiliate program and I later learnt that I got answers to some questions I submitted both by email and by the “live help” facility.

- **Was it supported by advertising media?**

Yes. There were various alternative image ads I could use and they are quite eye-catching.

- **Did it have any particular positive or negative features?**

On the negative side, the trial program was one big download – something like 11 megabytes!

On the positive side, however, there were two strong benefits: this affiliate program offers the opportunity for on-going, or recurring income.

Why?



## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

Because it is a service you rent and [VisitorVille](#) pays commissions over the lifetime of its customers. If you refer a customer to them who stays a customer for 7 years, then you'll get commission paid regularly for 7 years!

Better still, if you recruit a new affiliate and they make a sale, you get 10% of that value for the life time of that customer too.

- **How did it pay commissions?**

[VisitorVille](#) pays commissions via PayPal, a company currently owned by ebay. PayPal makes the process of moving money around via the internet really easy and, once your account is set up with PayPal, you can move money from your PayPal account directly into your bank account with ease.

- **What is the sales copy like?**

The fact is that bad sales copy can kill a fantastically good program so it was important to make sure [VisitorVille](#)'s sales copy was okay. I found the sales page a bit complex but the offer of a free trial coupled with example screen shots and a reasonable price structure made me feel that it would generate sales.

Over time I expect [VisitorVille](#) to work on improving its conversion ratios too just as any internet marketing business should.

- **Does it fit with my website traffic?**

My website [www.FactsAboutAdSense.com](http://www.FactsAboutAdSense.com) helps people increase their AdSense income and provides a lot of free resources related to this process. For people involved in AdSense, traffic and where it comes from is a key element of managing the profit boosting process so, yes, a service that helps people do this is relevant.

**Conclusion:** [VisitorVille](#) is a candidate for an affiliate promotion on [www.factsaboutadsense.com](http://www.factsaboutadsense.com)

### ***Branding issues***

Given that my website is about AdSense, should I place “non-AdSense” ads on it?

Clearly we each need to make a personal decision about this but I reasoned that in my case it was okay because it was relevant and was supported by



## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

this case study report. My site is designed to inform people about AdSense as well as alternative way of monetising traffic.

### **Comparison with AdSense**

Having answered these questions satisfactorily we can now compare VisitorVille's affiliate program to AdSense.

<b>Feature / Program</b>	<b>AdSense</b>	<b>Affiliate Program</b>
<b>Guaranteed income per click</b>	Yes	No – requires clicker to become a customer
<b>Guaranteed income per sale</b>	No	Yes
<b>Residual / recurring income</b>	Yes – from clicks in future	Yes – if sale arises and customer carries on subscribing
<b>Freedom over ad placement</b>	No - restrictions apply – see Google's Program policies	Yes
<b>Freedom over format</b>	Color schemes can be changed, several different formats available	Yes
<b>Ability to promote via other methods such as email</b>	No	Yes
<b>Defined revenue potential</b>	No	Yes: 30% and 10% 2 <sup>nd</sup> tier
<b>Known revenue potential</b>	No – value of each click unknown	No – conversion rate unknown

(We can in fact find out more about the revenue per click for both AdSense and Affiliate clicks if we set things up and then monitor performance over time although this is not a straightforward process.)

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

### ***Modelling the comparison***

The following spreadsheets provide a model that we can use to understand the relative financial merits of the affiliate program and AdSense.

First we need to make some reasonable assumptions.

VARIABLE	ASSUMPTIONS
<b>Sales value of a VisitorVille sale</b>	\$125 over a 2 year period (product is charged for monthly.)
<b>Click through rate</b>	Percentage of people viewing ad who click on it = 3%. (Assumed to be the same for both AdSense and your affiliate ads.)
<b>Commission %</b>	Percentage of the sales value returned to the affiliate = 30% (we ignore any 2 <sup>nd</sup> tier income at this stage)
<b>Conversion %</b>	Percentage of people who visit the site who then go on to buy = 1%
<b>AdSense income per click</b>	Average amount Google pays out to you when someone clicks on the VisitorVille AdSense ad = 15c. NB This implies that VisitorVille are paying more than this because Google keeps part of the income per click.

Feeding these assumptions into our spreadsheet we get:-

	VisitorVille	AdSense
<b>Sale value</b>	\$125.00	\$125.00
<b>Commission %</b>	30%	0%
<b>Conversion %</b>	1.00%	1.00%
<b>Income per sale</b>	\$37.50	\$0.00
<b>Commission per click</b>	<b>\$0.38</b>	<b>AdSense income per click \$0.15</b>
<b>Click through rate</b>	3%	3%
<b>Visitors per day</b>	100	100
<b>Clicks per day</b>	3	3
<b>Income per day</b>	\$1.13	\$0.45
<b>Affiliate : AdSense income ratio</b>	<b>2.5</b>	

## AdSense versus Affiliate Programs – Special Report

Sponsored by the AdSenseShop.com

The spreadsheet shows us that, on the basis of these assumptions, you would make more money if you joined the affiliate program by a factor of 2.5.

If we change the numbers around a bit, the message becomes even clearer.

In the spreadsheet below I have increased the sales value to \$150 and the conversion rate to 1.5% and you can see that the ratio increase to 4.5.

	VisitorVille	AdSense
Sale value	\$150.00	\$150.00
Commission %	30%	0%
Conversion %	1.50%	1.50%
Income per sale	\$45.00	\$0.00
Commission per click	<b>\$0.68</b>	<b>AdSense income per click \$0.15</b>
Click through rate	3%	3%
Visitors per day	100	100
Clicks per day	3	3
Income per day	\$2.03	\$0.45
<b>Affiliate : AdSense income ratio</b>		<b>4.5</b>

This means that on the basis of these revised assumptions you will probably make 4.5 times as much money by joining [VisitorVille's](#) affiliate program as you would by simply hosting [VisitorVille](#) ads on your site.

I have to stress that these calculations rely on the validity of the figures we have used in our assumptions. The situation will vary with different affiliate programs and across different web pages and sites.

Furthermore, with AdSense you will be credited with the click value immediately. With [VisitorVille](#) you will need to wait for up to 2 years or longer to benefit from the full revenue stream although your first payment is in fact likely to arrive before your first AdSense payment and the longer you wait for revenue the more you will be getting in total.

So you can make a choice: with AdSense you will get a small amount even if there is no sale. With the affiliate program you could get a lot more, but

## **AdSense versus Affiliate Programs – Special Report**

Sponsored by the AdSenseShop.com

the chances of doing so per click are greatly reduced. It's just like so many things in business: greater rewards are associated with greater risks.

### ***Moving forward***

Which is the best way forward?

It ultimately depends on conversion rates but in general successful affiliate programs can be much more profitable than AdSense.

If an affiliate program is unsuccessful it will stop advertising in the long run anyway and so will stop using AdWords. If it is successful, it will probably continue to use AdWords. Therefore one way of assessing a program is to note what ads stay on your site for a long time but remember that AdWords advertisers can elect to opt out of AdSense which will stop ads appearing on your site.

If there is an affiliate program, all other factors being equal, it will probably pay you to sign up.

There is, of course, nothing to stop you running AdSense and affiliate programs on the same page but you want to make sure that if you do, you exclude the affiliate program operator's adverts from AdSense so that you maximise your revenue potential and you can do this via your AdSense control panel.

### ***Final comment***

As with all internet marketing, you will only really find out if you test things. Try running with AdSense only to begin with and then switch to the affiliate program if you are getting clicks.

♦

### ***Do you want to give this report to someone else?***

You may copy and distribute this Special Report freely or give it away as a bonus with any offer you make provided you leave the copyright notice unaltered and maintain all the links within. You mustn't sell it. Reports like these can be effective in getting people to sign up for your emailing list if you make them available only on the condition that people sign up.

For your free AdSense course and newsletter "The AdSense Insider" send an email to [adsense@getresponse.com](mailto:adsense@getresponse.com)

Copyright © 2005 William Charlwood. All rights reserved.

Visit [http:// www.FactsAboutAdSense.com](http://www.FactsAboutAdSense.com) for more information about AdSense