

Lesson no. 3 – Affiliate Marketing History

AFFILIATE MARKETING HISTORY

IT BEGINS BEFORE THE INTERNET

Affiliate marketing has come to be known as something that happens online. You click a link, which directs you to a page or a product online, and then the link owner gets paid a small amount for that click. But it can also refer to things like when a mechanic gives a customer a discount for referring them to a new customer. The person who is doing the referring is getting paid by getting a discount towards their purchase. It is the same concept, just in the real world. This kind of affiliate marketing is used, but not traced as much as online links. You can ask your customer where they heard about you in an effort to learn more about where your clients are coming from, but in the end, you don't have all the data like you would through an online tracking link. The internet has made this kind of marketing more profitable and easier to expand your business. So while the history of affiliate marketing really started before the internet, it's the internet that made this marketing strategy widely available as a business model to the masses.

The First affiliate program: William J. Tobin conceived, implemented, and patented affiliate marketing and launched his program on the Prodigy network. He set-up the first affiliate program for his company, PC Flowers & Gifts in 1989. It helped businesses expand their reach and other people to get paid for helping with the process. It is really a cool idea that can be implemented in lots of different places. Today, there are quite a few affiliate networks available

The Second: In 1994, CDNOW launched the BuyWeb program.

AMAZON

Amazon was one of the first to use affiliate marketing with the launch of its Associates Program in 1996. This is considered a key milestone for the affiliate world as the program attracted widespread, global interest and was widely perceived as a model for retailers looking to implement their own. Mr. Tobin started off his life running his own lawn mowing business with equipment purchased for him by his mother. He later

joined the Army and afterward got a business degree from Adelphi University. He went on to create several startup companies, which eventually led to PC Flowers & Gifts. They are known for setting up affiliate marketing for today's floral company FTD, who delivers a good chunk of flower orders across the country. Mr. Tobin created the framework for what we have come to know as the history of affiliate marketing as well as modern day affiliate marketing. It has changed a bit over the years, but the basic concept is still the same.

The Rest of the story: 1998 saw the launch of the first affiliate networks

Commission Junction and **Clickbank**. These networks made affiliate marketing a lot more accessible to online retailers smaller than Amazon, by offering payment solutions and facilitating exchanges between merchants and affiliates.

Soon after, in 2000, the United States' Federal Trade Commission published guidelines for the sector, which helped cement its legitimacy in the online marketing world.

In 2008, more legislation was introduced across the US (such as the Affiliate Nexus Tax and new disclosure guidelines) to further regulate the field.



DOT-NET Institute
[An ISO Certified Institute]