

6 Online Business Ideas to Try

You're listening to the Tiny Course Empire Podcast with Cindy Bidar. This is episode 16, and today, I want to go all the way back to the beginning, and talk about how people actually make money online. I've got six business models for us to explore today, and I am certain that one of them--or maybe even more--is right for you, so stick around!

Welcome back to the Tiny Course Empire Podcast! Happy Thursday to you, or whatever day you might be listening to this.

Lately I've been getting a lot of questions from my clients about the best way to start an online business, and I've seen more than a few people who seem to have a difficult time telling me what exactly it is that they sell. Because that's the bottom line isn't it? Businesses sell things, and you need to be able to tell people what you sell if you want to actually sell it.

So in this episode, we're going to take a look at six popular business models. I'll give you the pros and cons of each and why you might choose one over another. We'll talk about how some business models naturally fit together and how you can use a secondary business model to smooth out your cash flow - that's the "multiple streams of income" thing that so many of us are looking for.

So listen. The first thing you need to know is that there are just about as many ways to run a business as there are people in the world, but in the online business world, you'll typically see one of these six business models.

The first one is freelancing. This is how I started, and it's how a lot of the people I know got started as well, and with good reason as we'll see.

First, let's talk about what it actually means to be a freelancer.

Freelancers are sub-contractors who perform tasks for other business owners. Freelancers are not employees. Instead, they are small business owners themselves, and that means they are responsible for paying their own taxes, buying their own equipment, and managing their own time.

Some of the more common freelancing specialties are writing, bookkeeping, virtual

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assistant work, and graphic design. If you have skills in any of these areas, freelancing might be a good choice for you.

Freelancers are paid by the project, by the hour, on retainer, or—for writers—by the word. In some cases, freelancers might be paid a percentage of profits. For example, if you write sales pages, your contract might include a provision to share in the overall sales you help to generate.

Most often, you will invoice your clients either for the work you have done, or for the work you will do in the coming weeks or months. This second option is called billing in advance, and it's the preferred method for most freelancers unless you have an established relationship and trust your client to pay his or her invoice on time.

A third option is for the client to put the money into an escrow account prior to the work being done. Once it's complete, the escrow money is released to the freelancer. This is more common if you work through marketplaces such as Fiverr or Upwork, who handle the escrow account for you.

Regardless of the time or method of payment, your client will use a credit card or PayPal or some other payment processor that you've agreed upon to transfer money from his or her account into yours.

For new freelancers, finding clients can seem like an impossible feat. But once you get a few customers on board, it becomes much easier to keep the momentum going.

Word of mouth is your best ally when it comes to marketing a freelance business. Your happy clients will tell others, and word will spread about your skills and expertise. Freelancers can also benefit from other marketing strategies as well, such as content marketing with a blog or a YouTube channel, email marketing, book publishing, and social media marketing.

Freelancing has one huge upside: it's the fastest path to cash. If you have even minimal skills, it's pretty easy to get started as a freelancer and to see money coming in in a week or even less.

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Sites like Fiverr and Upwork make it super easy to find clients fast.

Freelancing has its downsides, too. The biggest one is that when you're running a work-for-hire business, if you're not working, you're not getting paid. That means taking a week or two of vacation can result in lost pay.

It can also be difficult to manage your work in an emergency. If you become ill or injured or you need to take time off to deal with a natural disaster such as a flood or storm damage to your home, there may be no one to pick up the workload in your absence.

That can leave you feeling frazzled and playing catch up, and your clients feeling frustrated when the work isn't turned in on time.

We talked about that and I gave you some strategies to consider in episode 13, so be sure to listen to that one if you're a freelancer or plan to be one.

One other well-known freelancing downside is the feast or famine nature of the business. When you're busy, it's hard to find time to market yourself—and why would you want to if you don't have the capacity to take on new clients?

But when a client or two leaves or a project ends, you can find yourself without anything in the pipeline, which leads to short months moneywise, while you build up your client roster again.

Top freelancers can easily earn more than six figures even when they're just starting out. As a brand new virtual assistant back in 2011, I earned just under \$100,000 my first full year in business, and my income continued to grow every year after that, so it is possible to earn a really nice living as a freelancer, assuming you have an in-demand skill, a professional attitude, and a solid work ethic.

If you decide to expand your freelancing business into an agency model, you can scale even higher, and even eliminate some of those downsides we just talked about.

So that's freelancing, and it's my top choice for most people if you're just starting out in business. It's by far the easiest business model to start, and it's the fastest way to

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start bringing in some money.

Next is digital product sales.

Digital product sellers create and sell online courses, ebooks, checklists, and other kinds of training materials. Digital products also include things like lesson plans for teachers, printable products sold on sites like Etsy, meal plans, and even coloring books.

If you're going to sell digital products, you're going to need some kind of a shopping cart system, where buyers make the decision to purchase, then enter their payment information—typically either PayPal or a credit card—and when the payment is completed they receive the downloadable files or access to the training materials automatically.

Unlike freelancing, digital product payments are hands-free for the business owner, since there's no need to generate an invoice and wait for payment. You set up your shopping cart or checkout system one time, and from then on the purchase and delivery process is automatic.

Marketing digital products is very different from marketing a freelancing business. Content marketing and email marketing are two of the most common, as are paid advertising and affiliate partnerships.

I recommend you start with content and email marketing--and really this goes for any business model--but choose a content channel, whether that's blogging or podcasting or video or whatever. Choose your content channel and start right away growing your email list, because those two things are going to be your most important marketing assets.

The biggest upside of a digital product business is that it requires far fewer hours than a freelancing business. Yes, you'll put time and effort into creating your products, but once they are done you can promote them over and over and over again for ongoing income.

Another upside to a digital product business is the profit margin. Because you're

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selling digital files, there's no real cost of goods sold like there is with physical products. That means once your initial time investment is covered, every sale after that can be nearly 100% profit, depending on your marketing methods of course.

The downside of Selling digital products is just that it can be a bit more intimidating to set up than freelancing is. You'll need some kind of a shopping cart and you'll also need a way to deliver the product automatically to your buyer. This entire set up can be as simple as a PayPal button with a redirect to a hidden page to download the product, or as complex as a sophisticated shopping cart and a protected members' area where the product is hosted.

There are a wide variety of tools you can use for every aspect of this set up, and that can lead to confusion when you're brand new.

If you're stuck on the technology, go back and listen to episode 3 of this podcast, and I'll give you a surefire plan for choosing the right technology for your business.

Ok, so what about profits? How much can you really earn with digital products?

Well, one reason this model is so popular is because of its scalability. Because you do the work once and sell the finished product over and over again, it's easy to grow this type of business well beyond 6 and even into 7 or 8 figures.

And one way you can do THAT is by collecting your digital products into a single resource portal, also called a membership site.

With a membership site, members pay on a recurring basis to maintain access. The resources that make up a membership site can vary wildly and may include exclusive content, courses or other training, digital products, a community or forum, or assets such as rebrandable content or royalty-free photos or graphics.

Just like with digital products, payments come to membership site owners through shopping carts and payment processors. It's a little more complex, simply because your shopping cart also has to control access to your member site, so a simple PayPal button isn't enough here.

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You'll need a cart or payment processor that integrates with your membership software so that new buyers gain access to the content, while those who stop paying lose access.

Much like digital product sellers, membership site owners find their customers in a variety of ways, including content marketing, affiliate relationships, word of mouth, and paid advertising.

One thing to be aware of is that it can be more difficult to sell a membership than a single product. Customers who are new to you may not be comfortable committing to a monthly fee, so trust and social proof, case studies, and even referrals from affiliates are a top priority when it comes time to market your membership site.

Membership sites are popular for one big reason—recurring income. When you have a membership site, your members will typically pay you each month for continued access. That recurring income smooths out your cash flow and makes it far easier to budget for your business.

Membership sites have two primary downsides. The first is technology. They can feel overwhelming to manage, especially if you're new. Getting all the many pieces connected and talking to each other—and troubleshooting it when things go wrong—can be time-consuming and frustrating, and may require you to hire outside help.

There are hosted software solutions that can do all the heavy lifting for you though, such as Kajabi and Teachable, but they can get costly fast. It's hard to commit to spending several hundred dollars every month when you're just getting started and you don't even know for sure your membership will be profitable.

The other big downside is the constant need for new material inside the membership. Most membership sites depend on new content being added monthly, and it can feel a lot like work to have to create something new each and every month.

As for earnings potential, Membership sites can earn six or even seven or eight figures, but you will have to maintain consistent marketing practices to get there. Despite the recurring income promise, membership sites are not passive. You'll put a

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lot of work into creating content and marketing your site.

If you're interested in learning more about this business model, check out episode number 12 for the whole scoop.

Now speaking of more passive income strategies, let's talk affiliate marketing, because this is one that does promise more money with very little work, and that's sort of true.

You don't have to sell your time or talents, and you don't have to create products to sell. All you have to do is match an audience with a product to purchase and collect the commissions when a sale is made.

But affiliate marketing is not all sunshine and roses. There's a lot of work that goes into building an audience and promoting offers, and it's usually very dependent on creating large amounts of content. Blogs, email marketing, and YouTube are all good vehicles for affiliate links, but they're not really passive. You do have to create that content after all, but the upside is that those content pieces can bring you buyers for years after you've published them.

Now, if you're not familiar with how affiliate marketing works, let me give you a quick rundown.

Basically, affiliate marketers get paid a commission when a sale is made. Most often, they're paid once each month via PayPal or by check. Sometimes, the product seller will require a minimum amount of eligible commissions before making a payout. There may also be a waiting period to allow for refunds.

So how it works is this. Say you find a product that you really believe in--and this is key, it's hard to make a sale for something you don't stand behind, even if it's someone else's product.

So you find a product you really love, and you want to share it with your audience. You're going to sign up for the seller's affiliate program. Sometimes there's an application, but don't let that intimidate you. It's mostly there just to make sure you're legit.

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You sign up for the affiliate program, and once you're approved, they'll give you a unique link to use when you talk about their products. This is important. You can't just send people to the sales page or the blog or whatever, because without that unique link, the tracking codes won't work and you won't get paid.

So that's how it works in a nutshell. It's not that complicated once you understand that you need a specific link to share with your audience. Which brings us to finding customers.

Since affiliate marketers don't sell a product or service of their own, they don't really need customers. Instead, what they need is an audience. Most often that audience or community is formed around a blog or a podcast or a YouTube channel, and quite frequently the affiliate marketer will build an email list to promote to as well.

Of all the business models we're talking about here, affiliate marketing is probably the closest you will come to passive income. You do still have to build an audience and promote relevant offers to them, but like I said, those content assets can work for you for years, selling affiliate products to new people who find you.

And of course, if the products you promote offer recurring commissions, you really can make money while you sleep.

Another big benefit of affiliate marketing is that you don't have to manage customer service. If you sell a product you're responsible for ongoing support, refunds, and other considerations. As the affiliate, none of that is on your to-do list. You're just bringing in the buyer. The product owner handles the rest.

Sounds pretty sweet doesn't it? It's profitable, and once you're established, even somewhat passive. But there are still some downsides. The biggest is the amount of time you'll spend just building up an audience.

Since the affiliate marketer is essentially acting as a salesperson, you'll spend most of your time creating content and building relationships with your audience. Most affiliate marketers use either a blog, a YouTube channel, social platforms, or an email list—or all four—to drive traffic to relevant promotions. So your job, if you want to call it

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that, is mostly content creation.

Now, if you love creating content and connecting with and growing an email list, or if you enjoy creating niche sites and growing them through search engine optimization, then affiliate marketing can be quite profitable. It's not unheard of for affiliate marketers with large audiences to earn six or even seven figures.

More common though--at least in the online marketing communities I'm in--more common is affiliate marketing as a secondary income source for product sellers, coaches, and freelancers. We'll talk more about primary and secondary business models in a minute.

Another common business model is content creation. If you've dreamed of being a blogger or a YouTube star, then content creation might be the business model for you. Content creators spend the majority of their time--you guessed it--creating content. That means writing, producing videos, or recording podcasts.

When it comes to content creation, it's often the personality--in other words you and your style and voice--that matters more than the content itself. With this type of business model, your goal is rarely to inform. More likely, it's to entertain or inspire.

On the other hand, content creation can also take the form of niche sites focused on a very narrow topic. These sites are primarily information based, and their goal is to get found in Google searches.

Those who earn a living primarily through content creation typically get paid to advertise on their website, YouTube channel, or podcast. Advertisers pay creators based on clicks, views, or conversion, depending on the ad network and contract specifics.

Content creators can also earn by publishing sponsored posts or--if your social following is large enough--by simply posting about a brand on your social accounts. This is more accurately known as influencer marketing though, and to pay off it does require a significant audience size.

Content creators don't really have what we might call customers. Instead, they work to attract traffic to their website, podcast, or YouTube channel. The more traffic they

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see, the more money they earn.

That traffic arrives from a variety of sources. Most commonly, it comes in as a result of social media marketing, paid advertising, or through search engines.

If you love to write or produce video or audio content, then the content creation business model can feel like a dream job. You get to be your creative self all day long.

Not only that, but just as with affiliate marketing, there's no customer support, no products to create and sell, and probably not even an email list to build and maintain. Those are all great perks that can make content creation look like a good choice of business models.

There is a downside to content creation as a business though. Because you have little control over your traffic or advertising rates, it can feel a bit unpredictable. While product sellers and even affiliate marketers can often earn more just by sending an extra email or two, content creators don't have that luxury. Driving traffic to a website or other content asset requires a slow build-up unless you're going to pay for ads—and if you are paying for traffic, you'll need to be sure you're paying less than you stand to earn from the advertisements on your site.

Content publishing can be hugely profitable. John Lee Dumas' podcast, *Entrepreneur On Fire*, earns six figures every single month through advertising and paid interview spots. YouTube channel *Ryan's World*, featuring 8-year-old Ryan Kaji, earned more than \$25 million in 2019. Blogger Abby Lawson of *Just a Girl and Her Blog* reportedly earns \$50,000 per month from her content, though her latest income report is dated December 2016 so that may have changed.

It is worth noting though, that in the case of *Just a Girl and Her Blog*, that income is not all from advertising. Abby also creates digital products and promotes affiliate offers, so she's using her content in support of multiple streams of income. That's smart business, and we'll talk more about that in a minute.

But first, let's talk about one more popular business model, and that's coaching.

If you have a method or a strategy for accomplishing a goal, and a strong desire to

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help others do the same, then coaching or mentoring might be for you.

Coaches work both one-on-one with clients as well as in groups, and you'll find coaches in every niche from finance to weight loss. Some of the most common coaching specialties are business, money, mindset, parenting, health, and dating, but whatever your expertise, chances are good you'll find eager buyers looking for a coach in that field.

Coaches get paid similar to either freelancers or product sellers, depending on your coaching model and the tools you use. You might either invoice individual clients who then pay with a credit card or other payment processor, or you might set up a subscription product in your shopping cart that automatically charges them each month.

So what about finding those clients though. How do coaches market their business? Pretty much in all the same ways other business owners do... through word-of-mouth referrals, content marketing, paid advertising, speaking, and publishing.

You might be wondering if you need any special training to be a coach, and in most cases, the answer is no--although there are some popular certifications available in several different niches. But in general, if you have a proven strategy or methodology and an audience to share it with, you're free to hang up your virtual shingle and call yourself a coach.

While coaching can be fulfilling and lucrative--I know many people who absolutely love doing it and can't imagine doing anything else--coaching can also be frustrating. Finding your first clients can be difficult, for one thing, especially if you don't already have a platform and an audience to market to.

Another downside is that in some markets, it can feel like there are more coaches than there are potential clients. Standing out in a crowded field can be tough, but if you have a proven model or system, it's much easier. I recommend if you do want to be a coach, avoid the more broad niches like life coaching or dating coach, and go for a more narrow audience, such as life coaching for widows with young children, or dating coaching for single dads. That will help you stand out more.

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How much can you earn as a coach? Top coaches in just about any field can earn well into six and even seven or eight figures. But I have to caution you that those earnings are the exception, not the rule. According to the International Coaching Federation, the average life coach in North America earns around \$60,000 per year, but more than half of those surveyed earn less than \$30,000 annually.

So those are six common online business models:

Number one is freelancing, or performing a service of some kind on a contract basis. This is where a lot of new business owners begin, because it's easy to do and it's the quickest path to cash.

Number two is creating and selling digital products or courses. This is my personal favorite, and I firmly believe it's something anyone can do.

Number three is membership site owner, which takes digital products or courses and turns them into recurring revenue by creating an ongoing training or content access portal for your customers.

Number four is affiliate marketer, where you promote products to your audience in exchange for a portion of the sale you make.

Number five is content creator, which simply means you put all your effort into a content channel, and you get paid through advertising or sponsored content.

Number six is coaching, where you work 1 to 1 or 1 to many with clients to help them achieve some goal.

But here's the thing--there's no rule that says you only get to pick one of these things.

In fact, you'd be smart to be asking yourself how you can combine these to create multiple streams of income. You can probably already see how several of these fit together quite nicely, am I right?

Freelancers, for example, can smooth out their cash flow by creating courses that teach others how to do what they do. Course creators can bundle their courses together into a membership--that's exactly what my Six-Figure Systems membership

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is. It's all of my courses combined with live Q & A calls and some other perks only members get.

Bloggers and other content creators often also sell their own courses or products. In fact, if you look at surveys of top earning bloggers, you'll see that the majority of their income doesn't come from ads at all--it comes from the courses and products they create.

I'd love to hear about your business. How many of these business models are you using? Pop over to TinyCourseEmpire.com/16 and let me know in the comments which ones you've tried, and if there are any others you think I should have included.

And if you're just not sure which is the right path for you, I've got a quiz to help you choose. You'll find that at tinycourseempire.com/16 as well.

As always, if you enjoyed this episode, please share it with a friend who might also like it, and be sure to leave a rating and review on Apple Podcasts as well so others can find it.

Have a terrific day, and I'll talk to you again next week!