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# **Developing A Passive Income Business For Beginners**

With the birth of Web 2.0, you don't need to leave your seat to find a dozen online advertisements that claim you can earn [passive income](#) by establishing an internet marketing business. The formula sounds simple: Find a niche, drive traffic, push, pull and dangle an electronic product for purchase. Instant gratification and a quick buck, right? What most internet marketers don't tell you is how many things they have to throw against the wall to get one to stick. I have personally tried internet marketing in product categories that would be considered extensions of my primary business and bombed miserably. Where one formula worked, another failed.

Despite some of the misleading advertisements, virtual businesses do have their obvious pluses. With very little sweat equity and maybe a few hundred dollars in start-up capital, one can start a relatively low-maintenance business. Testing the business is cheap and you can fail fast rather than grinding it out in an offline business that has brick and mortar overhead and inventory issues. Thinking of starting an offline business? Start it online first.

Social networking sites have made getting your message out to like-minded people faster and cheaper than ever before. MySpace and Squidoo are two popular sites that can be set-up as communication and traffic funnels to primary business sites. If you are able to drive significant traffic through search engine optimization, blogging, viral marketing or article marketing, the opportunity to sell Google AdSense or other pay-per-click systems becomes possible.

There are differing philosophies among online business owners concerning the right business model. I have found successful business owners that swear you need to make \$300 per month across 200 sites and others that believe you need to find a long-term sustainable category and make \$60,000 with one site. Finding the latter can be a short quest or a long process of trial and error.

To help short-circuit the path to success there are approaches that can minimize the number of failures and help you make your first dollar:

1) If you have a primary business, identify a niche that has synergy with your current expertise or marketing efforts. These sometimes reside on the front or back-end of your primary business' supply chain. Example: A bike shop owner could market and sell an ebook on the best bike paths in the United States. It is much easier and more enjoyable to turn a current passion into your first passive income business. Also, the passive business may help drive sales of your primary business if there are synergies.

2) Do you have an existing list of clients that trust you and have a common interest? Someone you have already made a sale to is more likely to buy from you again if they had a good experience. Also, the cost and time required to reach these past clients is also low. So finding a product in common with their interests could help accelerate and test your new ideas. Reach out to your contact list via email marketing or send them a mailer and drive them to your new website.

3) Follow macro-level trends in the economy and social issues. Currently the US is surviving a huge credit crunch and homeowners need high credit scores more now than ever. If you can market a solution to a desperate group of people, there will be opportunity.

4) Markets work in cycles and with any popular category or trend, there is going to be excessive competition. Finding the silent giants in hated categories will allow you to enter and establish your business for scalability before the category explodes. A current example is timber and lumber, a hated business by both owners and investors. However, the lumber market is set to go on a shortage that will drive prices through the roof and force most home builders to use alternatives. If you developed an information website that provides resources for lumber alternatives, it will surely get a lot of attention when builders get desperate.

Building a passive business can sometimes take periods of aggressive action. I don't know many entrepreneurs that haven't struggled or poured their heart into their work. Luck is sometimes part of the equation but more important is timing and speed. Timing your thrust can mean a growing success or slow death. Speed also plays a factor in penetrating a category quickly and establishing an authority position.

The reality is, most passive businesses are really what I call "light-load" businesses. You can design the business

for automation, however, there is always a start-up cycle that is energy and capital intensive. Also, the market is going to change and your business will need to stay competitive. Scaling the business usually requires attention and, if wildly successful, may require outsourcing or staffing. Outsourcing is the best way to keep a business "light-load". The goal is to ultimately replace the income of your primary business. Outsourcing administrative or repetitive tasks allows you to focus more on strategic aspects of the new business and continue growing or developing new revenue streams.

Here are some tips to starting your first passive income business:

- 1) To get started and blow through the learning curve, select a virtual product that doesn't have any inventory, manufacturing time or logistics.
- 2) The product should be between \$50-200 so the sales cycle is short and clients don't ask as many questions before buying.
- 3) Select a niche you have related experience in. It's important to be confident in what you are saying because everything else will be completely foreign.
- 4) Research what people are searching for online and utilize Google Adwords to piggyback on existing traffic sites. Use print ads offline in niche magazines that have readerships less than 15,000 people.
- 5) Split test advertising online and offline. It's important to determine the marketing message that consumers respond to.
- 6) Fail fast and cheap. Set a budget and ditch the losers before they suck you dry.
- 7) Keep your day job. Don't quit your primary business until your passive income business can replace your primary income.

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To view a truly passive income business I've discovered, [Click Here](#) Brett Nordin is an entrepreneur and business owner who has a passion for online and offline direct marketing.

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