

## The 4 Types of Online Business Models

One of the biggest reasons why small website owners get so confused and frustrated trying to apply online marketing to their business is that they don't fully understand the various online business models and how they actually work.

Most business people think that online activities are just about marketing. You simply use the tactics outlined above and BAM! You have more traffic (and you hope more business than you ever thought possible.)

But here's the rub. The reason why the tactics above are so popular with Internet marketing gurus is because they center on building traffic. And getting lots and lots of traffic is the hidden key to success for 3 of the 4 models that are online.

According to different people there are actually 9 different online business models. But for our purposes, I'm going to focus on the ones that are the most well-known:

### Which Online Business Model Do You Use?

#### The Media Publisher & Authority Website

- **How Does It Work?** This model is one where the owner/publisher creates 1,000's of pages of informational content in order to capture a large target market online. Think WebMD (medicine), Huffington Post (politics), or CNN.com (world news) or Orpah.com (lifestyles).
- **How Does It Make Money?** These sites make money by displaying advertising on each page. They get X amount of money for every click an ad receives. Not all of these sites are huge – they can smaller Niche Authority sites.

A Niche Authority site can be run by just one or two people, who specialize in a narrow slice of a larger target market like “dog training for city dwellers”.

- **Metrics They Track?** Traffic & Pageviews. Traffic and pageviews are critical to the success of this model – the more people visit a site and the more pages they look at the higher the rates the site owners can charge their sponsors for ads.

### **The Affiliate Marketer**

- **How Does It Work?** This model creates content usually product or service reviews that uses “buying” keywords to attract attention. Buying keywords are search terms that have brand or product names included in them.
- **How Does It Make Money?** Commission based. Affiliate marketers earn commissions for either redirecting traffic from their websites to their sponsors’ sites (Pay-per-Click) or they get a direct percentage of any purchases made on the sponsor’s site (like Amazon).
- **Metrics They Track?** Branded Keywords & Traffic Volume (per website). Since affiliate marketer focus on very narrow markets with branded products, they are limited in the amount of traffic they can reasonably expect to garner per site.

This is why eventually, affiliate marketers own and operate 100’s of small niche market sites (with 20 pages of content each). My first job as a website manager was for an affiliate marketer who had 256 active sites.

Some of those sites only made \$50 bucks a month while others made \$500 dollars a day!

## **The Pro Blogger**

- **How Does It Work?** This model took the Internet by storm and has unfortunately tanked the marketing efforts of millions of small business owners due to its success for a few thousands of individuals.

Pro bloggers base their businesses on their celebrity status i.e. personal branding. This is the same business model that launched (and trashed) both Martha Stewart's and Paula Deen's companies.

The model works by building an audience of targeted (and raving) fans and then offering to sell various products and services to them.

- **How Does It Make Money?** There are a variety of ways that professional bloggers can make money. They can offer products or service through Joint Venture (JV) partnerships.

This is similar to affiliate selling but JV deals are often private and payout more money. Bloggers can create and offer their own training or information products. They can also offer coaching or consulting services.

The most lucrative phase of this model is when a blogger "breaks out" of the blogosphere and gets national book publishing deals and speaking engagements.

- **Metrics They Track?** Traffic, Comments/Social Media & Email Subscribers (Tribe building). This business model looks like the fun way to fame and fortune, which is why it appeals to so many people.

Yet it requires a great deal of effort to make it work. Because this model is based on a blogger becoming well-known (or slightly famous), the website owner has to work hard to court the attention of both the public and major influencers in their field or industry.

This is why guest blogging is a very popular way for pro bloggers to gain traction. And is also why they spend lots of attention on getting traffic and “tribe building”.

Tribe building when a blogger creates content specifically to increase social media shares and blog commenting. Pro bloggers rely on “social proof” signals like blog comments, etc. as a way to validate their blog to new website visitors.

Kind of like a guy I once knew who started up a new pizza shop and would give away free beers to any diners if they drove to his place on Friday nights in multiple cars (one free beer per car).

By doing this, his small restaurant parking lot always looked “busy” to anyone driving around looking for a good place to eat – even if he only had 4 or 6 people inside.

A blog with a bunch of on-site activity and a large number of post comments and social media “likes” creates the same appearance of crowded parking lot.

The more “social proof” people see like “59 comments” or “3,987 people Like MyBlog.com” or “Join 86,000 Email Subscribers” – then the more visitors are inclined to join the “tribe” – and the more money the blogger can make from sales.

## **The (Niche) Business Blog Owner**

- **How Does It Work?** This is the business model (blogging for business) that I know from experience works like magic for most small or local businesses.

Yet it is often overlooked because it is just not as “sexy” as the ones mentioned above. This model is seldom mentioned by the business media nor actively promoted by the Internet marketing industry.

With this model you don’t need to post 1,000’s of pages like advertising-based models do nor do you need to create and manage 100’s of websites in order to be profitable.

And this model most certainly doesn’t require that you become a “web guru” or a “blogging celeb” in order to take advantage of the power of business blogging.

The reason why is that this model uses two proven strategies: content marketing and direct response marketing.

Many business people are unaware that Direct Response Marketing (sending offers to targeted mailing lists) and Content Marketing (using educational content to pre-sell goods and services) have been successfully used for over a 100 years.

I will explain in the next section why this winning combination is a one-two knockout for almost any small company.

- **How Does It Make Money?** This model makes money the old fashioned way - by selling goods and/or services (either physical or digital).

This model is best suited for from small or local businesses, entrepreneurs, freelancers, service or creative professionals. In other words, this is the model for the millions of small businesses that can be found all around the world.

- **Metrics They Track?** Conversions, Leads & Sales. Conversions and sales are the only numbers that should interest a small website owner. How many web visitors became leads, then how many of those leads became sales and clients? Anything else is a distraction.

Sure it's neat to be on the first page of Google. But it would be even better to be making more money due to an increase in leads for your sales team or more foot traffic to your store or restaurant.

I'm not saying you should ignore your website traffic stats, or the number of people who follow you on the various social media sites. What I would like for you to do is to use those other numbers to track your **conversions**.

Your online success must be measured in tangible results: **cold, hard cash sales or more new clients**.

The question you must always know the answer to is your website helping you get more leads (clicks, calls or people coming to your business) and are those leads... well leading to more sales and business?

CONVERSIONS are the only numbers that really matter with a business blog.

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### **What Is a Niche Authority Blog Anyway?**

A traditional authority site is any website that contains value-added content focused on a single theme. It is also considered a "trusted resource" within its particular industry or field.

Think WebMD or About.com. Both of these are traditional “authority” sites. Often these types of sites are often huge sprawling things with 10,000 or 100,000 of pages on a specific theme like medicine or an encyclopedic collection of knowledge on many different topics.

A “niche authority” blog on the other hand is a site on a smaller scale. Now this is NOT a dinky 5 pages on a “micro-site” that targets a single keyword phrase!

Niche authority blogs can focus on local products that are only available in a specific geographical locale or on trades like pool installers or service professionals like lawyers.

Or a niche authority blog can focus on a specific topic or a narrow subject that has a small yet active audience like people using ‘tabletop’ photography to take pictures of jewelry and other small items.

A niche authority site can work for a solo entrepreneur, highlight the expertise of a professional service or boost a local company’s reputation in their industry or simply attract more customers to a neighborhood store or restaurant.

In the past building an authority site of any kind took some deep pockets plus lots and lots of man-hours from a specialized team of writers, editors and web programmers.

But now due to the content management technology available today (Wordpress blogs), almost ANYONE can start to build a solid foundation as an “expert” on a niche authority site in a matter of weeks, instead of the years and the 1,000’s of dollars it once took!

**Plus people LOVE niche authority websites!**

After all, most of us want an “expert’s” honest opinion when we are looking for answers to our questions or want to make a buying decision.

We look for a trusted professional's input when determining which car has the best safety rating for our teenagers to drive or which style of shoes are the hot new fashion trend this year.

We all have a very human need to have our opinions confirmed and our ideas verified. Not to mention we want ALL of our buying questions answered by someone who knowledgeable and trustworthy.

Not to mention everyone likes to connect with an online expert who is "human" and "friendly" and not cold, distant or formal like traditional websites often are.

Since most niche authority sites are run by individuals like YOU or by a small team of writer-experts over time, you will be seen as a "trusted advisor" in your targeted market or community.

So naturally any product or service recommendation or information given by a "trusted advisor" is considered to be helpful and useful – not a pushy sales pitch!

The search engines also love niche authority sites as well.

A niche authority site lets the search engines serve up pages and pages full of credible and useful information while assuring that their REAL customers (the advertisers) have safe and relevant places to insert their ads (either onsite or in the search result sidebars).

## **Examples of Niche Authority Sites**

**Niche Authority Blog Example #1 – Wine Library TV**

First let me introduce you to Gary Vaynerchuk or Gary V as he is known online as. Gary's family runs a retail wine store in Springfield NJ (USA).

You might have heard of him because for over 5 years he was the host of a popular YouTube series: "Wine Library TV" and his video blog which was on his company's website <http://www.winelibrary.com> – which is has moved to [winelibrary.tv](http://winelibrary.tv)

In order to promote his local business, Gary shot 1000 episodes of WineLibraryTV. Yes that's a THOUSAND shows!

The series started out being shot with a cheap flip camera in his store's stockroom. He would film 5 videos a week in a single sitting – all after he had finished work!

So it wasn't the video quality that attracted hordes of potential customers to both his website (and the family store) but Gary.

As you tell Gary speaks passionately and knowledgably on all the various wines that he talks about. For many people Gary reinvented the idea of wine tasting from being dull and stogy to being cool and fun.

Why I like him because that he knew that he could never successfully compete with his multimillion dollar competitors when it came to traditional advertising.

So by creating a niche authority site, he was able to reach the target market he needed to.

His site explained to people new to wine tasting exactly what to look for when shopping for a nice bottle for their meals or as gifts. And he promoted his site mainly though a small email list and with late night postings on lots of internet wine forums.

Finally his work paid off. His videos were picked up by the main stream media. He appeared on local TV shows as well as Conan o'Brien.

Eventually he so successful that renamed his family's little local discount package store to match his website and turn it into a nationally recognized wine merchant powerhouse.

Not to mention Gary has started a new video blog, regularly speaks at business conferences and is now a published author – and all that came as a result of building a single “niche authority” website!

### **Niche Authority Blog Example #2 – River Pools & Spas**

The next story is not nearly as dramatic but is super cool never the less. The guys at River Pools & Spas in Warsaw, Virginia aren't internet super-stars and don't do any “talking head” videos like Gary V.

Yet in 2009, they were named one the top 5 fiberglass pool installers in the US. Which when you think about it is pretty impressive considering that they only install their products in a 3 state area.

But like Gary V., the three owners understood that an authority website was the key to their online success.

Their site RiverPoolandSpas.com (<http://www.riverpoolsandspas.com>) pushes the concept of a FAQ (Frequently Asked Questions) to all whole new level.

By using FAQs they have built lots of online visibility and attract interested web surfers to their “Most Educational Swimming Pool Blog in the Country”.

As we all know the more money a given item or service costs, usually the more questions we want answered before we purchase it.

And the guys at River Pool and Spas definitely understand this inherent desire to know and understand.

Their front page instead of being bland or boastful, invites any visitors who considering inground pools to click over to their pool boot camp or “Pool 101 for Starters” .

Needless to say over time their boot camp has grown in to sprawling library of how-to articles, pool maintenance tips, safety and of course how to get a pool for your home or business.

Their “awesome” blog has over 30+ categories of information (there is a lot more than that but I got tired counting).

Now what this means is that you don’t have to become a late-night TV show celebrity or do any “talking head” videos unless you want too.

While the RiverPoolandSpas.com does have nice videos, I don’t think “A Closer Look at Stamped Concrete” is going to knock any socks off – unless you are genuinely interested.

Yet, you are in the latter stages of comparison shopping for a pool; I would think that a stamped concrete video would most certainly grab your attention!

But what I am trying to show you with this is how you can build a very powerful online business presence, just by producing useful value-added content for your blog and then effectively promoting it.

### Niche Authority Blog Example #3 – Oginski Law

Now my last example, I'm going to share with you someone who is highly respected in a specific Internet marketing community but who has built a niche authority site that is NOT part of the goo-roo business!

Gerry Oginski has been a New York personal injury lawyer since 1998 - which as you might guess is a highly competitive and sometimes not well respected field.

Yet his one-man practice [www.oginski-law.com](http://www.oginski-law.com) maintains a high ranking in the Google under "New York Medical Malpractice Attorney".

I like Gerry's website because he has tons of easy to understand videos that answer (in detail) all the questions people have about finding and hiring an attorney.

This plain spoken tactic makes him highly unusual – I know because I worked for a law firm for almost 4 years.

Gerry is often sought out by other law firms and legal marketing companies as well as local and national media outlets for information and insights into how lawyers should use video to market their practices online.

He is recognized as a leading authority on Video Marketing for Attorneys here in the US and has lectured to lawyers across the country through live workshops, conferences and online training courses such as <http://solopracticeuniversity.com/faculty/gerry-oginski/>

He has created over 1,210 videos since 2007 and has some **758,654** views. Not bad for a med-mal lawyer!

Like Marcus Sheridan, above Gerry has a separate site for his marketing business - <http://lawyersvideostudio.com/>

On that site alone, Gerry has written over 700 vblog posts and offers video marketing services to other attorneys.