



Choosing the best idea for your first Online Business

In this guide I will answer the first question many aspiring founders ask: “How do I come up with a solid business idea that will make me money?”

Your first project

Just like a novice painter would not try to invent a new art-form with his first picture, it would be a bad idea for a first-time founder to try to reinvent online business from scratch.

When choosing your first idea, you should have two main goals in mind:

- Learn and gain experience fast.
- Quickly reach a point where your business generates some profit.

The best way to accomplish both is to take a business model that has been proven to work, and apply it in your own way, unique to your skillset and aptitude.

Your first step is to decide on what kind of product you are going to sell.



Product types

Here are the most profitable business models I recommend you to choose from:

1. **Information Products.**

EBooks and Video courses that teach people some specific skill are challenging to make, but extremely profitable, easy to sell, and can generate long term “passive” income.

2. **Service.**

If you have some specific skillset, and don't mind doing the work(or finding the subcontractors to outsource it to), offering a service can be extremely effective and profitable. Go to freelancing websites or fiverr to see a lot of awesome ideas to choose from.

3. **Software.**

If you have the skills or the budget, and a great idea—SaaS (software as a service) is one of the most profitable things I can imagine doing. It's definitely not for a novice, but if you can figure out how to make it work, it can make you millions.

4. **Physical products.**

You can create a physical product, or do so-called drop-shipping(where another company fulfills the order for you, and your job is just to make sales).

5. Affiliate Marketing.

If you do not have your own product—you can always sell products made by other people, and earn a commission. It is extremely profitable, and requires only internet marketing skills.



Niches

The second most important thing to choose is the right niche. The best niches are the ones that address fundamental human needs. Here are the main ones:

1. **Wealth.** Help people to make or save money.
2. **Education.** Help people to get good at their craft or a hobby.
3. **Health.** Help people to treat illnesses, live a healthy lifestyle, eat a good diet, get fit, etc.

4. **Relationships.** Anything related to social relationships or sex.
5. **Entertainment.** This one is harder to monetize, but easier to get attention to, so it goes well with ads or affiliate marketing.

These fundamental needs can help you to categorize vast majority of successful businesses in existence. After choosing one of these major markets, you can choose a more specific niche.

Each of the general markets consists of hundreds of niches, which contain smaller sub-niches, which contain even smaller sub-sub-niches, and so on.

Examples:

- Wealth > Marketing > Online Marketing > SEO > Backlink building
- Health > Fitness > Weight Loss > Healthy diets and foods
- Relationships > Dating > For Men > Pick Up > Good body language

Because large niches have huge competition, it's important to narrow it down to the small **"long-tail" subniche**. Most important things to keep in mind:

- If you have a choice between a product that a tiny group of people will **really love** and a product that a lot of people will kinda like, always choose the first one. It will be much easier to market and sell.
- Look for **underserved niches** where people are dissatisfied with current solutions.
- **Aim for high-ticket offers.** It's counterintuitive, but in practice, it's **much** easier to sell 10 \$100 products than it is to sell 100 \$10 products.
- **Look for customers that make a lot of money.** It's much easier to sell \$500 leads to a successful lawyer than it is to sell \$5 ebook to a poor student.

- Solve your own problem. You will have a lot of advantage at understanding your market and your customers your offer solves the problem you yourself have, or have experienced in the past.

Example

Here's an example of developing a good idea:

- **Product type:** Online SaaS tool.
- **Market:** Wealth.
- **Niche:** Internet Marketing
- **Sub-Niche:** Email Marketing
- **Sub-Sub-Niche:** Autoresponders (software that sends emails)
- **Customers:** Rick internet marketers and successful internet marketing agencies.
- **Problem:** Current software is unreliable and difficult to use with many clients.
- **Product:** Premium autoresponder for internet marketing agencies.

Swipe File

Now that you understand the fundamentals, the best thing you can do is to build a library of great business examples in the area you're interested in, so you could learn from them and take the best ideas.

A great tool for doing that is a so called "swipe file"—take your favorite brainstorming tool(a text editor, a mindmap, or just a big photoshop file), and use it to collect the best ideas and examples.

After building this collection—try to figure out how to recombine or improve them in a way that will give you the most advantage based on your strengths and interests.

Now, you have a solid idea with strong fundamentals, a good understanding of your market and customers, and a list of your successful competitors that you can learn (and copy the best ideas) from.

To summarize:

Help rich people to improve their wealth, skills, health, or relationships by solving an important problem in a narrow underserved sub-niche. Learn from successful businesses, and use the things you've learned to create a business in the area where you have the most advantage.

If you do it successfully—you will create a profitable business and make a lot of money.



Evaluating your business idea

Now that you have come up with an idea (or a few), it's time to test it. Luckily, there's an excellent method that will allow you to do this very quickly and inexpensively, and find out whether your idea is viable in a couple of days instead of several months.

The best way to analyze business ideas is to understand your market, customers, and the problem you're solving. Here are

some great tools that can help you to gain this understanding quickly and inexpensively:

- **Google keyword tool** (or any other keyword research tool)
Use it to research keywords, look for things your target customers would type when trying to solve their problem. This will help you to estimate the amount of interest people have in your solution.
- **Instapage** (or anything else you can use to build a landing page)
Use it to quickly create a landing page, which is by far the best way to quickly test your idea. Describe your niche, address the target customer, explain the problem you're solving, and your solution. Add a signup/buy form, to measure the interest.
- **Facebook Ads**
Facebook ads are by far the best tool that allows you to quickly put your idea in front of your audience, because they allow you to target very specific people. Think about your perfect customer—gender, age, location, interests. Or just target the people who have followed your closest competitor. Create an ad briefly explaining your offer, and point it to the landing page.
- **Google Analytics** (or any other analytics software)
Use analytics to track the incoming traffic and conversions. That will tell you how many people were interested in buying your product or service. In combination with Facebook Ads, you can immediately get a rough idea of your conversion rate and customer acquisition cost.
- **Optimizely** (or any other split testing software)
Use it to A/B test several versions of your landing page to see which one works best.

These tools, used together, can enable you to find out if your idea is viable in less than a day. Here's what you do:

1. Come up with a good product pitch. Title, tagline, etc.

2. Create a landing page that conveys your idea well, and has a good call to action.
3. Use ads to send your perfect target audience to this page.
4. Use analytics to find out your conversion rate.

Your **Customer Acquisition Cost** (CAC) is how much money you've paid Facebook for a lead multiplied by how many of these leads have decided to buy your offer.

Your **Customer's Lifetime Value**(LTV) is how much money, on average, you expect to make from each customer. For example, it can be a price of your product/service.

If your CAC is less than the LTV—that means you will make more money than it costs to acquire customers, aka—you have a solid viable business idea.

Not all ideas will be successful, so I recommend to generate as many options as you can, and then pick the one that works best.

Afterword

Congratulations! If you have followed these steps, you should have one(or more) solid ideas that you can turn into a successful online business.

Of course, there's much more to learn about building a business, so look forward to my future posts where I will cover every aspect of it in much more detail.

Meanwhile, get started and take action as soon as possible, the best way to gain experience and see the results is to try things out!

If you will need more help or advice, I am offering web development and consulting services, so don't hesitate to send me a message(you can just email me to **advice@startuplab.io**). I will give you a free consultation, share advice and feedback on your idea, and help you to develop your project!