

Traditional offline business models

[Business](#)



Traditional offline business models have been adapted for the internet but remain very similar online as to the offline world. In essence all models provide some form of product or service in exchange for financial reward. However not all online business models are equal. Selecting the right model for your online business warrants careful consideration because each model requires different skills and time commitments to operate. Not all models will suit you or compliment your business interests.

Also, you will discover that different business models will appeal to you at different stages of your career as an online marketer. Auction Model Love a good garage sale? Are you an expert or enthusiast in a certain field? Are you a wholesale or retail merchant looking for an additional sales outlet? Or were you already familiar with buying and selling your wares at the traditional auction houses before the advent of online auctions? You may well enjoy the global reach of online auctions. Many people have made a lucrative online income by selling goods through auction sites such as eBay.

An enormous amount of information has been written on building a successful eBay business. So if this interests you, create an account and dive in. E commerce Model The home of the online shopping cart. Standard requirements for this model are a merchant account, enticing pictures and descriptions of your wares, a shopping cart and a secure method of payment. You can sell your own range of products or opt for a dropshipping model. Dropshipping is where your site takes the orders and another merchant fulfills the orders on your behalf.

With dropshipping you don't need to worry about taking care of inventory or deliveries. Subscription Model Create a website packed with interesting <https://assignbuster.com/traditional-offline-business-models/>

information on a particular niche then charge a membership fee to access the site. Create a 'free to access' website packed with information on a particular niche then charge a membership fee to access a members only area filled with extra goodies. Create a newsletter and charge readers a monthly reader subscription fee.

Create a focused community group, such as a forum and charge users for access to certain areas of the forum. You get the idea of the subscription model. Advertisement Model As with the subscription model, create an interesting, content rich site which generates lots of traffic. You may then attract the interest of an advertising sponsor who will pay you for advertising space on your site. Alternatively, if your site is not yet well established you could still sign up for a Google AdSense account. Advertisements related to your content will be placed on your site and you receive a payment each time a user clicks on an ad.

Affiliate Marketing Model The advantage of this model is you don't need any products or services of your own, which means you can get started right away. As an affiliate marketer, you promote, recommend and market other people's products or services. You get paid a commission when a customer buys the product or service from you. Or you can get paid when a customer completes an action such as clicking on a link or entering their email details into a form to receive further information. The percentage commission you earn per sale usually ranges from 25 - 75%.

The amount of money you can earn per sale or transaction can vary wildly from a couple of dollars to hundreds of dollars per sale depending on what you are selling. Often a prerequisite for selling an affiliated product is that <https://assignbuster.com/traditional-offline-business-models/>

you buy the product first. However this is not always the case and many companies are happy for you to market their product or service without making an initial purchase. Multi Level Marketing Model As with affiliate marketing, the multi-level marketing model does not require you to have products or services of your own.

MLM has existed for decades offline but has more recently found it's place in the online marketing arena. As a multi-level marketer you become an independent representative of an MLM company and you recommend and market the company's products or services. You get paid a commission on each sale you generate. There is usually a joining fee involved before you can become a representative. This is generally in the vicinity of a few hundred dollars. The primary difference between affiliate marketing and multi-level marketing is that as an affiliate marketer you get paid only for the sales you personally generate.

As a multi-level marketer, again you get paid a commission for sales you personally generate. But furthermore, you can also build a team of marketers who join the company under you and then you get paid a lesser commission for sales your team generates. If your team go on to build a team of their own you get paid again on sales activity generated by their team... and so and so forth. Commission percentages and compensation plans vary from company to company. Because it is such a highly leveraged business model the percentage commissions are usually much smaller, ranging from 0.5 - 10%.

The idea being that small increments amass to a large income by leveraging the combined efforts of many people. Top Tier Business Model The top tier <https://assignbuster.com/traditional-offline-business-models/>

business model shares similarities with both the affiliate and the multi-level marketing models, but has some unique differences. The affiliate model pays for sales generated directly by the affiliate marketer (one level deep). The MLM model pays you for sales generated by you or your team sometimes down to infinite levels, so you can benefit from the efforts of a person you may never even meet, albeit at much smaller percentages.

However between the single level compensation model and the multi-level compensation model there is a third, top tier model which falls loosely in between. A top tier model is an affiliate model that usually pays one to two levels down. The thinking is that by paying more than one level deep you still benefit financially from the leveraged efforts of your team. However by not paying commissions to as many multiple levels as a traditional MLM, a top tier company can instead afford to pay a much higher commission at the first and second levels (closer to the vicinity of 50%).

Another key difference with a top tier business model is they are usually more expensive to join than an MLM. A top tier company is often a minimum of a couple of thousand dollars to join. However the benefit is that your commissions are also much higher, usually in the high hundreds to thousands. The thinking is that this model requires much less effort and much less sales to generate a viable and healthy income.

Information Product Model This model is often the most lucrative of all. Your information product can be a downloadable ebook, a physical book sent by post, courses delivered as range of mixed media content such as videos, voice recordings, CDs or DVDs or it can be software which meets a customer need.

You can market the product yourself and retain 100% of the profit. Or, alternatively you can affiliate your product and have an army of marketers selling on your behalf for a percentage of the sale. Leveraging the marketing strength of many affiliate marketers simultaneously can generate huge interest and massive turnover. But keep in mind your product will need to be good in order to attract the attention of affiliate marketers - they have their own reputations at stake by recommending your product.

Realistically, many online businesses build a web presence which combines a number of different business models. This monetizes the site in several ways to create multiple streams of income. For example elements of the subscription, advertising, affiliate and information/product models may be used all together on one site. Another site may use e commerce, auction and advertising all together. There are no hard and fast rules, just do your homework and understand what is involved.