



Report

Niche Content Millionaire

Why we think Private Label Rights sites, autoblogs and other Google Ad-driven get rich schemes suck.

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Introduction

This started as a chapter in our book [Niche Content Millionaire](#), but it grew waaaaay too long, so it hit the cutting room floor. So instead we decided to turn it into a short report that looks at our concerns and problems with the plethora of get rich quick internet marketing schemes. We cover a summary of these issues in the book, but here's the whole chapter as it was originally written.

Why not buy the whole book! See our web site www.NicheContentMillionaire.com.

As part of the research for Niche Content Millionaire we've been trawling around the Internet, looking at the niche content business. And what fascinating reading it makes. Type 'niche content' into Google and you'll immediately be inundated with a plethora of sites, all playing on the business proposition that you too can earn money from niche content web sites.

Almost without exception these sites operate on the following assumptions:

- You can produce a niche content web site on any topic under the sun
- You don't need to know anything about the niche, you simply purchase a package of pre-written content from a commercial provider (often termed 'private label rights' or 'PLR'). Or turn yourself into an instant expert and start writing your own articles.

One promoter suggests you thief, sorry, re-produce, the content from a publicly available source like [Wikipedia](#), which publishes content under a license that permits people to re-use the content. Of course once you've copied and pasted the words from Wikipedia, you won't benefit from the ongoing edits made to the Wikipedia pages every day. And there's no guarantee that the content you borrow (can you see us struggling to find a polite word to describe ripping off other peoples' well intentioned, publicly spirited hard work?) will be accurate. Whilst there have been studies that suggest that on the whole community created and edited content such as Wikipedia is overall more accurate than some commercially produced and retailed encyclopedias, there's no guarantee that the few pages you take will be accurate or

complete. Feel like risking a law suit by publishing content written by someone else that you have not authenticated and legalised?

You monetize (an Internet term for 'make money from') the site by displaying [Google Ads](#), relying on Google to insert ads that are contextually consistent with your content, so as to attract the attention of visitors who then click the ads, thereby earning you a tiny amount (usually a few cents) for each click.

The audience for each web site will be tiny, and thus the income from each site will be tiny, but if you produce enough of these web sites (we've seen it suggested you create twenty or more) you can achieve a small regular income.

The entire ploy is absolutely nothing about creating valuable content for people who really want it. It's all about a cynical exercise revolving around driving visitors onto your web sites, so as they click the ads, and thus you earn money. In some cases they talk about settling for \$1 or \$2 a day revenue per site, which, if an average Google Ad click earns you around 20 cents, means ten to twenty people clicking an ad each 24 hours.

This is the 'secret' way of making money on the Internet that a great many marketers promote. Although in order to learn this great big secret, you'll probably have to fork over money for their 'special limited edition' report. They usually employ the same high pressure tactics we've referred to earlier, and some go as far as to impose a time limit – "only available until sold out". Which is a fabulous laugh given it's an electronic publication.

Have a scout around and you'll quickly find web sites offering packages of content on a multitude of subjects. For example, we've just been looking at a site that offers a package of PLR articles on a wide range of topics. A package might contain 200 articles, and cost \$50. Add that on top of the hosting cost (albeit pretty cheap these days, lets say \$10 a month and it's actually going to take you a month or two to start making money.

Home Truths

Rarely do the merchants of the 'secret' point out a few home truths:

- The more people who embark on this type of enterprise, the more sites there are competing for a finite marketplace, thus diluting the number of potential visitors to your site.
- These sites have a lifespan. There is nothing worse than ageing content, and if you purchase a bulk package of articles and stick them on your site, you'll find yourself inevitably going out of date as the relevance slides. We've even seen one promoter suggest the opposite "Best of all the websites require no maintenance, it's all about picking an untapped niche and filling it with content.". Buzz. Wrong.
- A PLR package can be purchased and used by a large number of people – we love the PLR package merchants who promise, in exchange of course for a premium fee, to limit the number of people who can buy that package, to say 200. Whoa. 200 people buy the package to create a niche web site. If you are one of the purchasers, that means you have 199 competitors.

Our favorite twist is that even the PLR suppliers acknowledge you'll need to rewrite their articles so as to have completely unique content on your web site. And hey presto, guess what, there's software to help you! For example, [WordFlood](#) will scan your article and suggest a bunch of synonyms to substitute into the text so as to create the impression to search engines that your articles are different to everyone else's. This of course ignores the extremely likely possibility that other web site operators are doing exactly the same thing, using the same software (it's sold via links from the PLR operators' web sites). It's another cost the Ad Words marketers fail to take into account when creating their sales pitch revenue projections – WordFlood costs \$37, so another three weeks of \$2 a day income before achieving breakeven. Where are we up to now? 40 or 50 days to breakeven, all presuming twenty people a day click your ads. Which, based on an average click rate of probably less than 1% (1% of visitors will click an ad) means you need 2,000 people a day coming to your web site.

The marketers do understand this equation. Which is why one memorable promoter of these products hangs their cynical money-grabbing washing right out on the drying rack in front of you, by noting that you don't actually want loyal visitors – people who continue to return to your web site time after time. Rather, you want one time visitors, because they are more likely to click away via a Google Ad.

Which leads to the next problem – if your goal is to only have first time visitors coming to your web site, and you need 2,000 people a day arriving, that's 60,000 NEW people every month you need to attract, month after month. And believe us you are NOT going to attract that quantity of new visitors each month simply by sticking your site up and waiting for Google to index you, then people to find your site when searching.

If as the promoters suggest, you then go on to create a group of niche content web sites (one proposes creating one a week for 52 weeks), you have another minor issue – the sheer time all of this will take. How'd you like to be running 52 web sites? Even if you only spend 10 minutes on each web site each week, that's 520 minutes which is more than eight hours a week. Take it from us, Bill Gates would have problems running 52 web sites. We have enough trouble keeping up with two or three.

Kinks In The Grand Schemes

Hey, that reminds us of another couple of kinks in the online niche web site marketers' grand schemes – if, as many of them suggest, you simply try and have great content that will show up in the top results on Google then you have some problems:

- Google won't just 'find' your site. You have to submit your site. That's easy and free. But Google will take time to index your site. How long is a complete mystery only known to the mathematical geniuses at Google who create the algorithms that drive the Google search spider, their software that constantly scans across the billions of pages on the Internet indexing the content. It could be 30 days, it could be 60 days. And until you appear in the Google index, no one will find your site when searching on those niche keywords you

have so lovingly researched. So it's going to take another couple of months before the revenue starts rolling in, all the while you've incurred costs to purchase your content, and recurring hosting charges.

- You only very barely control where in the Google search results you will appear. And it's absolutely no use being buried on page five or six, you want to be on the first page, and preferably in the top few results – because people who use search engines rarely move beyond the first page or two of search results, and often only scan the top half a dozen. Oh oops, remember how you purchased that PLR package along with 200 other suckers. So there's 200 web sites all competing to be on the first page – the first ten results – on the same Google search topic keywords. 200 into ten doesn't work, which means only 5% have any chance, and that's presuming there are no other web sites anywhere in the world other than the 200 competing for attention in your niche, which is a pipedream.

Even if you do make it onto the first page of the Google search results, don't think that you then have an equal chance to attract the visitor across the ten results on the page. [Research we've seen](#) suggests otherwise:

“the #1 position receives 42.3% of all clickthroughs. The #2 position only accounts for 11.92% of all clickthroughs - almost 72% less clickthroughs than the top position in the SERPs. Attaining the #1 position for your keywords/phrases results in nearly 4 times more traffic than that of your nearest rival - now that's a serious difference in both traffic and potential revenue.

A #3 placement in the SERPs results in a 8.44% clickthrough rate, almost 30% less than the #2 and over 80% less than the top position on the first results page.”

So for maximum results you need to be the top search result in your niche. And once you delve into the mysteries of Google, you'll discover that ain't easy.

Internet Promoters Doomed to Failure

To sum up, if you go the route espoused by so many of the Internet promoters in their ‘making money online for now effort’ sales pitches, you are probably doomed to failure because:

- Lots of other people are doing exactly the same thing
- It costs more than you are first told
- It takes longer than you are ever told
- You need massive amounts of traffic just to make a few hundred dollars a year

Here’s a simple, albeit rough, illustration of the conundrum. Let’s say you start four sites per month, for a total of 48 in the year. You purchase a content package worth \$50 for each. You pay \$10 a month hosting for each. Each site earns \$2 per day from Google advertising, so \$60 per month. Here’s the profit and loss statement:

Month	Content	Hosting	Revenue	Visitors
1	\$200	\$40	\$240	240,000
2	\$400	\$80	\$480	480,000
3	\$600	\$120	\$720	720,000
4	\$800	\$160	\$960	960,000
5	\$1,000	\$200	\$1,200	1,200,000
6	\$1,200	\$240	\$1,440	1,440,000
7	\$1,400	\$280	\$1,680	1,680,000
8	\$1,600	\$320	\$1,920	1,920,000
9	\$1,800	\$360	\$2,160	2,160,000
10	\$2,000	\$400	\$2,400	2,400,000
11	\$2,200	\$440	\$2,640	2,640,000
12	\$2,400	\$480	\$2,880	2,880,000
	<u>\$15,600</u>	<u>\$3,120</u>	<u>\$18,720</u>	<u>18,720,000</u>

So your total revenue is \$18,720 for the year, and the expenditure is the same – we thought we’d keep the numbers easy, and, we promise faithfully, it was only when we clicked for a total in Excel we realized income and expenditure were the same. So no profit for the first 12 months, and you’ve spent, let’s say, two hours setting up each site, plus one hour per week on maintenance across the whole portfolio. That’s 148

hours you've worked for no profit. Oh, and you need to find a way to attract nearly as many visitors as the population of our home country of Australia.

The 'blue sky' of course is if you then keep running the sites for a second year. If all you incur is hosting charges, and you receive \$2,800 in revenue from across the portfolio, you could be making \$2,300 or so in profit. But as we've pointed out above, even the promoters of crappy niche content site schemes like this tell you that the sites have short lifespans. And finally it supposes that you are completely successful 100% of the time in attracting the necessary traffic – pushing three million new people each year. We simply don't believe it and keep on chanting, "if it's too good to be true, it probably isn't true".

Supporters of this type of business activity are always quick to take us on over these, we admit, slightly distilled and generalized types of calculations. But we remain resolved:

It Sucks

These are not sustainable, ethical businesses, created to grow recurring value in the marketplace, and in turn value to you.

Can You Make Money From Ads

In fairness we need to concede that we're tarring a very broad industry with a very wide brush. Can you make money from ads running on a content web site? Yes, absolutely. And there are two main ways:

- Have an incredibly popular web site that attracts literally millions of people and which publishes extremely relevant content that enables Google to feed you very relevant ads that your visitors are then disposed to click.
- Have a very popular web site, and instead, or as well as Google, sell your own advertising. Which by the way means you need a sales department, and warm bodies, and an invoicing system and a whole bunch of other tools and resources – including software on your web site that handles the management and display of the ads.

Sound easy? Nah. How did we make our money? Subscriptions. Here's our business model.

How Did We Make Our Money?

We created a web site targeted into a tight niche of people working in the arts industry – not actors and actresses, they haven't got any money – but the managers, administrators and technicians. Who do have some money, particularly those working in permanent jobs for large arts companies, or in related areas such as government departments and authorities. Our primary revenue stream was subscriptions – an annual amount paid to receive email alerts about job opportunities and news stories – supplemented by running advertisements on the site. Almost always those advertisements were purchased by organizations who were members of the web site, because they had confidence that if they were members, the other people who were members of the site were likely to be interested in the advertisements.

We've come a long way from [this type of comment](#) in 2002:

"To online publishing and entertainment firms looking to start charging for their content, there was a simple message from today's Jupiter Media Forum: Don't hold your breath.

In a flat advertising market, many Internet content companies are hoping to get consumers to pay a subscription fee for their news, music or video programming. But Jupiter Media Metrix analyst David Card quickly dashed that dream in the opening session of this conference of media and marketing executives.

Seventy percent of online adults surveyed by Jupiter, he said, can't understand why anyone would pay for any online content.

"If anything, people are less willing to pay than they were 18 months ago," he said."

[A research report](#) from the [Online Publishers Association](#) in 2006 found that U.S. consumers spent \$2 billion for online content in 2005, an increase of 15% to the year prior. And that subscriptions were the dominant pricing model, responsible for about four-fifths of online content spending.

So why would someone pay for content from a web site on a regular basis? And anyway, isn't everything on the internet supposed to be free?

People are busy, especially those with jobs, and they're the ones we're interested in because they can afford to pay. Why do we get our newspapers delivered each morning to our house when we could walk up the road to the newsagents and buy them? Because it's convenient. They deliver the information we want, at the time we want – well, in time for breakfast hopefully, although not always reliably if our newsagent is anything to go by. People will subscribe to an information source because it's convenient. With our online business a great deal of the information we sold in our subscription was available for other sources – other web sites, the newspapers, the web sites of arts organizations. But no one person would want to put the time aside every day to visit all of those places and scan for information relevant to them. Instead we had a combination of automated software systems, and a team of human writers and editors who did the work for them, aggregating and packaging the information into an easily digestible, formatted publication. People will pay for convenience.

A web site specializing in a particular arena – in our instance, jobs and news for arts workers – is by default tailoring information for its audience. It uses the language, the colloquialisms, the technical terms that its audience understands. Otherwise its content could appear to be written in a foreign language. The content is written by a group of people who are familiar with the particular industry, and who thus are able to make informed judgments about what is really relevant, and what is redundant dross.

This highlights the importance of context – that's what people are willing to pay for over the simple proposition of content. The site is able to adopt a voice of authority, because it is perceived as being at the centre of the information universe for the industry or topic. It becomes a trusted source, a venue for informed commentary. It speaks to the individual, not the masses by walking the walk, and talking the talk.

Noted media commentator Vin Crosbie [wrote in 2007](#) after The New York Times' closed its TimesSelect subscription content service:

“Many commentators are hailing the demise of The New York Times' TimesSelect service as the demise of paid content online. I hate to rain on their parade, but paid content isn't dead. Consumer Reports, Zagat, Playboy and other premier brands prove everyday that paying for the premier content in a topical category is very much alive.

People would be willing to pay a subscription fee for a service that delivers news to them online; but not for a service that doesn't exactly meet their needs and interests, that sends exactly the same package of news to everyone. Paid content isn't dead; just payment for the traditional 'one-to-many' package of content is.”

Industry Insight

People will pay for qualified, tailored, personalized industry insight.

Because a web site is seen as the authoritative voice for an industry or topic, a subscription becomes akin to membership – in fact, we very carefully always called our subscribers ‘members’, to aggressively promote the whole idea of being part of a community, or being a part of something larger. Bragging rights are due to those who are members, and a feeling of rejection to those who are not. It’s what we term the airline lounge syndrome – you know the sort of thing, clubs run by airlines for frequent flyers, who are issued a plastic card, and have access to an ‘exclusive’ lounge so they don’t have to wait around a crowded departure lounge with us plebs, instead they sit back in an arm chair sipping a champagne and munching on free canapés.

Qantas, Australia’s national airline, operates something called the Qantas Club, with lounges at all the country’s major airports. Membership costs a few hundred dollars a year, and because the airline understands that an exclusive benefit is no use if the regular members of the public don’t know you are special, baggage of members is tagged with bright fluorescent labels marked ‘Priority’ – they do the same for

business and first class passengers on many airlines. All so when you are milling around at the baggage carousel, onlookers know you are 'special'. Doesn't help you get a taxi cab though. Qantas Club's membership is actually not very exclusive, some 50,000 or more people are members now, which meant membership of Qantas Club wasn't special anymore, it didn't feed members' egos sufficiently, so Qantas was forced to create a new, even more exclusive, invitation-only club for the select few, called the Chairman's Lounge.

Community pressure also comes to bear. If all your friends are members/subscribers to a web site, there'll be an inevitable pressure for you to join.

People Will Contribute

Finally people who pay for high quality niche content, and feel an ownership and participation, will contribute to the web site. We found this with our online businesses, the stronger the connection to the subscribers, the more they agitated to contribute. We wound up regularly struggling under the weight of member contributions – articles, commentary – all manner of feedback, ranging from scholarly essays of hundreds of words, through to myriad short comments and responses to stories we published.

There were many preconceptions about our business that took ages to shake. Firstly it was the first local entrant in the marketplace - it wasn't. Thus disproving the marketing dictum of Al Ries and Jack Trout that 'it's better to be first than it is to be better', while proving their other dictum 'it's better to be first in the mind than to be first in the marketplace'. Secondly that we were funded by the government – because nobody could quite believe that a web site such as ours could exist in the commercial world. We broke with convention. We interpreted and developed the opportunities with a flair and industry-based insight our competitors lacked. Indeed, there were a number copy cat subscription arts information web sites launched over the years, none lasted.

The tighter your niche, the tighter and more specific your content, and thus the potential for the tight connection with your audience. Conversely, the broader the content church on your site, the harder it is to form a strong connection to readers.

Newspapers have found this out, to their detriment. For example the Wall Street Journal for a long time was quoted as an example of a heavy weight success in the online subscription business, by selling paid access to their online content. But a year or so ago they killed off their paid subscription and opened up their online doors with free access. In reality, whilst they did have substantial numbers of subscribers, it really only formed a couple of percent points of their overall revenue and thus was not deemed a worthwhile business activity.

Have a look at PayBefore.com, it's exactly the sort of thing we did for the arts, but in the pre-paid phone card industry. They further restrict the audience, and thus the exclusivity, by not even allowing individual subscribers, only corporate subscriptions – which at the time of writing are listed as \$5,000 per year - on special from \$6,500 a year. You don't need a vast number of subscribers for this type of business to fast make commercial sense. Remember all that messing around to earn \$2 a day in total on your web site? How about \$13.60 per PERSON per day? Now that sounds like a business model that doesn't suck. Tightly niched content businesses have significant profit potential.

Our 'Secret'

So our 'secret' in the niche content business is almost exactly the opposite of the internet promoters:

- Build a single site, not hundreds
- Target a single, tight, under-serviced niche
- Create and aggregate content specifically for that niche
- Deliver a unique value that cannot be obtained anywhere else
- Deliberately set out to achieve repeat visits, instead of one offs
- Charge a subscription, and augment that with advertising revenue

We boil this all down to one key concept, and we believe that if you can achieve this, you will have found and developed a successful niche information business:

Either make peoples' lives easier, or make them money – preferably both.

We did this in our online business by giving people the information they wanted, when they wanted. And a large part of that information was composed of job advertisements specifically of interest to them, leading to improved employment opportunities, and thus financial reward.

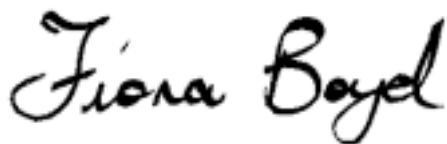
Buy The Book!

Niche Content Millionaire is a downloadable eBook that tells you how we made millions from online subscription content.


It's a cool experience when you're sitting in a lawyer's office high up in a down town office block and someone casually hands you a check for a couple of million dollars. It's even more cool strolling into the nearest bank branch and depositing the check – then rushing out to the ATM to check your account balance.

We've been involved with niche online content as a business since 2000. In that time we've launched commercially successful web sites in Australia, the USA and the UK. Our sites have attracted tens of thousands of subscribers, and many times that number of casual visitors. In late 2006 we sold the largest of our businesses for more than \$US1 million.

Our book is not designed to be a text book, nor a biography, rather it's a distillation of our story, married with advice and ideas that we believe assisted us along our journey to success. We learnt our lessons the hard way. We hope that you will read the book, learn and then be in a position to apply those lessons to your own online, or offline, business venture.














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What you'll discover reading Niche Content Millionaire:

-  How we went from nothing to everything
-  The disaster that nearly killed our business a couple of months after launch
-  Why we think subscription sales beat PLR and Google Ad sites any day
-  How to research and create a niche content subscription site
-  The kinks in the grand schemes and how you can avoid failure
-  How to manage your staff
-  How to create powerful well-written content
-  How we ran marketing campaigns that netted thousands of dollars at a time in subscriptions, plus how not to market to subscribers
-  The villains and heroes we encountered along the way
-  How the business was saved by mystery money loans in brown paper bags
-  How it feels to sell your business for millions

www.NicheContentMillionaire.com