



Step 2: Finding the Right Online Business Idea

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Step 2: Finding the Right Online Business Idea

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“New ideas pass through three periods:

1) It can't be done. 2) It probably can be done, but it's not worth doing.

3) I knew it was a good idea all along! “

Arthur C. Clarke

Key points in Step 2:

- When looking for online business ideas **only the sky is the limit** since the most important factor for success are your determination and persistence.
- There are many **methods and tools** to help you generate business ideas.
- You should search for ideas that fit **your goals, expectations and strengths**.
- When **brainstorming ideas** follow your passion, interests and expertise.
- As a starter, consider ideas that fall into the Differentiating or the Niche Marketing strategy.
- **Differentiation** means being different and/or better than the competitors (in one or more areas of your business).
- **Niche marketing** means serving small market segment unattractive for the other business)
- The selected idea(s) could be **tested for viability and profitability** in order to increase your chances for success.
- When you finally have your business idea, outline a **business concept** to get you going.

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Step 2: Finding the Right Online Business Idea



Introduction

Every business starts with an idea. Many entrepreneurs have started their business with a single idea, others had many ideas but had to choose only one to pursue. In both cases, business could fail or succeed. As you may know, 7 out of 10 startups fail, but that's the way entrepreneurship works. The process of generating, filtering and testing business ideas should decrease the risk of failure but should also give you wider perspective of the available online business opportunities.

The business idea in general could be considered as a concept for starting and developing a viable business. Usually it focuses on a **product, service or information** that can solve a problem or satisfy customers' needs.

Other important aspects of a business idea are the market size (potential customers) and the revenue mechanism (monetizing potential).

A promising business idea should be *relevant* (must fulfill customers' needs or solve their problems), *innovative*, *unique* and *profitable*. Anyway, it is easier to have many ideas than to turn single one into a successful business. The idea is a good starting point, but its **implementation is also very important**, if not crucial.

The **ideas for an online business** may have some specifics compared to ideas for a traditional business. The online environment provides specific business models and revenue sources. Having that in mind, the online business idea should be related to that specific model. For example, if we want to create an informative website our business idea would simply be a topic that we would cover, like fishing tips, local news, home decorating etc. In other online business models, the idea may come from the way we serve the customers online (online tutoring, live streaming, dating etc.) or from the features a website can provide (communication, blogging service, image editing etc.).

Many **innovations** in the business are not inventing new products or services but delivering the existing in a new way. When it comes to online business ideas, the innovativeness may lay, not in the products or the services themselves, but in the way of presenting them, the methods of pricing, the ways of approaching customers, content richness, website enhancements etc. Amazon didn't invent books but made them available via website and delivered by post. Google didn't invent search engines but made new better search algorithm. E-Bay didn't invent auctions but placed them online.

If you can't find an original idea **duplicate or follow someone else's idea** but do it in a better or a different way. In many cases, having an online business could mean that you copy exactly what other businesses do. If you follow this approach, make sure you choose a trending industry (with a substantial annual growth) or an industry/niche that is not already saturated (too competitive). Even in this approach, doing something better or in a different way will just increase your chances for success on a long run.

Each idea, no matter how brilliant, initially has no real value. A **plausibility check** gives more information

about an idea's chances in the marketplace and helps to check its feasibility and profitability. After an idea is finally selected, it enters the implementation phase where it needs conceptualization, resources, management, and in many cases a devoted team.

Tip: If you want to start an online business for the first time, start with an informative website (as business model) and don't waste too much time on finding the right idea. Such online business model requires minimal investment and you can start with more than one project (topic). Experimenting with ideas may bring you a success by circumstance but will surely bring you a valuable experience even if you fail. If it happens that you succeed with the informative web site you can expand your business model, for example by offering online services or opening an e-shop.

2.1. Identifying Acceptable Online Business Ideas

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“We all have ability. The difference is how we use it.” - Charlotte Whitton

At a Glance:

Identify your goals, expectations, resources and strengths.

Match your idea with a specific business model.

Business strategies: *cost leadership, differentiating, niche marketing.*



Before you start your quest for ideas for your online business, you have to make sure you are searching in the right direction. You may encounter a great

idea but is it in compliance with your potential, your resources, your goals? Some ideas are simple and don't require much effort and time, other may require specific skills, hard work, many resources, strong team, finances and so on. Having that in mind it is very important to

match the idea with your **preferences, goals, strengths, resources, and tolerance for risk.**

The online business idea itself is also closely related with a specific [online business model](#), and therefore, before you start looking for ideas you might first select a preferred business model and focus on finding ideas suitable for that model. As we believe that the simplest web business model is an **informative website**, you might want to start looking for ideas/topics for your blog or online magazine. Anyway, in your research you may find an idea, (a need) that should be fulfilled with a specific online business model, for example, if there is raising demand for handmade jewelry and you have the skills to make some, you could open an **e-shop** for handmade jewelry. Another example is if you discover that people want ads free email service you should provide such web service charging small monthly or annual fees.

Another important aspect when searching for ideas is that you should be aware of the 3 (three) generic competitive strategies: 1. Cost Leadership, 2 Differentiation and 3, Niche marketing. Not every

strategy is appropriate for inexperienced entrepreneurs and new small business.

Being a **price (cost) leader** is the most difficult strategy for small and new businesses. Established business can offer cheaper services and products for several reasons: they have more experience and high productivity, they have large customer base and established partners' network, they can afford low margins and even work with losses if necessary. You might try to be a price leader if you are extra productive (experience craftsmen, fast content writer etc.) or if you live in a low-income country like India or Bangladesh since your living costs would be lower than the average.

Differentiation means that you should try to be different and/or better from your competitors in one or more areas of the business. This may include but is not limited to providing specific features, extra services, high quality, availability, speed of services or something else that will motivate the customers to buy from you and become loyal to your brand. Differentiation may also be accomplished in the communication strategy (channels and way of promotion) or in the branding strategy of your business.

Serving a market niche means that you will try to avoid the (big) competitors by finding a small, unattractive market segment that is not served, or is neglected by the other business. For example, you may want to open a baby store specialized for twins or more narrowly, store for twin baby strollers. The main issue in this strategy is the size of the niche or is it big enough to cover the operating costs of your business. If that's not the case, you may need to find different one or to serve more than one niche.

The Differentiation and the Niche Marketing strategy (or their combination) could work fine for new and small business. So, when looking for ideas you should ask yourself if you could be different and/or better than the competitors that already serve that market or is there an underserved market niche that you can serve profitably.

Summary:

- Make sure your business idea meets your personal preferences, goals, competences and available resources.
- Decide if you prefer specific online business model and search ideas that fit in.
- When searching for Ideas, make sure they can give you freedom to be different from the competitors and/or to be better (at least in some aspects of the business).
- To avoid competition (that can be vigorous) work on ideas that address under-served profitable market niches.

Task:

- Name at least one business idea for your 3 preferred business models and revenue sources. (Task done in [Step 1 part 3.](#))

In-depth readings:

[Assessment: Identify Your Entrepreneurial Personality Type](#)

[9 ways to know if you have a great business idea](#)

[Porter's Model of Generic Strategies for Competitive Advantage](#)

2.2. Generating Online Business Ideas



“The best way to have a good idea is to have lots of ideas.”

– Linus Pauling

At a Glance:

Brainstorming ideas

Template for writing and grading ideas

Common and online methods for generating ideas

Filtering and selecting the best idea(s)

One of the first obstacles for the newbie entrepreneurs, when starting an online business, is to find the right idea that is worthy to peruse.

Some have no clue where to start, others may be convinced that they already have the winning idea, and some may have many ideas but aren't sure if they have



any value. In any case, enhancing your initial list of ideas is always a good idea. At the end, you will have to narrow your choices, but you have to be sure that you are not missing or neglecting the most promising ideas that suite your expectations and capabilities.

There are several methods and tools that will help you generate new ideas for your online business or enhance your existing list. The methods listed below could be combined in order to get the best results in this phase.

(If you believe that you already have the best possible idea for your online business skip to [2.3 Testing Your Online Business Idea\(s\).](#))

BRAIN STORMING

Brain storming is a simple technique where you write down all ideas that come into your head no matter how silly or brilliant, they seem at first glance. You may do this method by yourself or you can get help from friends and family. ([Use our template](#))

You may start the list with: business you always wanted to do, website and services you already use, business your friends use, popular or new products and services, websites you regularly visit or encountered sometimes, how would you do something better, problems that need

to be solved, wishes and needs for specific products or services etc.

Use the other methods below to enhance your list with more ideas that are not just circumstantial but have some logic, reasoning behind them.

In addition to your different ideas you may want to grade (low, average, high) the ideas according to your preference, the earning potential and level of competition. The ideas that you are not willing to pursue just shouldn't be put on the list. Regarding the earning potential and the competition level, just do rough guesses in order to estimate the general attractiveness of each idea. (The true earning potential of the ideas depends on many factors as market size, competition, substitutes, needed resources, your capacity, costs, margins etc., what is something we might try to research later.)

The ideas with bad scores in all areas (low earning potential, low preferences, high competition) should be eliminated right away. The ideas that you have high preference for, but have low earning potential are probably bad ideas too; anyway, don't overrule them till you test their profitability. The ideas with high earning potential seem to be the most attractive but they may be also attractive for the competitors too. The competition level is very important aspect when we search for ideas

and we will investigate the real competition after we filter our extensive list of initial ideas.

FOLLOW YOUR PASSION, INTERESTS AND COMPETENCES.



“Choose a Job You Love, and You Will Never Have To Work a Day in Your Life”

The best advice you can get when starting a business online (or offline), is to follow your passion and interests. When you love what you do it's not work, is pleasure. The job itself and especially success will motivate you to do more. Only that way you can go a long way and reach your highest potential.

When the internet business environment comes in place, it is very possible that you could turn your passion, skills, knowledge or expertise in a profitable online business. You will be surprised when you discover that people might be ready to pay for your competences no matter how trivial they look at first glance. You can develop e-books, one-on-one trainings, video lessons, you can provide business services and sell them for profits. Anyway, your offering doesn't have to be a service or information, it can also be a product or set of products, like fishing equipment for example, where you can

additionally provide reviews and best use cases based on your experience in order to enhance your offering. If it happens that the potential customers are not ready to pay for your product and services, you may provide a free information on your site earn by publishing ads.

Starting a business based on your competences is the best way to start. Anyway, sometimes it might happen that you hate your field of expertise (education and experience) but the opportunity to create an online business, be your own boss, have flexible hours, can make you fell in love again, this time in the new light of your old expertise. If not, find a new passion and star fresh.

OK, that's easier said than done. Many people struggle to find what motivates them, what they love to do or what they do the best. The following questions may help you find the answer: What do you do most often? What activities you enjoy the most? What do you think you do the best? In what areas you (could) give advice to other people? Do you somehow help anybody? What is your hobby? What do you read in the news? Do you write? Do you do sports or exercise? What is your education? What skills you have gained at work? You may also ask other people what they think you are the best at. Answer to any of these questions may point to your future online business.

The skills and knowledge you can turn in to an online business include but are not limited to (only the sky is the limit): playing an instrument, teaching a language, math, sports, gardening, landscaping, crafts, woodworking, fitness, dieting, dating, traveling, fishing, hiking, acting, singing, drawing, frugal living, saving tips, alternative energy, investing, creating business plans, programming, video editing, knitting, refinancing, parenting etc. Don't look at your skills only as a possibility to start a general business, you can be more specific targeting a niche like "organic food gardening", "handmade embroidery t-shirts", "writing business plans for woman entrepreneurs", "programming courses for career changers" and so on.

The main pitfall when perusing your passion for a business is to get stuck with an idea that doesn't have paying customers or a market big enough to make your venture profitable. To avoid that read further.

SOLVE A PROBLEM, FULFILL A NEED

Very important aspect (or a feature) of every business idea is that it **should help people**. It should solve a specific problem (quit smoking, fix phone) or should satisfy a need (tasty food, travel abroad, play a game).

If potential customers don't have an urge, don't search for a solution or see no value in the products or services

you offer they won't buy (or won't read your information).

In general, all business ideas metaphorically can be compared to **candies, vitamins and pain killers**. Pain killers are products you must have, and you must have them now. Vitamins are nice to have; they may improve someone's life but not immediately since some conditions take time to improve. Candies are something nobody really needs but people want to have fun, spend time, enjoy life etc. If your idea is a pain killer, great! You just need to reach your market before your competitors do. There is not much convincing there. The pain you customers have will buy the products. On the other hand, if you sell vitamins you will have to find ways (appropriate online marketing methods) to convince your prospects for the benefits of your product and why they should buy from you. The candies are the hardest to sell since there are many competitors and substitutes. Suggestions are that you offer a free version of your product until the consumers get addicted, after what you can offer upgrades, premium features, exclusivity etc. For example, Candy Crash Saga and Clash of the Titans are free games (among many others) that make millions per day from in-game purchases.

In order to **find a need or a problem** that needs to be solved start with yourself and your friends and family. In

our daily lives, we all come across problems, annoyances or frustrations that we would love to see solved. Here are some examples: products hard to find, information needed yesterday, problematic pet's behavior, needy kids, no local dating options, addictions, anger, tiredness etc. If you want to discover more needs and problems (beyond yours) or to find out if other people have the same problems and therefore search for a solution, you may look into the other idea generating methods below.

After you find an existing problem or a need, you should figure out a way (method) how to fulfill them. Should you offer products in an online store? Should you research and publish information? Should you give advice? Should you write an e-book? Should you blog? Should you build an app? ... and so on. The solution you want to provide should match your competences (skills, experience, expertise) or your willingness and determination to become competent to solve the problem (get training, learn, outsource, recommend someone else's solution etc.).

Next important questions regarding your idea are;

- if people would be willing to pay for your solution and
- is the market big enough to be profitable?

If people prefer free products or services for your solution (entertainment, general advice etc.) you should consider another monetizing mechanism like publish ads, premium versions or donations. In any case you need a market big enough to be profitable on a long run.

BROWSE THE WEB FOR MORE IDEAS

Besides your own and asking your friends and family for online business ideas you may also browse the web in order to come up with some more great ideas for your future venture.

You may start with some general sources like Twitter where you can use the hashtags #startupideas, #businessidea or at Pinterest Popular. Pinterest is a great social network where people share ideas but many other also make money. Almost any pin (post) you see there, leads to a site what could be someone's online business. There you can find many ideas like travel destinations, diets, workout plans, home decorating ideas, gardening tips, interesting products, fashion clothes etc. The popular page shows you what is popular and that could be a good business idea.

Besides the general sources, there are more specialized web source where you can find suggestions for business

ideas or brows someone else's ideas like the Business Ideas page at Entrepreneur.com, the Quora's topic for Startup Ideas (and other related topics) and subredits at Reddit like /r/Startup_Ideas, /r/Entrepreneur/ or /r/SomebodyMakeThis/.

For currently poplar and new products you may check at eBay Trending or at Amazon Best Sellers and/or Movers and Shakers where you can go dipper to a specific category.

Finding interesting products at eBay and Amazon that sell good does not necessary imply that you should open an e-store to offer those products yourself but you could consider, for example, starting a review site for those type of products or develop other related content and recommend these products using affiliate links (Examples: "How to decor a wall" - Recommend Wall stickers, "Makeup tutorials" - recommend branded makeup and accessories .) You can also try to develop or create complementary products, let's say unique charms for iPhone.

GOOGLE FEATURES AND TOOLS

Googling is always a great way to discover something new including ideas for an online business. Anyway, here we don't imply to searching from scratch but to some features Google Search has and specific tools provided by Google.

These features and tools provided by Google are probably the best method to generate and refine business ideas, but we put it at the end since you need some sort of initial ideas, topics or industries in mind in order to utilize them. So, you can use these features and tools to refine your ideas, narrow your niche or even discover new, related and existing business opportunities. The great thing of using them is that the suggestions you will get are based on searches done by real people, people that used Google to find products, solve a problem or satisfy a need they have.

The methods described below will also be of great use later for discovering content ideas for your website and for SEO keyword analyses when you optimize your website for the search engines. Google Trends and the Keyword Planner can also be used to test the viability of your business ideas, but we will discuss that in the next section.

Google Related Searches

After you enter the search term when googling, at the bottom of the search results you will get a list of 8 “Searches related to ...”. These related searches are the most common searches (besides the one you entered) that users insert into the search engine to describe their informational need. The original purpose of this feature is to help the users find what they are looking for (if they didn’t find it in the first 10 results). Anyhow, you can also use this list to refine your idea, find other related ideas or narrow your niche.

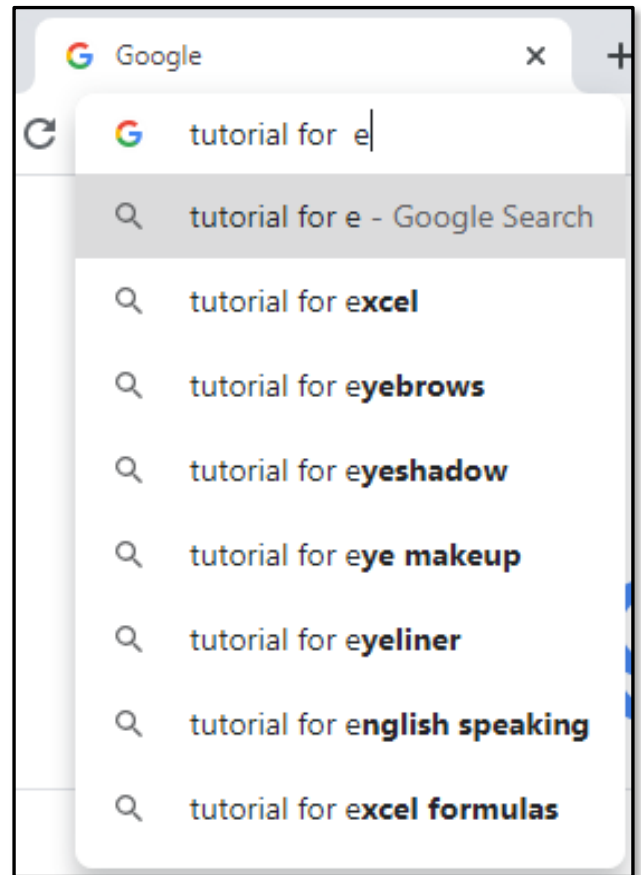
For example, if you enter the term “piano tutoring” among the other related searches you will get the term “beginner piano lessons for adults”. This may direct you to focus your idea to adult people since you may have experience with them, and you are aware of their specific needs. Another example is that if you enter the term “social phobia”, you will discover that people also use the term “social anxiety” to describe the same problem, what you may also want to use to explain your offering, let’s say an e-book on overcoming social anxiety.

Be aware that the (search) term itself does not describe your idea completely. That is just a need, for which, you have to find a profitable way (a business model and a product/service) to fulfill.

Google Search Auto Complete

As you start typing at the search bar, Google starts giving you instant suggestions that complete your term (*See image in right*).

This feature helps users to enter the term faster or directs them to complete the search they started with the most common searches done by other users. The results that you get with this feature are similar with the



related searches described above but with the distinction that it really offers related terms (synonyms), but you can get more suggestions instantly since you can change terms or the first letters as you type. Using the feature, you can find much more ideas to narrow your niche or discover new niches you didn't think of before.

Google Trends

Google Trends is a great tool that can help you generate more ideas, compare ideas head-to-head or initially test your ideas.

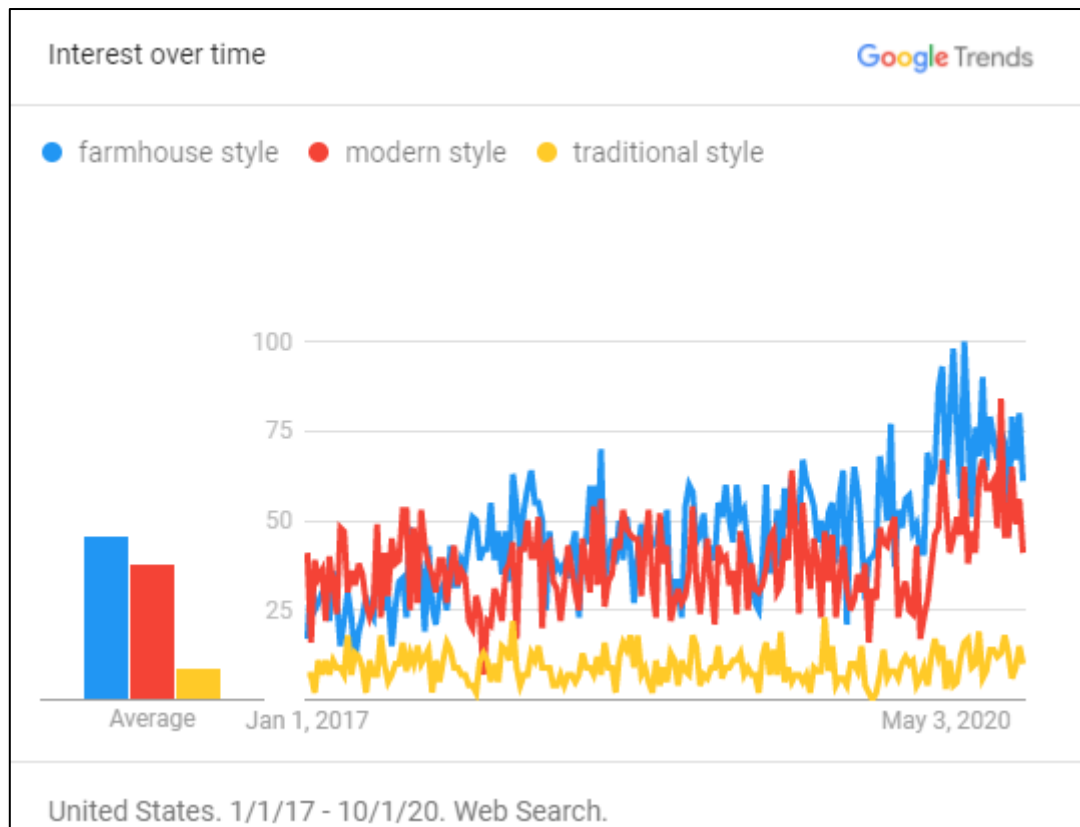
The tool shows the popularity of a search term through time. It doesn't show the absolute number of searches done but uses relative scale from 0 to 100 based on the peak time.

To use Google Trends in your benefit, enter your initial business ideas (or terms used to describe your offering) as search terms. You can also set filters by country or state, time range (we suggest 5 years), category and search type (web, images, YouTube and shopping). As a result, you will get a graph (a trend line) that will show you if the demand for your offering (your potential idea), is rising, is steady or fades away. You can also notice if there is some type of seasonality of your offering, like peak times during summer/winter or during holidays.

By comparing two (or up to five) search terms you could see which term has higher popularity or higher demand. Naturally, the terms with higher popularity could be better business ideas (if we assume that the competition is at the same level)

The rule of thumb, when entering in a new business, is that you go for ideas that have rising demand and stay away of ideas that have declining trend, however, that's not always the best advice. For example, the tool may help you find rising niche in a fading industry like "healthy dessert" vs "deserts".

As you can see from the image (below), it seems that the interest for the “farmhouse style” is rising faster than the interest for the “modern style” while the “traditional style” has steady pace



Using Google trends to test ideas will be discussed later, but at this point you can use it to get a good perspective if some business is viable or not. You can simply use it to eliminate some ideas, especially when you compare them with other ideas and topics in the same or similar industry. The tool will also give you up to 25 related queries and topics that you can use to discover new business opportunities.

Note: Do not use this tool to eliminate ideas by comparing mainstream ideas to niche market ideas

(earrings vs. handmade earrings). Obviously, the mainstream idea will have much higher popularity but will also have much higher competition, something we can't check with this tool.

Google Keyword Planner

The Keyword Planner Tool is part of Google Ads, the online advertising service. In order to use this tool, you have to create an account, there but you won't pay any fees until you start advertising.

The distinctive features of this Google tool, compared to the others described above, are that it gives a huge number of related keywords (search terms), it gives the approximate volume of monthly searches, the level of competition (low, medium, high) based on number of advertisers, the range of bid in \$ to get top position of the ad.

The huge list of related keywords may give you additional ideas for more niches or it could help you to narrow your niche. The volume of monthly searches will give you a general idea of the demand for your offering. The price range for a bid to get a top position in the ads gives you an idea how profitable your niche is, but it also is an indication for the level of competition. Higher bids mean higher competition.

The high bids are usually a great indicator for profitable business ideas, for example if you want to start an informative web site in a specific industry and run Google ads where you can make high earnings per click. Anyway, the question here is if you could bring any visitors to your site since the competition is enormous, especially for these industries.

As you can see, with the use of Google Trends and the Keyword planner for generating online business ideas you actually start the testing of your business ideas too, what is something we want to do next.

FILTERING YOUR IDEAS

At the end of your quest for generating online business ideas you should get a list of reasonable ideas that you are interested and willing to implement. Your list may reach as many as 100 ideas but you should start filtering them using your common sense or some of the above mentioned indicators (preference, rising trends, high volume, high bids, variety of niches you could cover in an industry/topic and so on).

Before you begin to test your ideas, you should narrow you list to no more than 10 ideas (5 would be ideal) since testing each idea could take much time and resources.

Anyway, you may start testing your ideas one by one, and choose the first idea that meets your expectations and goals. If none of the pre-selected ideas passes the feasibility test (the next part) you can always go back to your longer list and test some more ideas.

Summary:

- Start brainstorming online business ideas (and write them down) using the described methods.
- Even if you already have some ideas, enhance your list with more.
- Use the described tools to pre-test your ideas and to discover more business opportunities.
- Filter and prioritize your enhanced list of ideas using some criteria as personal preference, your competences, rising trends, expected profitability, competition etc.
- Choose your 5 best ideas (or less) and take them in to the testing phase.

Tasks:

- Make a list of ideas (Use our template)
- Grade the ideas using common sense
- Select and rank your 5 best ideas

In-depth readings:

[Profitable Online Business Ideas \(Examples\)](#)

[This is how I came up with 100 business ideas](#)

[9 Unusual Business Ideas We Love](#)

[Frighteningly ambitious start up ideas.](#)

[Five start-ups that are tackling life's annoying problems](#)

[29 Creative Thinking Exercises on How to be Creative](#)

2.3. Testing Your Online Business Idea(s)

“

“Everything starts with the customer.” – June Martin

At a Glance:

Should you put your online business idea(s) on test and why?

Google tools for testing business ideas.

Is your idea profitable? Can you fight the competition?

Surveying the potential customers.

Validating online business ideas with landing pages.

The crowdfunding test.



Before investing in a new business, you need to test your idea's true potential. You surely don't want to put your stakes into an idea only to discover later that no one

likes to buy your product or use your service. Therefore, you should do your best to check if there's a paying market for your offering, is the market big enough, what

is the level of the competition and if your idea is profitable on long run.

Whether you have been creative and generated tons of great ideas, you pre-selected 5 promising ideas (like we have suggested) or you have a single “winning” idea, you should first make sure if they are viable and worthy to peruse.

Big investments might need comprehensive [market research](#) done by professionals, but that requires substantial finances and time. Fortunately, online entrepreneurs and small business owners have at disposal many free (or affordable) methods for testing online business ideas. If you don't feel comfortable with any of the methods described below, or you don't have the time, you could always hire an affordable and experienced freelancer to do the testing for you.

Regardless of what you decide to do, you should be aware that there is no definite way to tell if an idea would be successful or not. The final verdict will be given by the market itself when your business is up and running. Anyway, any type of research can reduce the risks and can help you make more informed decisions. Therefore,

we suggest that you at least use the Google's Keyword Planer (described below) to test your idea.

In the cases where testing the idea costs more (time, resources and nerves) than starting the business itself (like an [informative website model](#)) you could skip this phase and go to [2.4. Outline a Business Concept](#), before you establish your online presence in Step 3.

Tip: Instead of doing your own research try to find if some did it already. Google "<<your idea>> industry report" or "<<your idea>> market analysis" and you may be surprised that many useful information might be available freely on the web. For more updated information, filter the search to only include results from the past year.

GOOGLE TOOLS FOR TESTING BUSINESS IDEAS

When we talked about generating online business ideas, we also discussed Google Trends and Google Keyword Planner. They are great for initial testing of the validity of your business ideas too. Since these tools are based on real searches done by real people, they are great indicator for the validity of almost any business idea. They only lack a clear picture about the competition

(their presence and strength), but that is something you need to analyze further, after you initially test your idea with these tools.

Google Trends

The purpose behind Google Trends for testing business ideas is to discover if your industry or niche has a rising trend or not.

The best businesses to enter are the ones that have rising trends, and that's for several reasons. As new customers enter the market, they may not be aware of the existing products and brands so you can earn their attention and their money more easily than in established and saturated industries. Another reason is that the existing businesses might not be prepared to satisfy the rising demand. On the other hand, the worst industries to get in are those that have declining trends. Make sure you avoid declining industries and at least choose ideas that have steady demand in the recent years.

After you enter search term in Google Trends that describes your business idea or offering (industry, niche,

product, feature, need, problem or similar), you will get a trend line (select 5 or 3 years). The trend line does not show the actual volume of searches but a relative one based on peak times. If you want to get clearer picture about the volume of searches done, check the same search term in the Google Keyword Planner. When using Google trends, you can narrow your search by setting filters by country or state, time range, category and the search type (web, images, YouTube and shopping). Monitor the graph for any long term or seasonal trends and also observe the suggestions to discover some related terms that may have rising trends.

Besides observing the trends, the tool is also great to compare different ideas especially if they are in the same industry. Comparing ideas from different industries might be tricky since they most probably have different profitability and different level of competition. Anyway, you may just compare the trends to choose the one that has a rising one.

There is no doubt that Google trends is useful tool, but be aware of several downsides you may encounter:

- a single search term not always represents your business idea as a whole (you may need to test several search terms to get a better picture for the entire industry or niche)
- there might be some rising niches in declining industry (and vice versa)
- users may have changed/altered the search terms for same issue over time
- when testing a niche, always use quotations to monitor the actual searches for that term and exclude related terms.

Google Keyword Planner

While Google Trends gives you the trend of a search term (rising, steady, falling), the Keyword planner gives you the volume of searches (in ranges 0-10,10-100,100-1000 etc) and the level of competition. The level of competition (high, medium, low) is not based on all competitors but only those who advertise for that search term using Google Ads. The price range for bids to get a top position in Google indicate the level of competition but the profitability too.

The volume of monthly searches will give you a general idea of the demand for your offering. The higher the volume, the better. Anyway, we should be more interested in the profitability of a given search term per, let's say, 100 visitors. The profitability of search term may vary per business, since not every business has same costs and same efficiency.

Great indicator for the profitability of the search terms (and the industry) could be the bid height, what this tool also presents. If a company pays a \$1 per click (bid height) for an ad they would expect at least \$100 profits (not counting the ad costs) per 100 visitors or they will make loses. If we multiply the monthly volume with the bid height, we can get the overall profitability of a search term what we can use to compare the profitability of different ideas (niches, industries etc.). (For the profitability of an industry, you should also analyze the competition.)

Unfortunately, the tool cannot tell us if we can reach the customers more efficiently than our competition and be more cost-efficient in order to achieve the same or higher profitability. Having this in mind, if we want to estimate the true profitability potential of our ideas, we

should also analyze the strengths and weaknesses of the competitors in the light of our ambitions and capabilities.

REVIEWING THE COMPETITION

One of the best ways to test your ideas, or even to get new, is to analyze the competition in your selected industry or niche. Actually, reviewing the competition is something you shouldn't miss when starting a new business and you should at least do a quick glance in the industry you get in.

There are many reasons why you would like to review your competition. When you analyze the competitors, you can discover their way of doing business, the products and services they offer, the quality of their site and content, their strengths and weaknesses and so on. The process may help you understand the landscape better, refine your idea, narrow your niche and learn how to position your business for success – capitalizing on the competitors' weaknesses and your own strengths.

Since, in this phase of your business journey you want to test your idea's feasibility, besides on the profitability, you should **focus on the quantity and the quality (of**

the main) competitors and your ability to get into that picture.

The presence or absence of competition can give you insightful information about the plausibility and profitability of your idea. Don't just assume that your idea is unique and there are no competitors. Unless you discover a cure for cancer, teleportation device or another extraordinary invention, **you will most certainly encounter competition**, even if it's an indirect one. Anyway, if somehow happens that your idea has no competitors (or just few), you either found yourself a gold mine, or (most probably) your idea is worthless, since there are not enough paying customers for it.

If there are no, or there are just few competitors for your business idea, be careful. Before you start your venture, first ask/test your potential customers if they would be willing to pay for your products or services, for what reasons and under what conditions. If you manage to get enough favorable answers about your idea, you are on the right track.

A large number of competitors tells us a different story. On one side, many competitors signal a profitable

industry since everybody wants to go where the money is. On the other side, you have to know that it's not easy to run a business in a competitive industry ... unless you are getting into a trending one (with fast annual growth rates) or you have something superior to offer.

While the number of the competitors signals the profitability of an industry (or a niche), their quality (strengths) will actually show if there is a real business opportunity for you. If you can spot weaknesses in the majority of the competitors where you can fill in – there is your chance, but if the competition seems so strong and flawless and you have nothing new or different to offer you should probably modify your idea (pick a niche market) or go step back and test a new, different idea.

So, since in the most cases you will encounter competition, the question is how you can get a piece of the pie. To do so, you will have to try to be better different (in some or all aspects of the business), or you should find an underserved profitable niche(s). (We previously discussed strategies how you can fight (or avoid) the competition with differentiation and niche marketing).

If the landscape is not that competitive, or the competitors didn't fully exploit all online marketing channels, you could try to enter the market by mimicking successful online business. Anyway, on a long run, you will have to differentiate your business and develop recognizable brand in your industry (or niche) in order to protect and grow your market share.

Hint: If you want to start an online business for a first time and you don't plan to invest much money into it at the beginning, don't waste too much time for reviewing the competition since almost all profitable industries will have many competitors. The good news is that they are not perfect so you can learn how to compete with them over time.

Where to find the competitors?

The most straightforward way to discover your competitors is to Google your industry or your niche using search terms that describe your business or your offering.

Note: In many cases, as you search, instead of competitors' sites you may get well known sites

(Wikipedia, YouTube, reddit, Quora, Pinterest) , sites that combine offerings (or links) of more than one competitor (eBay, Amazon, Etsy, local directories) or articles related to the search term (best xyz, how to xyz, what is xyz). Such results may widen the perspectives for your business giving you clues where you may want to place or promote your offering (besides on your own website). Anyway, if you get such search results but you still want to discover your direct competitors you should refine your search terms adding niches, location, features or words like store, company, provider etc., depending on your business type and industry.

When using Google to discover competition, the first 10 results in the list (first page) could be considered as your most vigorous competitors and you should (at least) analyze these. If the list continues to the second (and third) page you should probably consider narrowing your niche or abandoning your idea completely unless... you could offer something better or slightly different that will attract customers to you instead to your competitors.

Other sources you may consider when searching for your competitors, depending on your business idea, are: Amazon, eBay, Facebook, Twitter, Pinterest, LinkedIn,

Yelp, Craigslist, Yellow Pages and so on. Besides the abovementioned, there are probably many other places (sources) where you can find your competitors online.

What to analyze?

After you discover your direct competitors, you should make a list and start analyzing their way of doing business and their strengths and weaknesses. Analyze at least 3 to 5 competitors but there is no need to go over 10 since it might take a lots of time. (If you have selected narrow niche with no competitors analyze the competition in the closest offering to yours).

While a big number of competitors (in general) indicates a profitable idea, you should also check if you could beat or at least match the prices of their offerings. If you are not able to match the prices, you should consider offering extra value to your customers by offering premium services, freebies, extra features, extraordinary customer service etc. To check the profitability of your idea you should also check if your competitors advertise and how much they spend. Besides Google Keyword Planner you can try services like SEMrush, Spyfu, and Ispionage where you can “spy” your competitors if, and

how much they advertise. If they advertise on a long run, it is almost certain sign that the idea is profitable.

The analyzes of the strengths of the competition should teach you how to improve your business and your offering, the weaknesses on the other hands could show if you could fill in, or where you could capitalize the most. Actually, your entire business idea might be based on the major weaknesses of the existing competition in certain industry.

To analyze your competition and discover their strengths and weaknesses you should review some or all of the following aspects:

- time in business (use Wayback Machine <https://archive.org/web/>)
- website usability and structure (speed, navigation, user experience etc)
- home page, about page, portfolio, contact page etc
- website traffic and traffic sources (use tools like alexa.com, SEMrush, ahrefs)
- call to action (email subscriptions, give always, promotions)

- products (landing pages, pictures, features, quality, prices, discounts, etc)
- customer service (delivery, returns, warranties etc)
- blog (topics, frequency of posting, comments, etc)
- content quality (text, images, videos)
- keywords they use (titles and subtitles, bolding, in text, in links etc)
- level of SEO (positions at google, inbound links, seo tools in use etc)
- social media (buttons positions on the site, number of followers/likes, number of likes and shares on posts, frequency of posting, engagement in discussions etc.)

The competitor's site and social media pages are great sources to analyze but you can get even more insights by subscribing to their mailing list too and analyze the content and their strategy there.

Since Google is a major traffic source for most of the websites, you should analyze their level of SEO (Search engine optimization) but you should also check their social media pages to get the complete picture. The most important social media sites include Facebook, Twitter, Pinterest and Instagram. You should do this not only to

discover their online marketing tactics but also to discover if they efficiently exploit all online marketing channels available. For example, if your competitors are not present or aren't active on Pinterest that might be a great business opportunity for you.

If you spot any weaknesses in the areas mentioned above or if there are possibilities to offer something better or different, something that will attract customers to your offering, there might be your business opportunity. On the other hand, if the competition is strong, has no major weaknesses and you have no ideas how to be better or different you should probably consider different idea.

Let's conclude. When you test your online business idea, you should analyze the competition for two major reasons. The first one is to find out if your idea is profitable, the second one is to see if you are capable to compete in that industry (or a niche) and get a piece of that pie. You also may want to refine and improve your idea based on the competitors' strengths and weaknesses. The observation and analyzes of the competition should continue even after the start of your

business in order to further improve your business and defend your positions.

SURVEYING THE POTENTIAL CUSTOMERS

Previously (the above methods for testing ideas) you investigated the need (demand) for your offering using some Google tools, you observed the performance of your competitors and you found areas and gaps where you and your business idea may fit. Anyway, none of these can predict the real success of your future business. Therefore, the best way to put your business idea on test is (directly) to ask/survey or test your potential customers (or audience). It really doesn't matter if you think your idea is cool and promising one, it only matters that you can reach (real) consumers that see value in your offering, really want it and are willing to pay for it.

There are several approaches you can use in order to get the desired response from your target audience. You may ask direct questions, you may try to validate your idea with a landing page (subscriptions, pre-orders, MVP) or you can make a crowd-funding test. Some of these

approaches are free, they will just consume your time, but other may require some finances to get the best results. You don't need to use all methods but only the one which you think is the most appropriate.

Target Audience

Regardless of what method(s) you choose to approach your customers, first you need to define your target market and the places where you can find and approach them. You may assume that everyone is your potential customer but identifying your perfect (best profile) customers will bring you better success not only in the survey but also later in the business.

When defining your target audience, first think about basic demographics like gender, age, location, family income, and education levels. Include information that is relevant to your product offerings, such as hobbies, interests, and life goals. Next, consider if your potential clients will use search engines and what search terms would they use to find you or would they encounter your offering at other sites. Finally, determine where (online and offline) you can find and approach your target market in order to test your business idea.

Since it is so simple, you may decide first to survey your friends (offline and on social media) and may also ask them to share your posts (spread the word) to their friends too. The question here is if this way you could get honest and enough answers.

Besides your personal profiles at the social media as starting point, other sites where you can reach your target audience for free and more precisely include Reddit, Quora, Craigslist and many forums on different topics. Any of these sites have certain rules that you have to follow if you want to have chance to ask your questions or get hits on your testing/questioning pages. For example, at Reddit you need to have aged profile and positive Karma (score) in order to post in some subreddits (topics).

If you have difficulties, reaching your target audience via the free sources you should consider placing ads at Google Search, Facebook or other sites that gather your target audience. For a small budget, you can test your business idea targeting your audience by search terms they use (Google search) or by precise demographics and interest (Facebook). For this purpose, you can even use

the free ad coupons offered to first time customers at these advertising platforms.

Another handy online service that can help you create the surveys and reach your target audience is Google Surveys, where at affordable rates you can research the viability of your business idea.

For some business ideas, you may want to survey your customers offline, for example, at Starbucks or at the local mall if the visitors there meet your definition of your target audience and you have the skills and will to do the questioning.

When your idea targets other business as your customers (B2B), you may approach them onsite or via phone or email. If that's the case for your business idea you will easily find at least a sample of 20 to 30 potential clients using Google, Yelp, Foursquare, Yellow pages or other business directories.

Interviews and questionnaires

After you define your target customers and the sites where you can approach them it is time to ask some

questions. This activity can be done through interviews and/or questionnaires.

The interviews are done in person (in real time) regardless if it is onsite, by phone or by e-messengers. This method is more time consuming, but you can ask more complex questions and sub-questions and get answers that are more detailed.

The questionnaire is a form that consists of series of questions and it is distributed (offline or online) to the respondents. This method is more suitable to get more answers in shorter amount of time. You can easily prepare a questionnaire in Google forms, distribute the link to the target audience and get automated analytics too.

The questions you may ask your potential customers can include but are not limited to:

- Do you have a need for such and such product (or service)?
- Do you already use similar product and from which providers?

- How much you spend for such products monthly/yearly?
- What you like and dislike in the products you already use?
- What new or improved features would you like to see in the product?
- How much would you be ready to pay for an improved product?
- Would you switch from your current supplier and why (why not)?
- Would you like to make a pre-order from us?
- Would you like to try/buy our new product when is ready, and under what conditions?
- Are you willing to give use your e-mail address in order to inform you when the product is available at the market?

If you don't have precise targeting it is good idea to ask for the respondents' characteristics like age, gender, location, income, education, interest etc.

Also, make sure your list of questions is not too long. Make it answerable in no longer than 15 minutes and note that on the start of the questioning.

After you design the questions, you should distribute them to your target audience through the selected channels. It is very important that you get at least 30 (honest) answers at minimum, let's say 10% response rate (30 answers form 300 questioned). If you cannot achieve that, there are at least tree possibilities. The first possibility could be that the market is too small, next is that your offering is not attractive enough and the third is that you are having trouble reaching your target audience. In each case, this is not a good sign for your idea since you may encounter any of these after you start your business.

After you collect enough answers you should analyze them. Not all answers should be favorable in order to recognize a good business idea. The rate of favorable answers that will indicate a promising business would vary depending on the market size, numbers of competitors, product familiarity, etc. For example, if the market is big enough to fit 10 profitable competitors and you get 20% favorable answers (6 out of 30) you are on a great track. If you get less then 3 favorable answers entering that business could be riskier.

The answers of all respondents, favorable or not, may also help you sense the attractiveness for your future product, the real need of the customers, and the weaknesses (and strengths) of the competition. All this can give you hints to improve your business ideas and business model and test your offering one more time if necessary.

If the potential clients are not aware for the need of your product or are reluctant to change current suppliers but you still believe that your offering will bring more value to them, you should make sure that there is a way you can convince them to try and change supplier before you start your business, not after. In some cases, offering free samples or trial version could do the work, but sometimes you will have to put much effort and resources. Otherwise, start looking for another online business idea.

VALIDATING ONLINE BUSINESS IDEAS WITH LANDING PAGES

Approaching your customers and asking them questions regarding your business idea is a great way to apprise the potential market and the attractiveness of your

product in the light of the present competition. Anyway, questioning your potential customers may be tricky. It might happen that your best customers are too busy or reluctant to answer questions. The respondents may also give untruthful answers because they are in a hurry, they are being polite, or they didn't understand the question. At the end, when your real offering is ready and presented to them, they might act differently from the answers they gave.

Having this in mind, it comes out that **the best way to test the target market is to create a real market environment and check if the potential clients are ready to give us something of value** (e-mail address or money) for our (still in development) products or services.

Testing online business ideas with landing pages comes in several different scenarios:

- Subscriptions (Present the idea and ask the potential customers their e-mail address in order to stay in touch and inform them for the future activities.)
- Pre-order (Ask the visitors to register in order to get the featured product first.)

- Pre-sales (Ask the visitors to pay some amount in advance in order to get the product when is ready.)
- Selling MVP (Make a product with minimal acceptable features (minimal viable product) and if customers buy – develop the full version)
- Mimic sales page (Act as if the product is ready and fully functional and test if the customers are ready to spend money on it by hitting the order button)

If you decide to use any of these methods for testing your market, you will need a landing page (at least free subdomain and hosting). Despite the free resources to do this, we would suggest that you establish your real web presence ([Step 3](#)) so you can make your landing pages feel and look more legitimate and more reliable to the potential customers.

After you create the landing pages, next task in this method would be to bring visitors to your pages and observe the reaction of your potential customers. Since bringing visitors to your site is not that easy you should consider paying for ads and precisely target you preferred audience. You can use Google Ads and Facebook Ads and try to get free coupons as first-time customer.

THE CROWDFUNDING TEST

Crowdfunding is a method of funding a venture or a project by raising small amounts of money from a large number of people online. Crowdfunding is great for raising money but is also a great way to validate your business idea. Namely, rewards-based crowdfunding platforms like Indiegogo and Kickstarter enable start-ups to get finances from the individual investors in exchange for gifts or future products.

If enough people like your business idea and are willing to finance your business in return for your future products is certainly a great sign for your business. The finances you will acquire and the pre-sales you make will ensure a smooth start of your business.

Crowdfunding platforms can bring many people to see your business idea, but do they match your target market, do they understand your offering, or do they need your product type at all? Therefore, if your idea fails the crowdfunding test but you still believe in its potential, you should try using other validating methods. Anyway, potential investors may give you useful information

about your business idea and products, and how to make them better.

After you test the validity of your business ideas using the above-mentioned tools and methods you should **make your final decision** which idea you are going to pursue. Criteria for choosing your best idea could include: your personal preference (intuition, confidence, competences, skills), earning potential (industry/niche profitability), market size (monthly searches/number of customers), competition strength.

Summary:

- There are several methods to test the validity of your business idea
- Google Trends will show you if your idea is in trending (rising), steady or falling industry. Always prefer the first.
- Google Keyword Planer will show you attractiveness of your idea based on actual monthly searches done

by real users. Using this tool you can also sense the profitability of your idea

- Reviewing the competition will indicate the profitability of your idea, the level of competitiveness (is it hard or easy to do business there) and your ability to fit in.
- Surveying the potential customers can give you a realistic prediction for the success of your business idea.
- The final verdict of your business idea will be given by the market itself after you launch your product, but testing the idea with landing pages or the crowdfunding test can bring your idea closest to real market conditions where you can test before you fully devote to it..
- At the end of the process of testing your business idea(s) you should decide which idea (if any) is worthy to be executed.

Tasks:

- Start testing your idea(s) one by one. (Use at least the Google Keyword Planner)
- Finally decide which single idea to implement.

In-Depth Reading:

[Simple Ways to do Market Research Online](#)

[Tools to Analyze Your PPC Competition](#)

[Sites to get Unbiased Feedback on Your Business Idea](#)

[Setup a landing page for testing a business or product idea.](#)

[Crowdfunding to test the Minimum Viable Product \(MVP\)](#)

2.4. Outline a Business Concept for Your Online Business Idea

“

“Ideas are worth nothing unless executed.” - Steve Jobs

At a Glance:

What is the first step for bringing your idea to reality?

Writing a full Business Plan requires skills and time.

One-page Business Concept is simpler and faster approach.

[Business Concept Form Template to Download.](#)

Whether you have used common sense, trusted your instincts, or have tested your idea's viability, **at this point, you should have selected a single promising idea** that best

fits your goals and expectations. Besides that, you should also be willing and eager to take your idea into the implementation phase. Having the right online business



idea is just the beginning of your long to go online business journey.

Developing a business concept should be the first step towards the execution of your business idea. Having a business concept in your mind only, is not such a bad thing, but putting it in writing will give you better perspective and a solid strategic guide to follow into the implementation process. We can view the business concept as a bridge between an idea and a **business plan**. Since writing a business plan is not an easy task, and could take long time, you could leave it for the later stages of your business (if necessary). On the other hand, the business concept is representing the same reasoning, but is much simpler and will take less time and less effort to create. Anyway, if you want to attract investors or get a loan from a bank, you will certainly need a well-written business plan, and in such case, the written business concept will help you prepare the business plan too.

A Business Concept for your online venture should be no longer than one page and could include the following elements:

- Name of your business (prospective one)
- Domain name (registered or desired variations)
- Unique selling proposition (A slogan on what distinguishes you from the competitors)
- Mission statement (Reason of existence, target market, problem you solve or need you satisfy and how.)
- Brief description of your products and services
- Online business model and revenue source(s)
- Web content strategy (Product and services only, Blog posts, Video content, Customer generated content, etc.)
- Internet marketing strategy (Where and how you will reach your target market.)

In order to write down your business concept [use our form](#) or simply use the [Online Business Checklist](#), where you can also mark your progress (The Business Concept is also embedded in the Checklist).

If you are not able or you are unwilling to fill out everything in the form right away, read some examples or leave it for later, but continue to read and to implement the instructions in the Guide. (As a real online

entrepreneur, you shouldn't allow small obstacle to stop you at your journey.)

Now that you have outlined the business concept, completed or not, written or in your mind, you are ready to make your biggest step, to actually start your online business.

Summary:

- Your business idea has no value unless implemented.
- As a first step towards execution of your idea, you should at least outline a Business Concept.
- A business concept in your mind only is not a bad idea but having a written one is a better option.
- The Business concept shouldn't be longer than a page, should help you clarify your business idea and could serve as a strategic guide for starting and running your online business.
- Developing a comprehensive business plan is not an easy task and if it is not necessary at this stage of your business, you can rely only on your business concept.

Task:

- Outline the business concept of your business idea ([Download the form](#))

In-depth readings:

[How to Write a Business Concept Paper](#)

[Examples of a Business Concept](#)

[Examples of Unique Selling Propositions](#)

[Techniques for Crafting a Mission Statement](#)

What's Next?

After you have selected your best online business idea and you have outlined the business concept, it is time to make the first tangible step of your online business and establish a web presence by [registering a domain name](#) and building your initial [website](#).

Everything you need to know for the next phase of your online business could be found in the:

Step 3: Establishing Web Presence for Your Online Business

in our Online Business Startup Guide.

Biizly.com

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