

# Types of Passive Income That Can Be Generated Online, And What To Expect - Part 2

<http://www.smartpassiveincome.com>

## Welcome to the 16th Session of the Smart Passive Income Podcast!

In the last session of the SPI podcast we began talking about the different types of passive income that can be generated online and what to expect from each. If you haven't listened to that yet, I recommend listening to that session first - Session 15 - because it leads right into this one, although if you haven't and you don't have access to it right now, that's okay - you'll still get some good stuff from this episode and it won't NOT make sense.

Specifically, we had covered a couple of different strategies to generate an income online. First, we talked about writing for revenue sharing sites such as infobarrel as a place to start because it's free, you don't need any super crazy technical skills and you can get started right away and see results relatively fast, AND it will sort of train you for other aspects of online business and internet marketing.

A few people were worried if this was still a good strategy after Google sort of dropped this algorithm change on us last week, which sent a lot of the spammy sites and even some of the more well-known content farms and article sites down the rankings, but I'm happy to mention that infobarrel was not effected as badly as many of the other sites so it's still lookin good as far as a place to write for. It helps that they have a team that looks over the quality of the articles there before they are published - really smart.

We also began to talk about affiliate marketing - specifically looking into my trial and errors with PPC or pay per click affiliate marketing, which is not for me but other people are finding success with it, and we also dove into niche sites, websites that you can create for very specific topics - get ranked and make money by promoting products that other people have made - whether it's from places like Amazon.com, or another site that sells something in your industry. Again, go back to session 15 to listen all about that stuff, and if you wanted some even more detailed information about niche sites specifically, head on over to [nichesiteduel.com](http://nichesiteduel.com) where I walk you through exactly how I took a brand new niche site about security guard training, and brought it to #1 in Google - when I didn't even know anything about the subject (at the beginning).

**Today**, we're going to move on and talk about something I'm very very familiar with - blogging.

Now, there's a lot of people who will disagree with me when I say this, but I believe blogging is a form of passive income.

Yes, it takes a long time to create a blog and get it to a point where you can make money, and yes - even when you get to that point you still have to keep up with it - and yes - it's **a lot of work**. I know this, because most of my time doing things online - with all of the other businesses I have - iphone apps, my study guides at greenexamacademy.com, affiliate marketing, niche sites, plugins, articles, etc. - the work I do for The Smart Passive Income Blog is what I work on the most, by far. Everything else is pretty much hands off now that they are running on semi-autopilot or fully automated - but blogging - man. It takes a lot of work.

So, why do I say it's a form of passive income?

Well, two things to consider here about blogging:

1) When you write a post on your blog, and maybe you put some affiliate links in there - or even maybe you don't. Every time you write a blog post, that post becomes a potential vehicle for income. Maybe not directly on it, but the effect it could have on any readers could eventually lead to some sort of transaction. And the thing is, once you post it, it's there on the web for good. People can come back to those old posts of yours - those income vehicles - at any time. Maybe they searched through your blog and found it. Maybe you linked to it from a newer blog post. Maybe they found it from entering a long-tail keyword into a Google Search field. Once you post something, it's an opportunity that is always going to be there - and that's why sometimes the more you write, the better. Obviously, you want to write good, quality and relevant content - because that's what people will read and that's what will rank well in Google, but the more of that kind of content you write, the more opportunities there are for people to find you and then...click on an affiliate link. Maybe the affiliate link is in your blog post - or maybe it's on your sidebar. Those links or affiliate banner ads in your sidebar - those 125x125 pixel advertisements that you see all over the web - those are passive income opportunities, and everytime someone comes to your site, those banners are there with the potential to make you money. This is how I see blogging as a form of passive income. You don't have to be **directly** there in order for a transaction to take place, you only have to...write a post, or recommend products in your posts or sidebar. You can be asleep and I can go to your site, click on an ad that sends me over to amazon, and then make a purchase and you can earn a commission - again, everything was setup for me.

Of course, a successful blog is one that continually updates and produces new content, and that's the whole other side of this blogging thing that is NOT passive at all, but I think you get my point.

Here's a real life example from my blog. Maybe 6 months ago, I did a keyword research webinar. In that webinar I explained stuff about how keyword research should be done, and I also used a tool called market samurai that I said was optimal, but I recommended it because it definitely speeds things up 1000%, which it does. I did that webinar, posted it on a blog post and then published it. That was 6 months ago, and even today that post is still earning me affiliate commissions for Market Samurai. People are finding it on Google...I link to that webinar in some of my later posts and even in this podcast (i.e., if I say go to <http://>

www.keywordresearchwebinar.com), and people are even finding it because some people who find that webinar replay helpful, pass it along through Facebook and Twitter. Again, I did the work 6 months ago, but I'm still earning an income from it - that's pretty passive and that's on my blog.

The same with many other products that I recommend on the site, and if you check out my monthly income reports, which I post each month on the blog and reveal where every penny comes from in my online businesses, you'll see that affiliate marketing takes up a big portion of that income it was about \$15 to \$16k last month, and most of that is from blog posts that I've written and tools that I've talked about a long time ago.

2) The other thing to consider here is that a blog is a great launching pad, a **platform** to launch several different types of passive income products.

Build a blog, grow an audience, build authority and you then have the ability to successfully launch a passive income product, such as an eBook or maybe a course or something (and we'll get into more detail about those in a second).

Many many many bloggers out there have successfully worked this formula. Build a blog, talk about something people are interested in and then eventually you get to a point where people are willing to pay you for more, and of course, hopefully you'd set it up in a way that's pretty automated.

I mean, people have successfully launched consulting services and coaching programs from their blog - SPI is a prime example of this as my buddy Tyrone and I from the nichesiteduel, we launched a coaching program for how to build niche sites (at <http://www.nichesitecoaching.com>). We had over 100 people sign up for the first round, and although we only took 20 because we wanted to focus on those students, it's pretty crazy because we charged \$799 for each slot - I mean this is \$16,000 that came from the authority we built on our blogs - and my point here is this, you can make good money doing things like that - coaching and those sorts of things, but it's not very passive. Tyrone and I meet a couple of times each week to discuss the syllabus for the classes and prepare our presentations, and we have our webinars each week with the students, and then there's the support and the forum group in between meetings - it's a lot of work, but really it's all worth it to me because it's so fulfilling to see people learn and make progress with their online business from the advice you give them, it's awesome and I'd gladly trade some of my free time to help others in this way. Gladly.

Ok - getting back on track, you can build a blog that then becomes a platform to launch several types of passive income products.

Before we get into those types of products, let's first go over the basics on how to setup a blog and what you can expect when you begin blogging:

First, you have the option to blog for free on a site like [wordpress.com](http://wordpress.com), [blogger.com](http://blogger.com),

tumblr.com, livejournal, typepad - there are a bunch of places you can create a blog for free and start writing like, right now. But, my issue with blogging on these places is that you lose a lot of the ability to really customize your blog, and you have to include those sites in the address of your site. For example, if I created this blog on wordpress.com, it would be <http://www.smartpassiveincome.wordpress.com>. This is fine, but it looks a lot less professional and it reduces the keyword density of your url. Sure, there are some successful ones out there, like Seth Godin's blog which is hosted on typepad ([sethgodin.typepad.com](http://sethgodin.typepad.com)), but seriously - we're not like Seth Godin (and if you haven't heard of him or know much about him, he's a BRILLIANT marketer who you have to read - pick up some of his books like *The Dip*, *Purple Cow* is a good one, *Tribes* and *Linchpin*. All fantastic books. You can listen to them too if you want, although I've had a few people tell me they don't like his voice, since he reads his own audiobooks, but you can be the judge of that).

So this is what you should do:

1) Find a topic you're passionate about. This matters most with a blog (it matters too when selecting a niche site, but more so with a blog) because you'll be writing about this topic week after week after week. You have to imagine if you can write about this and continually write about it 5, maybe even 10 years from now. If you can't, then that's probably not a subject you want to get into. You've got to love it - and many will disagree with me and say you've got to know where the money is first, but trust me - I've tried blogging about things that the research told me was going to make me lots of money, and it didn't - not because the research was wrong, but because the research didn't know that I just didn't like what the subject was about. Love what your topic is, and do a BIT of research after that just to make sure there's a market for it. Are there other blogs out there talking about it? If so, that's probably a good sign there's a market for it - and hey, you've got some other bloggers to connect with and potentially guest post on - great!

2) Then, you've got to pick a good domain name. Typically, the domain name will match the title of your blog, but it doesn't have to. Either way though, I recommend at least trying to get some important keywords that relate to your topic in the domain name. Here's why:

With my domain name, [smartpassiveincome.com](http://smartpassiveincome.com), it contains my primary keyword in it - passive income. This obviously helps because immediately, based on the domain name people (and the search engines too!) understand what my site is about. But, and this is even better, when people link to me, they link to me using those keywords too (like, Pat over at Smart Passive Income - and "Smart Passive Income" is the highlighted text, or ANCHOR TEXT that points to my blog). The text in these backlinks are super important when ranking in the search engines, and so by putting the keyword in your title and domain, you're making it that much easier to rank for the keyword that you want to rank for.

You don't HAVE to do this - there are a lot of other blogs out there that rank for keywords that don't even show up in the title and domain name of the blog - but it's just a little tip that will help you bigtime if you can do it correctly.

To get your domain, you can go with any host that you'd like. I recommend BlueHost, which I've used for all of my sites (except SPI is now on an upgraded - VPS or Virtual Private Server to handle the recent surges of traffic - I guess that's a good problem to have though!). So with Bluehost, you go to the site, search for your domain, if it's available you can purchase a domain and hosting package for \$6.95/month at the time of this recording. If you wanted to go through my affiliate link so I get a commission if you do choose to go through bluehost, that's be awesome and I'd really appreciate it. You can type in <http://www.smartpassiveincome.com/bluehost>.

What's nice about BlueHost, and why I recommend it is because they have a 1-click Wordpress installation. This is the blogging platform that I and most other people use, and it's just one click of a button to get in installed and you can literally begin writing in less than 5 minutes after you purchase your domain and hosting package.

In fact, I created a video almost 2 years ago that shows you how to do this, and the process is exactly the same. You can find it at <http://www.smartpassiveincome.com/4minuteblog> - shows you how I created a blog and wrote my first post and included a picture within 4 minutes. That will help you get started and you can just follow along.

3) Now, I won't get into detail about how to write a post or add pictures or choose your theme and all of that stuff (the video will actually show you how to do all three of those things - again, in just 4 minutes), but here's the important stuff I want to tell you:

In order to have a successful blog, you've got to have great content. Your content - what you publish and let the world read is what matters the most.

A close second is the design of your blog. There are a gazillion blogs out there and its your job to stand out from the rest. What's nice about Wordpress is that you can just download a theme that you like - sort of like a skin that you can always change around your content later on in the future, but if you're serious I'd definitely go with a premium theme like from WooThemes.com or Pagelines.com, or even hiring someone to design a custom one for you like I did, which proved to be a very good move.

Next - just publishing content won't get you anywhere. You've got to make connections with other bloggers out there. They aren't your competitors - they are your friends! So, you will have to step out of the box a little and go and make connections. Email them, comment on their blogs and have them get to know you. Become a resource for them and chances are you'll build good relationships with them and you can both help each other along in your blogging journey. I've made some FANTASTIC relationships and connections online through the other bloggers that I know, and I'm always happy to help them out as much as I can and they've told me the same thing. You've got to do things outside of your blog to succeed too - and simply get in front of more people.

Speaking of that - one of the best ways I've reached out to new audiences is by shooting YouTube videos, and also doing this podcast. I have many people email me each week telling me they've found me through YouTube or they've found me through iTunes - and it's totally awesome! Not many bloggers are going beyond their blog, so if you really want to stand out and build your authority and get to that point where you could eventually sell something if you wanted to - try these other platforms.

There is so much more I could say about blogging, but those are the most important things I can think of right now that I just wanted to tell you up front, just so you know what you can do because to be honest with you, and to be upfront with you as far as expectations are concerned - it's going to be a tough road.

Blogging is NOT an easy button - BY FAR. And things happen slowly. Slowwwwwwwly.

So, after your initial surge because you're so excited about your topic and you just have so many ideas to write about and you write and write and eventually what happens is that you start to wonder. You'll wonder because there's hardly any traffic coming into your site. You're not getting found in Google and the only people reading your site is your girlfriend, or your mom - so you're spending all of this time writing this brilliant content, only to have it lost as you begin to write more brilliant content. Then, you lose energy and burn out, and then you just scrap it.

This is what happens to 95% of people who start blogs! I can't confirm that number, I think that number is for people who actually start businesses, but I'd bet money that in the blogging world that failure rate is pretty close to that, and that's because people expect things to happen right away. We live in a world where we can go on the computer and find something in seconds after we do a search request. Google even tells us how fast it searches for us - you know how it says like, 10,000,000 results found in 0.0923 seconds. We are used to fast, and blogging is not fast.

When SPI started, it took a long time for it to gain any type of traction, and to be honest with you I wanted to scrap it several times. I was doing good with my other online business at GreenExamAcademy.com, seeing a ton of traffic there, and about 10 to 20 visitors a day to SPI for a while. Many times, I didn't think it was worth it, but oh man I'm so glad I didn't give up. Now, the site has grown to almost 20,000 subscribers, nearly 10,000 pageviews a day, it's simply amazing and it's because I'm doing all of those things I talked about earlier - great content, a unique design, building relationships, expanding into other mediums, and most importantly - I gave it some time to brew.

Don't expect things to happen right away, don't expect to make a ton of money in the first year or two (although it's totally possible), but do expect to use your blog to build new relationships, and reach thousands, potentially millions of people with your voice.

That's the beauty of it.

**OK - Moving on, let's talk about some individual products that you could sell for a**

**passive income, either from your blog or “launching platform”, or even from a Pay Per Click advertisement if you were up to it.**

First, let's get into eBooks -

I love talking about eBooks because it's an eBook that sort of starting me on this path. And I wrote a free eBook detailing the entire process of the idea of your eBook, all the way to marketing and automating it, which you can get at <http://www.ebooksthesmartway.com>.

But, just to give you a low down on the process, here's what you can do:

Before you write an eBook, always mindmap it out. Mindmapping is a process of putting the ideas in your head, onto paper, in sort of a bubble diagram type way to show how things relate to each other, hierarchy and connectivity.

I use a tool called Mindmeister to mindmap, and I literally use this tool at least once a week to mind map a ton of different things, not just eBooks. (<http://www.smartpassiveincome.com/mindmaps>)

What's nice about using a mindmap to write your eBook is that your eBook pretty much writes itself. You'll have to pickup eBookstheSmartWay to see a diagram of how this works, but once you have it all laid out in a bubble diagram form with all the hierarchies set, you can basically then transfer that into an outline of your eBook, with chapters, subchapters, sections, etc. - and you'll know exactly what you then have to expand on and write about to fill in your book.

Then, and here's a fantastic tip, once you have your outline / which pretty much looks like a table of contents - you can simply treat each individual chapter or section like a separate blog post, or article. This way, you can complete each piece one at a time, you don't need to go in order so you can start with the topics you know best, and then build off of that moment to finish the rest, and you can totally see, as you check off the parts of the book as you complete it, the entire book coming to life - the light at the end of the tunnel.

This is exactly how I created all of my different eBooks, but it helped me immensely when I created my very first eBook, because it was pretty much my guideline and inspiration for finishing it.

eBooks are typically in a PDF format, so after you write it in word or pages for mac, you'll have to convert it to a PDF document.

Now - security. This is something that always comes up when I talk about eBooks. People are always scared that people will steal their PDFs or share them - and the truth is, the honest truth is, they will. There is nothing you can do to fully 100% protect your eBook. There are things you can do to make it harder to steal, like password protect and things like that, but honestly I don't even do that because it's annoying to the people who actually buy the eBook and obtain it in an

honest way.

When we think of the music industry or movie industry, there's all this illegal stuff going on and file downloading and sharing, yet the industries are still thriving because there's plenty of people out there who honestly pay for stuff, as they should.

That's not to say we shouldn't be concerned about it, and really the best thing you can do is, both in the beginning of your eBook and at the end - just simply put a note telling the customer how hard you've worked on that guide and that if they'd like to share it or pass it along, to please consider sending them over to your sales page or homepage to obtain it, instead of just giving it away.

Some people don't know you're not supposed to give these away, or just don't think about it, so a simple note will do just the trick with them. Plus, some people will actually pay you after they've obtained the book for free. This is a true story that happened to me, someone paid for my LEED guide and then later responds to one of the automated emails that the customer gets during the purchasing process, and he told me that he obtained the eBook for free from a friend, but felt that I helped him out so much, that he had to pay me for it. I thought that was really cool, and of course it made me feel good about the product I put out.

So, those are my thoughts on piracy and security.

Next, as far as selling your digital product - and this goes not only for eBooks but for anything else, like videos or software, etc. - there are a number of ways you can automate the buying and delivering process, but I recommend checking out <http://www.e-junkie.com>.

For \$5 a month (and actually they have a free 14 day trial) - you can have them host your files, which means you upload your eBook or whatever onto their server, and you can generate a link that will take customers to a shopping cart for that specific product and AUTOMATICALLY DELIVERS...let me say that again, automatically delivers the product to the customer immediately after purchase.

This is such a beautiful thing, because once you set this up, you have the ability to make money 24/7 without you ever having to do anything. I use [e-junkie.com](http://www.e-junkie.com) for my eBooks at [GreenExamAcademy.com](http://GreenExamAcademy.com), and it's awesome and it's exactly why I can work just 2 hours an entire month but still generate thousands of dollars from this site. Now, those 2 hours are there because I do, every once and a while, have to answer emails and stuff like that, but yeah - that's a pretty passive income right there. E-junkie is the payment gateway, I guess you could say, and you still need a payment processor such as Paypal, or Google Checkout or Authorize.net to go along with it, just so you know. Again, the details about this entire process can be found at [eBooksthesmartway.com](http://eBooksthesmartway.com).

Another platform you could sell your digital product on is [Clickbank.com](http://Clickbank.com). Now - [clickbank.com](http://clickbank.com)'s fees are a bit higher. I think it's like 40 bucks to join, and then you pay like 7% + \$1 per



transaction, which is a pretty hefty fee (e-junkie has no per transaction fee), but, what you're paying for here is ease of use and also the affiliate program. Clickbank is famous for its affiliate program and it's hundreds of thousands of people who are signed up for Clickbank just to look for products to become an affiliate for. You have the potential to get thousands of people helping to promote your product for you, and yes you'll have to pay them a commission but it's worth it because they are your sales force, helping you to reach people and sell to customers you wouldn't have normally reached.

E-junkie has an affiliate program as well, but it doesn't have the network of affiliates that clickbank has, and you basically have to sign up affiliates or find them on your own. Plus, Clickbank takes care of all the affiliate payments and commissions, while with e-junkie you have to do it all manually yourself at the end of each month.

Oh, and one more thing, you don't upload any products to clickbank, you have to house them on your own server and deliver them on a page on your site that people reach after making a purchase.

Just some pros and cons with each, but they are both pretty good for selling something like an eBook.

On top of that, you could sell audio as well. Like I said, I was widely successful selling my first study guide eBook on GreenExamAcademy, but then when I had an audio version created and sold those both together - it took it to a whole new level.

Much like how the design of the eBook is important, the audio quality of whatever audio you're selling is just as, if not even more important. A great sound will go a long way - it'll hold people's attention for longer, it won't annoy people, and it'll make it seem like there's so much more value in the product, which will help justify your pricepoint.

Funny story, when the suggestion to create an audio guide for my eBook was given to me in a mastermind group, I was quick to jump on the opportunity but I decided to give it a shot and try to record it myself. I got about one-quarter of the way through the thing - about 25 pages worth and 45 minutes of audio - and seriously it was some of the most terrible audio you could ever hear. I didn't have the right equipment, I was just way too loud in some spots and way too soft in others, the quality was poor and my voice, I felt was just not fun to listen to. I hope that's changed now that I have some experience behind the mic - I think it has or else you wouldn't still be listening in this far in this episode, but, it had even more ums and likes and weird pauses than I do now.

Overall it was crappy and I'm glad I just deleted that audio and finally bit the bullet and paid a professional to do it. I hired a woman named Trish from VoiceoversbyTrish.com - found her through Elance actually - but she was amazing. Cranked it out in 2 weeks and the quality was superb. Sold that thing like hotcakes and made up for the \$1400 pricepoint within 2 days. It was awesome. (It sold well on the front end, but I also send an email to my existing eBook

customers and told them about it, and gave them a coupon to get like \$10 off I think - it worked like a charm!).

So - audio is a good thing to sell online too and I just used e-junkie for that as well.

With video, you could do the exact same thing, except quality makes even more of a difference and the file sizes get a little too big for something like e-junkie, so you'd have to do something different.

A lot of people deliver video to customers by putting the video content onto a password protected membership website. Only paying customers are able to access it, and this makes it easier because they don't have to wait 6 months to download huge video files, especially if they are in HD. I haven't done any videos like this before, although I am in the middle of this right now and I'm actually really excited to see what happens. I'm using a wordpress plugin called WP-Wishlist (it's a paid plugin - actually kind of pricey, but worth it for what it does) - it's a plugin that turns a wordpress blog into a membership website and it's actually really easy to figure out. I'll link to it in the show notes.

So an eBook, audio and video are some types of passive income products you could deliver to your customers. There are a bunch more that I'll be going over in the THIRD part of this series, as we get into things like membership websites (actually membership type websites that is more than just a method to deliver video like I just talked about), software like iPhone apps and wordpress plugins and themes, and also my thoughts on consultation and coaching and how one might be able to turn it into a more passive income than I was talking about earlier in the session.

Hopefully this session has gotten you fired up and ready to start producing and executing. I know - I seriously know you have a ton of ideas in your head, but ideas in your head don't mean anything until you execute and make them come to life, so do that. That's my challenge to you right now, is to really start taking action - and not just action to keep you busy, but actual action - BOLD actions with the intention of getting you somewhere.

That's really what it takes.

So, until the next session - again the third part of this series, I wish you all the best and please, stay safe and healthy. Check the show notes on the blog and don't forget to get eBooks the smart way at [eBookstheSmartWay.com](http://eBookstheSmartWay.com).

Thanks again for listening in, and a big thanks to those of you who have left me a rating in iTunes. We're almost at 100 so that's totally awesome - thanks again!

Talk to you soon. GoodBye!

<http://www.smartpassiveincome.com>