

How To Sell Shovels In A Gold Rush

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Have you ever heard the phrase “selling shovels in a gold rush”?

Do you know what it means?

Consider this question:

Who got rich during the California gold rush era?

Answer: The people who sold the miners and other gold rush followers the tools and supplies they needed (i.e Levi Strauss).

Funny

that even over 150 years later we still have the same scenario – very many people digging for gold, and a select few people really profiting off their endeavors.

For example, I’ve always thought that niche site building was somewhat of an example of a modern day gold rush. It’s not exactly a get rich quick, but it does pack the allure of passive income, scalability, and relatively easy work.

But how many people are really “rich” off niche sites – or at least doing well enough to be able to say that they are making a full time, stable living off them?

I’m guessing that number is pretty small, relative to the number of people pursuing them.

On the other hand, how many people are making serious money selling tools and services to those gold rushers?

That number is also quite small, but relatively I suspect it is higher.

For example:

Spencer Hawes: Income not disclosed, but without a doubt is making low 5 figures on sales of Long Tail Pro – a keyword research software.

Jon Haver: [Makes over \\$17k](#) a month on services like Done For You PBN and Lightening Rank. Essentially private networks to help people rank sites.

Tung Tran: [Made over \\$7k on a membership site](#) focused on providing information to niche site builders.

Empire Flippers: [Made over \\$13k](#) brokering for sites.

This is all monthly income, by the way.

I am not calling these people out as scammy profiteers. On the contrary, I am trying to highlight their business acumen, as well as proving a point.

Stop digging for gold, and start “selling shovels”.

What are shovels in today’s day and age?

- Information
- Services

- Tools

Let's put this into context.

Say someone wants to build niche sites – what do they need to be successful?

They need information, like how to do it and best practices. These are generally things like online [courses](#), ebooks, etc.

They need tools, like for keyword research or ranking their site. These are generally things like software, web apps, etc.

They need services, which is sort of the hybrid of the two above. Things like website brokering, [coaching](#), or a membership site.

Now you should be able to see how the above examples like Spencer, Jon, Tung, and EF fit into this.

So What Should You Do?

Well, if you're in a gold rush, I would advise you to get out of it. You're unlikely to come out of it with a sustainable business. It's not impossible, sure, in fact, all of the above examples started first in the gold rush, built authority and credibility in the niche, and then went after the real opportunity.

However, I don't think it has to be that way.

Information may be different, but tools and services do not necessarily require any sort of authority in the niche to be able to market them.

Look at Long Tail Pro. Having used it myself, I don't find it to be an overly complicated program, from a user perspective (can't comment on the code). It seems to me, that someone with a proper knowledge of keyword research could have concluded what features were necessary and how it should flow. You could get this knowledge from reading about it online, or talking with some gold rush diggers.

In most cases, if you have a compelling service or tool you can go right to selling shovels, even if you've never used one in your life.

If you're wondering how you build such a tool or service without first trying it yourself, see my post on [idea extraction](#).

What Are Some Other Gold Rushes

Gold rushes are really all around us. I simply think of them as niches that are starting to become really popular, to the point that people are flooding into the market, with the hope of making money or just unreal expectations. Some other recent ones that come to mind are:

- Podcasting
- Apps
- Webinars

Let's take podcasting as an example. I am not a podcaster so I do not know all the ins and outs, but it seems to me that over the last two or so years that has exploded to the point that just about everyone now has a podcast (at least in certain niches).

If I wanted to make money in podcasting, the last thing I would do is start a podcast.

Instead, I'd try to find out what podcasters want/need and give it to them.

Again, not being a podcaster that is difficult for me to say, but I suspect it would be the following

Tools

Analytics – Some powerful analytics specifically tailored for podcasters. Think like Google Analytics or KissMetrics for podcasts.

Software – Some software that made creating a podcast or uploading it to iTunes, Stitch, etc less painful.

Information

Membership – A membership site for podcasters, basically what John from EOF has done with Podcaster's Paradise (and now makes what, \$100k a month on?).

Courses – Online courses to teach people how to start a podcast.

Services

Consulting – Consulting for podcasts. It could be B2C or B2B. Many businesses are JUST getting into content marketing – podcasting is the next step right?

Here's the thing. podcasting is what – 5 – 10 years old, but only started blowing up in the last few years right?

If you started a podcast now, you're already late to the party.

But if you started a business aimed at podcasters, you're probably just in time. Just find out what podcasters need, and give it to them.

And it's really the same reasoning with the other products. Take App builders – what do they need?

Analytics, for example (everyone needs analytics).

So build an analytics platform for apps.

Guess what? Someone did – [AppBoy](#).

This company is I think around two years old and already has a bunch of venture capitalist funding.

Though there is probably room in the market for competitors, or some sort of variation of it.

Funny thing is they literally describe the [rise of apps as a gold rush on their company page](#) (and yes I didn't even see this until after I wrote this article).

Conclusion

The next time you're kicking yourself for having missed the newest "gold rush". Stop.

Let other people toil away in the mines.

Pivot, and find a product or service to market to those miners.

Think about information, tools, and services that can be offered to that market.

You'll be arriving just in time.

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