

2003 Guide To Becoming A Successful Reseller

By Alessandro DeBarros

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pFONT color=blacklby Alessandro DeBarros/l/FONT/p

PSimply put, reselling is a way to make money, both in the case of the provider supplying the original service, and the independent operator doing the reselling. It is a relationship between a service provider, and a special kind of customer. /P

PIIn a reselling relationship, the reseller is not an employee of the service provider, but instead acts as an extension of the larger company's marketing, sales and support operations. The reseller markets the product independently, and signs up customers to the original provider's service, often providing the simple side of the service, like offering basic tech support and administration of the account. /P

POn the service provider's side of the deal, a reselling program allows a business to expand its customer base without overextending its marketing and sales operations. From the reseller's side, a reselling program allows a small, independent operator to profit from a small piece of the Internet services market without requiring a lot of technical knowledge, or a big investment in infrastructure.

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h3THE FIRST STEP/h3

PTThe first step in a successful reselling venture is defining what type of product/service you want to resell. A big mistake most new resellers make is cramming lots of different products and services into a website. /P

PStart small, start with 2-3 related products that you can resell and support with ease, then expand into a broader range of products and services as your client base grows. If you have experience in a field, choose a product that flatters your knowledge, create a niche market, and then expand./P

h3HOW TO SPOT A GOOD RESELLER PROGRAM/h3

PAn excellent higher-tier Web host truly values its relationships with resellers. Through such relationships, a company enhances the market reach of its product and services offerings through the reseller's specific market segments. /P

PA higher-tier company will thus offer a myriad of specifically

tailored services to enhance the reseller's service offering. By providing a wide range of options, a reseller's business can scale along with its customer base. /P

PThe options, or resale models most usually made available to resellers include "volume discount" reselling, discount per domain, affiliate and private label reselling./P

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h2VOLUME DISCOUNT MODEL/h2

pThe volume discount approach provides increased revenue per domain as the reseller increases the number of accounts within their hosting portfolio. This model is extremely cost-effective for larger resellers, since the cost per account declines as the volume of accounts increases.

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pThe major disadvantages of this model however are that resellers are usually directly identified as resellers, since the infrastructure and brand identity throughout the entire Web hosting service is usually identified with the higher-tier hosting provider. /p

pThe model also is not very advantageous to newer and smaller reseller operations which have just started-up, since reselling under this model is much more expensive if the reseller's customer base is small./p

h2DISCOUNT PER DOMAIN MODEL/h2

pThe more advantageous reselling model for the start-up reseller operation is therefore the discount per domain model. Under this approach, higher-tier Web hosting firms offer discounts to the reseller per account purchase. /p

pMost start-up resellers first elect to purchase this type of service because) it is the hosting option with the least expensive cost of entry and ii) the option provides substantial savings as the reseller's customer base grows. /p

pThe most advantageous discounts offered usually range from 15 to 30 per cent of the original account's price. With the reseller able to set the retail price for its consumers, profitability can accrue very quickly via this resale model. /p

h2AFFILIATE RESELLING /h2

pThe other popular resale option is affiliate reselling. Under this model, resellers are offered a simple, uncomplicated payment structure that pays commissions on all referrals for Web hosting services and hosting accounts that recur monthly. /p

pThis option is extremely popular with smaller Web designers, developers and system integrators, since it allows them to collect an up front fee for placing their client's hosting services at a particular higher-tier Web hosting firm. /p

pBy utilizing this option, system integrators need not spend thousands of dollars to offer their clients hosting infrastructure that is constructed in-house. In wide contrast, integrators can collect a fee while relocating the rather involved responsibility of hosting onto a firm that makes hosting its core competency. /p

PWhile this resale approach will satisfy most small system integrators, it would not likely satisfy a value-added reseller (VAR)./P

h2VALUE ADDED RESELLER OR PRIVATE LABEL RESELLER MODEL/h2

pA VAR is a vertical, market-centric, solution provider who integrates specific products into its own offering as part of a complete customer

solution. Because VARs are focused upon providing transparent and integrated products and services, they usually select private label hosting solutions. /p

Private label hosting allows resellers to utilize the services of an outsourced, higher-tier service provider while reaping the benefits of a fully customized look and feel. Private label solutions are considered the most complex since most offer a high level of customization and automation. /p

For this reason, private label solutions have the most expensive cost of entry, and are used by the largest of resellers, who possess hundreds and even thousands of accounts. /p

LEARN, LEARN, PROSPER/h2

An excellent reseller will take the time to learn everything about the product/service he/she is selling, this is a crucial component to your success as a reseller, if you don't know how your product's features can benefit your customers, how will convey that message to them?/p

You must step into the mind of the Company you are reselling for, involve yourself in their culture by thoroughly reading all their manuals, subscribing to their forums, ezines, and updates. Look for communities built around the product and interact with other resellers and users to learn the strong points and weaknesses of your product so you may be better prepared to answer pre-sales and support questions./P

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Reselling programs can be a low risk way to start your online business, picking the correct reseller program(s) is as important as any aspect of your business plan. Follow the above guidelines and you increase your chances of finding and implementing a successful reseller program./p

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