

# Fundamentals of Marketing

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# Marketing Fundamentals

## Introduction

If you are reading this, I don't have to tell you the importance of marketing as a business tool. You already know! And you've probably read a lot of books and articles on the subject.

If you know a lot about marketing, but you still have some questions on how to apply the information to get the best results, then you've come to the right place!

The purpose of this manual is to review the most powerful, fundamental marketing principles, and apply these to your business to increase your customer acquisition, customer retention, business profit and growth.

The format of this manual is simple; presented in a step-by-step fashion. It is meant to be used like a workbook, so you can quickly grasp the principles and apply them to your own business.

At the end of the manual, you will find an **Appendix**. This section includes:

- Case Studies for review of real business situations, where you can test your skills and think about how to resolve the issues faced by real business people.
- Standard form letters you can use or revise for your own business to address unique marketing opportunities.

Before we get started, I want to remind you that marketing is the lifeblood of your business. Without it, your customers will not know about you or your product or service, and your business is likely to fail.

You may consider yourself a marketing expert or a novice. You might be comfortable blowing your own horn or a perhaps you are a shy, wallflower type who hopes the customer will recognize quality on his own.

Whatever your perspective, the facts are clear. You need to market your products and services in order to make money and grow your business.

In today's rapidly changing marketplace, your customer faces information overload and a confusing maze of competitors.

If your marketing is not targeted to your most likely buyers, or if your message is unclear, you will get lost in the shuffle!

It's time to get down to business! This manual is filled with concepts you can use immediately. It includes ideas on how to leverage your existing customer base, get referrals, address competitors and, most importantly, target advertising and marketing messages to the right people, so you can acquire the most customers with the least expense.

If you learn and use these fundamental principles, if you keep them uppermost in your mind when you establish a marketing plan, communicate with a customer or prospect, or write an advertisement, you can exponentially increase your profits -- as much as 10 to 20 times what your business now achieves.

Throughout the manual, I've given you some examples of businesses and the solutions they've used to achieve a particular goal. These may not apply directly to you, but you can use them to come up with ideas for your own business and products or services.

There is nothing magical in these pages; no secret formula, just proven techniques that most business owners ignore. With a focus on these fundamental marketing principles, you can go far! If you are ready, let's begin!

## **The Customer**

Each of the sections in this manual will focus on one aspect of your marketing plan. It is fitting that the first section should focus on your customer. Your customer is the person you must sell on the value and benefit of your product or service, the one who will pay for your wares!

Don't think of your customer as a nameless, faceless entity. Get to know them, understand why they buy, and what they buy and, when you market and advertise, *talk to them directly!*

Remember, this manual is a workbook, so grab a pencil and get ready to write. As you go through each of the sections in this book, try to put yourself in a 'brainstorming' frame of mind – generate ideas and don't judge them right now. Later, when you sit down with your marketing and sales team, you can delete or set aside those ideas that will not work and, if necessary, refine or add to those you want to use.

Better yet, get your marketing and sales team in a room together with a flip chart or white board and go through the process together. You won't be sorry!

## Know Your Customer

Here are some basic facts about the buying public. Think about each one and make a note about your product or business and how you can leverage each of the 'buying behavior' facts in this list.

Think of this exercise as 'satisfying your customer's sweet tooth'. If you know a person loves chocolate, and your goal is to get them to eat your chocolate, how will you take advantage of their love of the cocoa bean to get their attention?



Look at the landscape of your marketplace, and think about the trends you see there.

- a. How can you capitalize on those trends to get your customer's attention and make them look away from your competitor's products?
- b. Are there innovations or new options you can add to products or services?
- c. Are there new 'keywords' you can use to grab attention?
- d. Are there new twists on existing products or new products or services you can add to get your customer's attention?



Remember, your customers want instant gratification for the time and money they invest in your product. They don't want to wait for results, rewards or benefits.

- a. How can you capitalize on that customer characteristic, and give them what they want?
- b. How can you make the most of the customer's need for 'instant happiness'?



Customers are more wary of products and services today. They know that some business people want to sell them cheap products or provide services that promise great things and deliver nothing! They are more educated than ever and they want more for their money.

- a. How can you show them the benefit and dependability of your product or service and convince them they can trust you?
- b. Can you tailor your product or service to suit their need?
- c. Can you demonstrate that you understand them better than your competitor and show that you are sympathetic to their problems?

You may be interested to learn that more than 80% of business owners don't know their customers well, nor do they understand their needs, what they want and exactly how they use the product or service.

If you don't know what your customer needs or wants, you are not likely to get the customer, especially if your competitors are out there actively looking for feedback about customer requirements.

Answer the following questions to see how well you know your own customers and prospects. If you don't know the answer to these questions, don't be discouraged.

Create an evaluation or questionnaire you can give your customers to let them tell you what they value, and what is important.

Then use that information to build a profile of your average customer.

Rank your customer preferences and requirements from 1-10.

<b>Customer Requirement</b>	<b>Number</b>
Prefers products that make their life more convenient	
Wants attractive, trendy products and services	
Willing to pay more for better quality	
Wants a product that lasts longer	
Wants state-of-the-art, cutting edge products	

<b>Customer Requirement</b>	<b>Number</b>
Wants services or products to help them generate income or save money	
Likes to buy from businesses that are close to home	
Likes a wide selection of sizes, colors, products	
Focused on personalized service and attention	
Wants a guarantee or warranty and the ability to service products when they need repair or upgrade	

You are better served to look at the top 5 needs your customer has and satisfy those well, targeting those needs in your marketing and advertising so that your customer knows this is what you do.

If you try to do it all, you will muddle your image and your customer will not see your value or benefit to them, personally.

When we talk about advertising, we will discuss the 'testing' process, whereby you test market messages to see what works best.

If you aren't sure what you need to say to get the target customer to understand that your product meets their requirements, you can test more than one message to see where you get the best response.

From then on:

1. Be sure all of your ads feature the specific advantages you know your customer wants and needs.
2. Educate and inform your field and store sales staff to point out these specific features and benefits
3. Send out letters and direct mail advertising to highlight these benefits
4. Call or email your customers to tell them that your product or service fills their need

And above all, be sure that if you have made a promise about a feature or benefit of your product or service, you are actually fulfilling that promise.

For example, if service is the critical factor in a car dealership, offer the best and fastest service, the most skilled service staff, loaner cars for your customers and reminder cards or phone calls for the next scheduled service visit.

If quality is paramount in a clothing store, don't offer poorly manufactured products. Instead make sure you offer only the best when compared to your competition.

In other words, always think about what you know your customer wants and needs, not just what you may have to have to sell at the time.

Before we move on to talk about customer education, I'd like you to think seriously about the following questions, and answer them as best you can.

1. How can you be different from your competitors when it comes to serving your customer and giving them what they want?

2. How can you tailor your business to fit the demands of the market?

3. How can you show the customer that you are really interested in helping them.

## **Educate Your Customer – Teach and Sell**

Perhaps the single most common marketing mistake made in business today is the failure of the business owner to educate their customer.

If you want your prospect to buy your product or service, you must teach them what to consider when buying this kind of item and what the value of your particular version of the item or service is, as compared to your competitors.

For example, you may have analyzed 50 different competitive products before you designed yours, and perhaps you incorporated the 10 best features, or the 20 most frequently requested features into your product. That's a lot of research and it shows that you care about your customer and the quality of your product. Your customer will be impressed to find out that you did all that work just for them.

Or maybe your warranty is twice as long as any of your competitors. That has value to your customer. So, tell them about it!

Most of these concepts are things you might consider obvious to others, but they are rarely used by your competitors so you'll have an advantage if you leverage the value you offer and educate your customer on why that value is important to them.

Here are some ideas to get your started:

 Using the warranty example I mentioned above, let's say that you sell ceiling fans. You know the kind that have the paddles on them and circulate the air? have done your homework and you know that warranties are really important to your customer.

You decide to extend your warranty to five years (which is 2 years longer than any of your competitors). You've talked to your product development and manufacturing team and you feel your fans have an 80% chance of standing up for the 5 years, so your exposure is limited.

Extending your warranty gives you an longer relationship with your customer, as you can send them information in the mail or via email using the information they've given you on their warranty registration card. You can offer them discounts on new products or an extension to their existing warranty.

The fact that you have agreed to assume the risk on your product is valuable to your customer. They can own your product, risk free, for five years.

So, if a warranty or guarantee is the concept 'of value' to the customer, you need to educate them on that. Tell them how often ceiling fans break down within a five year period, so they know that you are helping them to avoid a risk they might take with another manufacturer.

Tell them what the warranty gives them. Perhaps you will provide free customer support for installation questions or some other bonus that goes along with the warranty.

 If you know your customer well and you know that they like to give their business to a service provider with whom they have already had a positive experience, you may want to bring them into the fold and educate them further about your products and services by giving them periodic information about your new products.

How about a mail-order business or a catalogue website where you can go into more 'marketing' detail about the value and features you offer, when you describe your product? This gives you another channel through which to sell AND you can educate your customer at the same time.

You can use your home page to highlight a product and provide lots of information on how wonderful the product is and what value it offers. Maybe you can even give them a comparative chart that illustrates your benefits as compared to your competition!

Some companies use their mail order catalogues and websites to offer 'size charts' to figure out what size you have to order, or free gifts with a purchase, or discounts available ONLY through their catalogue or website. These benefits are clearly outlined for the customer and the customer feels pampered and special.

So, whether you establish a new sales and distribution channel, add features or special 'deals' when a customer buys through that channel, or simply promote the value of the features and benefits of your product, you are teaching your customer why your product or service is better, and how best to take advantage of those benefits.

If they have all the facts, they can figure out for themselves why your product or service is the one they want to buy. Marketing with smoke and mirrors and keeping your customer in the dark, is a sure way to lose business!

Now, take this concept, and apply it to your business, and your product or service:

1. What are the values, features, benefits of my business and/or product or service as compared to my competitor?

2. How can I leverage or modify my product benefits and marketing strategy to take advantage of the value I offer? Are there new sales channels or offers I can make to promote this product or service value?

3. How can I educate my customer on this value so that they know why it

is important to them? What information can I incorporate into advertising, marketing campaigns, sales pitches to get this information in front of my customer?

4. If my customer has more information about this product or service, how is it likely to impact me? Will they be more likely to buy my product? Will they buy MORE of what I have to sell? Will they take their education and spread it around to other potential customers?

## **Keep Your Customer - Repeat Business**

What does your company do to keep their customers? You know that it costs you money to acquire a customer, and to get them to buy your product or service. Why would you want to lose them and have to go through that process again with another prospect?

Why not keep the customer base you have and sell back into that base with new products, accessories, expanded or 'next level' services?

There are a number of ways to get and keep a customer, but you have to start with 'knowing your customer'. In the previous section, we talked about what your customer wants, but this concept of 'knowing the customer' is a very practical one. You have to know who they are if you are going to contact them and sell to them again.

Be sure that you have a way of capturing contact information about your customers so that you can send them information on other products you want them to consider.

You would be surprised at the number of retail businesses that don't know who their customers are. If you can find them and contact them again, you have a targeted audience and you don't have to

spend a lot of money on general advertising in hopes that you will attract someone who wants to buy the kind of product or service you are selling.

Here are some ideas you can use to sell to customers who already know you:

1. You can send out personalized, direct-mail advertising, instead of wasting time and money on a general mailing list. Your 'preferred customer' list goes only to people who are already familiar with your business and have bought your products or services.
2. more likely to be able to pre-sell all kinds of merchandise before you invest money in inventory. You can take customer deposits, or prepayment and use it to help you buy the inventory you are planning to sell.
3. You can also use direct mail to get rid of overstock, damaged, or specialty goods. *But don't try to sell your current customers junk or you will sully your good reputation.* Be careful about what you offer them. A discounted product at the end of the season may go over well if they can store it or save it until the next time they want to use it for a seasonal activity.
4. If you know your customers well, you can write specific letters to certain segments of your customer base, offering them products or services you know they like.

I'm going to give you an example so that it is easier for you to see how this might work:

- Judy owns a lingerie store
- Her research shows that 100 out of her 1,000 customers are women who buy, on average, two items, each time they come to the store
- They always buy the newest, hottest items on the rack.
- She sends direct mail advertising to these 100 women, and offers them a private showing of the new stock (first pick) and a discount to the first 25 people who RSVP for the private showing. The showing is from 2:00 to 5:00 p.m. on a Sunday.
- Her cost for the mailing (supplies, design and postage) is \$200.00, or \$2.00 per customer.
- Her letter results in 50 responses, and 40 people buy

merchandise during the private showing. 25 of these women get the discount.

- Of the 40 women who buy merchandise, 30 of them buy two items.
- Judy's total revenue from the private showing is \$900.00, less the \$200.00 for the direct mail advertising = \$700.00

Judy's \$700.00 profit for 3 hrs. is a real boon and she's cemented her relationship with her customers so that they will come back for more!

Satisfied customers do like you, and they like referring other customers to you. It gives them a sense of pride and helpfulness to say to someone "Oh, I know someone who sells those and they are REALLY nice and reasonably priced, too!"

But, to get them to be your loyal marketing helper, and to continue buying from you, you have to put forth the effort. There are lots of ways you can accomplish this.

Let me give you an example. Dave and Ben own 'Back In Time', a business that sells classic car model kits. They have been in business for 10 years and they find that their customer database includes a lot of customers who ordered once from them and never ordered again.

Research shows that the customers are quite happy with the product when they buy it but it seems to take a lot of prospecting, advertising and marketing dollars to get the customer to buy. And when they do, they are just as likely to buy from a competitor the next time, leaving Dave and Ben high and dry!

The 'Back In Time' marketing team comes to the rescue, with a novel idea. Put yourself in Dave's position, and let's see how it goes:

1. You make an offer to 'first time customers' to buy the collectible car model kits. Customers can buy their first model kit at 50% off.
2. You send your offer to 20,000 enthusiasts, and 9,000 of your prospects take the offer, figuring that, even if the product is not good, they've only spent half of what they would normally spend. They buy your product and discover that it is everything you say it is, and more.
3. Now, you send your full product catalogue or price sheet to the 9,000 first time buyers, and ask them to buy your models at full price. This time, your mailing costs less because you are only sending the information to existing buyers who have a history of interest in your product.

4. Of the 9,000 people on your mailing list, 5,000 come back to buy again, this time at full price. Remember, they are satisfied with what they got from you the first time and they want to buy again. They are willing to pay full price because they now know the quality and dependability of your products.
5. Every 90 days, you mail another discounted offer to the original 11,000 who DID NOT respond to you the first time., plus another 10,000 or so prospects. Of that group, you are bound to get another batch of 'first time' customers signing up for the discounted product.
6. They then go on the mailing list for the existing customer base and you can now sell to them at full price as well.

Because you've given the customer something of value, they will keep coming back. They remember the positive experience!

The 'back-end' or repeat customer business is vital to your company success.

Let's look at this concept of repeat business in another way:

Deborah owns a wholesale ski supply company and, during the late summer and early fall, she spends \$10,000 a week on ads in trade journals and papers. This advertising expense reaps \$9,000 in sales every week.

It look like she is losing money over the long term, and she may be, IF she cannot keep her customers coming back. This is a problem she's had over the past 3 years. Her competitors keep taking away her best clients and she needs to keep them coming back if she's going to stay in business.

If Deborah acquires these customers and keeps them, then her repeat business provides the revenue stream, and the advertising money is spent to get new customers on board.

To keep those initial customers coming back – the ones who spent \$9,000 last week – she'll have to get them to buy another product within the next one or two months.

And if she can get them to come back once a quarter and buy from her, she now has an annuity on which to build.

So, here's what she does:

1. In mid-August, she follows-up with the 5 customers who spent the \$9,000 in wholesale ski equipment for their stores, and tells them that she is running a special to get ready for the ski season. *Remember, that her business is seasonal*, so if she plays her cards right, she can use the buyers' need to

be fully stocked to her advantage. But, only if she gets them to make the purchase before her competitors can get to them.

2. She asks her bank to finance the accounts receivable so she can offer the buyer good payment terms and give them time to start selling before they have to pay her back. *Her offer is valid for only the next two weeks* and it includes payment terms of 90 days; much longer than her competition would offer!
3. Those 5 repeat customers buy another \$30,000 in merchandise. She will be paid for this in mid-November and she can pay back the bank on the receivables loan at that time.
4. In mid-December, she follows up again with these clients and offers them a locked-in price on merchandise that is ordered in advance for next year's ski season. If they order by March 1<sup>st</sup>, they will be guaranteed that their price will not go up.
5. This move results in \$50,000 in additional ADVANCE sales, and she can buy her inventory at end-of-season, discounted prices, and make more profit on these items than she did this year.

Deborah now has 5 customers who she has converted to back-end business, and she can continue to sell to them for years to come.

The last example I'll give you for repeat business is one that involves product or service extensions. Once you know a customer is interested in a certain type of product, you may be able to sell them parts or logical related products.

You don't necessarily have to manufacture these. You can partner with a company that makes related products or you an 'private label' their products and let them manufacture them for a fee, and put your company name on them.

Rafael owns a business selling accessories that are used for relaxation, meditation and holistic healing. Some of his customers are spa owners who buy these things for their business use. But his online business is entirely comprised of consumers, who just want a meditation CD or some incense for their use at home.

- Rafael makes some of his own products (he records and burns the CDs in a home studio and has a graphic artist who designs the CD cover art. He hand dips his own incense, using essential oils.
- But, he also buys some of his products wholesale and sells them to

others. He wants to expand his product line to complementary products he knows his existing customers will like, and he wants to get his name on most of his products so that he can wean his customers off the third party product purchases and ensure that they will come back to him to buy items.

- Rafael contacts a manufacturer of 'singing bowls' and negotiates a contract for that manufacturer to make these bowls for him with his name on the bottom. He will pay a fee for this private label but he feels it will be worth it.
- Then he contacts the company from whom he buys his scented 'eye pillows' and tells them that he'd like to have them make a standard eye covering (not scented, not padded) with his business name on it. He can use these to give away with purchases and they are not expensive to make.
- He also asks this company to make two types of scented eye pillows with a private label for his company (Lavender and Sage – the most popular scent) and he arranges to have a specific fabric sent to them so that his eye pillows will look different than the generic pillows he also sells. His private label eye pillows will be designed with evergreen branches that match the color in his logo.
- As his product line expands, he offers specials on his website to get his customers to buy his private label items over the others he offers. He uses a discount code that is sent to the customer via email, so he can track the exact customer that responds to his offer.
- As his private label items expand in popularity, he can reduce the other products and ensure that his name will be in the customer's house, along with the website and contact information that appears on the labels of his products. So, if his customer forgets where they ordered the goods, they will be able to check on the product itself to get the information.
- While the customer could buy a singing bowl just like the one they bought from Rafael by going to a competitor, they are likely to buy the next one from him because they have his name on the product.
- To seal the customer's return, he also prints small single sheet inserts for his CDs that include his website name and a few bullets with other products he sells.

Before we leave this section, I want to point you to some letters in the Appendix of this book. These letters provide a format, and some suggested language to get your current customers on the 'repeat business' path.

- **Letter A** - Offers your customer a one-time, preferential price to get them to do business with you again.

- **Letter B** - Notifies your customer of sales and specials before you tell the general public.
- **Letter C** - Offers your 'preferred' customers a limited number of a product, or exclusive offers to purchase before anyone else.
- **Letter D** - Educates your customer by explaining your more complex product or service, so they can appreciate the benefits you offer.

Remember that it could cost you \$100 or \$1,000 to acquire a new customer, when you consider the advertising and sales efforts and the percentage of people who actually respond and buy your products.

But, once you have them as a customer, it may only cost you 50 cents, or maybe a dollar, to send a personalized message that targets JUST that customer and their buying behavior.

Or you could call them on the phone or visit them, and it would still cost you less than trying to get a new customer.

And, your percentage of repeat business is likely to be higher than the percentage of new customers you acquire when you are prospecting, since you already know this customer likes this kind of product.

Here is an interesting fact:

If you contact 100% of your customers within 10 to 20 days after their first purchase, 10%-25% will buy again -- on the spot! Just do it as a regular follow-up aspect of your business.

Now, let's think about your business and your product or service:

How can you achieve the following goals?

Reassure the buyer that she has made the right purchase – and get rid of any buyer remorse that might exist?

Establish your product and company so that it lurks in the back of your customer's mind?

Reduce or eliminate refunds and exchanges by answering post-purchase questions?

Make your customer more receptive and excited about your next offer?

Develop a closer relationship with your customer and satisfy their need to be recognized and acknowledged as important?

Encourage continuous repeat purchasing.

Solicit sales referrals?

Turn the first sale into a renewable contract or an advance sale for next year?

Add more product line extensions or services at a discount, for early order?

Here's another question for you to answer. How can you use LEGAL telemarketing to support your customer, and ensure that everything went well with their purchase.

Let me explain this one because it can be tricky to stay within the rules of telemarketing and not anger your customer. Auto repair shops do this very well by calling to be sure that your service went smoothly.

Or, if your customer just bought from you and you call to see if they want to add another service or product, you are technically within the legal boundaries of telemarketing.

Just be careful not to harass your customers! You could offer an EXTENDED warranty on the product they just bought for only 10% more, if they buy within 10 days.

Calling customers can even improve your relationship if you are solicitous, even if you haven't heard from this customer in a long time.

You might say something like this:

"Hello, Mr. Smith. My manager wanted me to call you to see if everything is OK. You haven't purchased anything in awhile and we wanted to be sure you are satisfied with your product and service. Is there anything we can do to help you?"

I wanted to let you know that we just released a new BLANK that we're going to promote and we have a limited supply for our preferred customers. If you are interested, we can sell it to you before it is publicly available, at a discount of \$100, but only until next Friday.

You can try it for 30 days and if you're unhappy with it, I'll arrange to have the truck pick it up and bring it back to our warehouse. You are a very valued customer and we don't want to lose you! Would you like to try it?"

Now think about your own business and how you might leverage the telemarketing concept to sell your products to customers who have been out of touch for awhile

Can your Customer Support and Telephone Order departments offer

customers a better deal, a larger quantity, a special on a related item – IF they buy when they are ordering the item they called about.

How can your sales clerk offer your customer discounts or package prices at the cash register? Can you authorize your clerk to offer a volume discount on certain items or three for the price of two, but ONLY if they buy at that time? Or perhaps you could offer a discount on a related item at the cash register if the customer buys NOW!

There is no magic phrase or selling technique to get the extra sale at your cash register. You just have to ask. And by virtue of your request, you are likely to get 30%-40% more sales.

Just ask if the customer would like to take advantage of this unpublicized, in-store offer. If they aren't interested they will say so. If they are, you've just made another sale!

You may think you will lose money this way, but that's not the case.

Let me give you some examples:

- You own a fabric store and your cashier offers 2 extra yards of fabric at a 10% discount, if the customer is buying a minimum of 5 yards of fabric. This fabric costs you \$5 a yard, but the customer pays \$9.00.

The customer pays \$9.00 per yard for 5 yards, so you've made \$20.00 on the initial purchase.

Now you offer them 2 additional yards at 10% off (or \$8.10 per yard). You still make \$3.10 per yard and you've sold another 2 yards to a grateful customer. If 20% of your customers take

you up on the order, your sales for the day have increased significantly.

- If you own a video rental store, and you offer one extra rental for just \$2 when a customer rents three movies at your regular price of \$3 each, you'll add \$1 profit per rental, per customer, per day. Unless all of your video tapes are rented by the end of each day, you certainly have enough to go around and you make nothing on the tape that stays in the store overnight.
- Or, let's say you own a diner restaurant and you offer free dessert and coffee with every dinner purchase of \$15.00 or more? Might your customers order a more expensive meal? Give it a try.
- What if you owned a plumbing business and your customers called to have leaks fixed. Your normal hourly fee is \$100.00, but for those of your customers who own an older home, you include a 'free' evaluation on their home plumbing.

You may not always know whether your customer has an older home until your service person gets there, so give them the authority to offer the deal on the spot. The customer can only take advantage of it, if they agree to take the evaluation then and there. The customer pays the \$100 per hour fee for the service and gets the 'free' evaluation thrown in.

The report your service person provides offers advice on what else should be done to their old plumbing to avoid costly leaks and insurance claims. The customer can schedule this work at a discounted fee over the next few months if they sign the contract now.

Another way to handle a 'service' business to get repeat customers is to offer the customer an on the spot, guaranteed contract for service within 12 hrs of the service call, at a locked-in hourly rate for 1 or 2 years.

This works well for furnace repair and other necessary services where a customer will feel the pain if they do not have the service at their disposal. They'll pay you a percentage upfront on the contract and then pay as they go for the balance, at a discounted hourly rate.

- Men's clothing retailers can offer free tailoring on purchases over \$200.00 but only if they buy the suit that day, or only for the next five days.
- Beauty salons and spas can call their customers a day or two after they've visited the store and offer them a product or service that is only being offered to preferred customers, and only through this phone

offer. Maybe it's their favorite shampoo (at a discount), or a free bottle of essential oil, or a discounted massage. Or perhaps it's a chance to buy a new 'hot' product before you put it on the shelf and sell it to all your other customers.

The customer 'buys' the product by credit card, and you send them a coupon or voucher so they can come back in to redeem the product in person. Or, you can log their purchase into the computer, and they simply come in to redeem the purchase using a code word or using their name. And, while they are in your shop getting their discounted product, they just might buy something else.

Have I given you any more ideas about what your sales or service people can offer as 'on the spot' discounts or specials to get you more business? If so, take the time to write down these ideas now so you don't forget.

On the spot giveaways or discounts I can offer:

Offers by mail or telephone to buy new products or take advantage of 'limited time only' offers

## **Referrals**

What if you are planning to go to the movies on Saturday night? There have been five new movies released over the past few weeks, and you don't know which one to go choose.

Your date is not happy about the last choice you made, so you have to pick carefully. Do you look at the movie reviews, ask a friend who sees everything on the first day of release, or take your chances?

Does the word of mouth excitement and anecdote told by your friend grab your attention or do you listen to the newspaper reviewer?

I don't know about you, but I go with my friend every time. He is able to tell me little details and I can see the excitement in his face as he talks. I WANT to see this movie.

If you are selling a product or service, and you can get personal referrals and word of mouth advertising, you are one of the lucky ones! You can say whatever you want about your product but if your customer says it's good, it counts!

If you have a great track record, you may think you can rest on your laurels and just expect those referrals to come rolling in. But, it rarely works that way. UNLESS, the person who just bought your product happens to run into a friend who is shopping for the same thing, within a day or two of the initial purchase. After that, the excitement wears off!

So, let's look at some techniques you might use for your own business:

1. Take the example of a financial services company who sends cards to their clients with postage included, and asks them to send the cards to their friends and family. The cards offer a free financial services evaluation to the friend or relative, and/or discounts or special 'gifts' to the person making the referral.
2. Get referrals by asking your most loyal customers to provide names and addresses, or email addresses of people they think might want your service, in exchange for a one-time discount at the register or online. Or perhaps you might offer free shipping to your customers with every referral.
3. Give discounts or gifts for referrals, and make them contingent on the person buying the product, so if you send me the names of five people to contact, and one of them buys my product, I will send you a gift!
4. Referrals can also work in advertising if they are done as testimonials and they include the names of people in a local community or celebrities who have bought and used the product. In this case, they would be called endorsements, but they still get the job done. But, you probably can't afford a big name athlete or chef to endorse your product, but you can get people to write comments in your guest book at the restaurant, and put their name and contact information. You can mail them specials for the restaurant and ask them to bring a friend and get a discount. Or you can call them and ask if you can use their endorsement in your local ads or on your website. People love to see their name in print!

5. While we are talking about bringing a friend, I want to tell you about my friend, Bobbie, who owns an ice cream shop. He came up with the novel idea of sending his customers a birthday card.

First, he got his customer contact information by sending out coupons in his community. When people turned in their coupons for their discounted cone, they had to flip over the coupon and fill it out with their contact information and birth date.

Then he instituted his birthday card plan. He sent birthday cards with a printed coupon on the card to invite the customer to come and get their birthday cone. In addition to the free cone, the staff sang a silly song and gave the birthday celebrant a funny hat to wear!

Customers liked this so much that they asked Bobbie how to get their friends on his list. He put forms out on the counter, in the shop, and customers could complete these forms and give them to him to send cards to friends and relatives.

On the appropriate day, the friend or relative would receive a free card and cone for their birthday, addressed FROM THE person who put their name on the list.

When Bobbie first opened his shop, his initial customer traffic came from within 3 miles of the store. With the referrals cards and free cone program, he was able to increase his traffic to a 15 mile radius. People would go out of their way to get their free cone and have a song sung to them for their birthday!

Bobbie did it right! But, the fact is that most people do it wrong. They beg for customer referrals.

I've included a letter in the Appendix section of this book, that you may find helpful in getting referrals. You can use this and customize it for your own purposes.

- **Letter E** - Explains that it is a privilege for a person to be your customer.

6. Another great way to get referrals is to go to a company with a significant number of employees and offer them a special deal for their employees. Amusement parks and Broadway Plays do this all the time. The Human Resource or Personnel Department or the Gym in the company headquarters, keeps these vouchers and they put up a poster that advertises the service or product at a discount.

Their employees can get the voucher from them and use it to buy the

product or service from you, and you'll know exactly where the referral came from because your vouchers will be coded for each company offer you make.

7. If you offer professional services, you can connect with a related service provider. For example a business lawyer connects with an accountant, and have that person send letters to their customers, endorsing your service. You can do the same thing for them.

Just be sure that you have thoroughly investigated the person you are endorsing so you don't upset your own customer base by referring them to someone who disappoints them. The services you offer can be discounted especially for the clients of the other service provider, thereby making those customers feel even more special and privileged.

- **Letter F** in the Appendix, shows you how you might approach this endorsement.

Now it's your turn. How can you take these examples and use them for your business?

What customer contact can I leverage to get referrals? How will I get the customer to give me the referral?

Can I find fun or interesting ways to make my customers want to give me the names of their friends, co-workers and relatives? How can I be the next 'Bobbie'?

Are there colleagues or other companies I can use to broaden my circle of prospects and get referrals? Other related businesses? Professional services companies?

Are there approaches I can use in letters to promote my product, remind my customer that I am here and that he likes me and get him to give me names or to refer my product information to another person or company?

## **The Product or Service**

### **Differentiate Your Product or Service – Unique Proposition**

Most business owners fail to crystallize and publicize the unique product or service proposition they make to their customers. Leaving it to your customer to figure out doesn't do much for your profit margin.

If you can clearly distinguish yourself and your product, you will have an advantage over your competition in marketing, advertising and sales.

Some companies can't seem to pinpoint their unique qualities, but if you know your product or service and your company, it should be fairly simple to come up with your unique proposition, with a little thought and effort.

Still scratching your head? Here are some ideas to get you started:

- You only sell the highest-quality products available in your industry
- You sell your services at the lowest possible markup
- You offer more research and information, training and education, or service than anyone else
- You guarantee that you will always be fully stocked – no waiting, no back ordering!
- You guarantee full, 24-hour service
- You provide three times the industry standard in the number of service staff, and you respond in hours, not days!

It is crucial that you neatly define the unique proposition for your business, so that your customer will instantly understand what you are talking about when you use this description to sell your product or service.

Don't assume that your customer is only interested in your product, or that you are the only one trying to get their attention to buy a product or service.

Let me give you an example of this naivety at work. Several years ago, we helped develop a promotion for a spa retreat.

It was successful beyond our customer's wildest imagining; so successful that the client was forced to schedule two additional retreats to accommodate all the people that registered (150 people at \$5,000 apiece).

Unfortunately, it took us some time to schedule the three sessions, with the last of the session attendees waiting 90 days for their turn.

We were so busy working on the scheduling details, that we didn't do much with the 50 people who had to wait 90 days for their retreat. We just sent them a confirmation letter and kept going with our plans.

After that, we turned our attention to the next promotion, and the one after that, secure in the knowledge that we had sold out three sessions for this retreat promotion and didn't need to give it further thought.

Unfortunately, just about the time we began packing for the third retreat, our partners informed us that more than 20% of our attendees had cancelled.

We dropped the ball. Because we did not stay in touch with them and keep them interested and excited about their upcoming experience, they found other places to spend their money.

They found other items that they wanted to buy in the short-term that affected their ability to pay the \$5,000 they needed to pay to attend our client's retreat.

Yes, we took them for granted!

To keep your customer, you have to constantly remind them of your unique proposition, get them excited about buying your product or service and keep them interested until they make the final purchase.

Then, make them want to come back for more!

Show your prospect the superior service, the product benefits, the highest quality, the extended guarantee, the bonus or discount, you offer, and remind them that they can only get these things from you. Provide detailed, specific facts.

Don't just say you offer the lowest price or the best service.

Make specific claims and be sure you can support those claims. .

Now, it's your turn. Answer the following questions about your product or service:

What claims or specific product benefits can you publicize to show your customer your unique value?

How can you keep the customer well-versed in your unique product or service proposition so that they don't forget you are 'the best'?

Can you offer training for your sales staff so that they can deliver prepared statements about your product and its comparison to competitors? Does your sales staff have specific advice they can give to customers?

Are you willing to provide valuable information to customers, even if they do not immediately buy your product or service? What kinds of advice or information would be helpful to your typical customer?

Do you consciously arrange your merchandise to make it easy to find in your store? If not, what value can you offer in terms of product arrangement or signage to make your customer shopping experience unique and helpful?

How often and in what ways do you follow-up on sales inquiries or customer questions? How and when do you let the customer know what is happening with their order or shipment? Are there ways you can improve this service and add personal or specific touches that will keep your customer engaged?

Are there risks you can take for the customer (like free trials) or special services you can perform that will tell them you value their business and you are willing to take bets on your product, knowing that the customer will be satisfied?

### **Look for a Host**

What other ways can you distinguish yourself and your product from your competitor? Look for a host! A Host/Parasite business relationship exists when the host business – one you will find and engage – helps you along, and in exchange, they get some benefit as well.

Think of it as a joint venture or cooperative relationship, where the host exploits or sells a product or service you offer and in exchange they make a profit or get something in return.

Let's say you own a business and you have your own customer list but you've done pretty much everything you can do to sell to them.

You have a great relationship with your customers, and they trust you, but you want to expand things, to leverage relationships with employees, suppliers, contractors, sales staff, landlords and property managers. All of these people know you, and they know you are reputable.

They trust you too! So how do you capitalize on that?

If you find a host among your sphere of relationships, you can use them to sell your product or service. Let me give you an example you will recognize.

When you get your monthly credit card bill, you often receive inserts from other companies, sometimes with related products, sometimes just offering a special from the vendor specifically meant for the customer of the credit card company. That's a great example of a host/parasite relationship.

Here is are some examples of how you might benefit from a host-parasite relationship:

- If your store is in a mall, shopping center or row of stores on main street, you could have all of the other merchants write to their customers about you, or hand out your gift certificates to their customers as they come into their store.
- If you have distributors for your product, you could talk to them about how you might use their distribution facility to make more money.
- As I mentioned in the referral section, professional affiliations can be helpful. If you are a lawyer and you have a friend who is an accountant, you could might arrange a discount for accounting services for your associates and other lawyers you know. In exchange, you might offer a free legal business consultation to the clients of your friend the accountant. Or special pricing on a business retainer for the accountant client.
- Let's say you own a coffee shop. You could offer to help colleges, book stores, and other locations to set up a coffee shop in their facility free of charge to them. After all, you know the business, and you can get them established and hooked up with suppliers in a short time.

After that, a percentage of every cup of coffee or product sold will go back to you. You don't staff or manage the facility, so there is no ongoing cost to you, but you get additional income. And perhaps you could even leave coupons to get customers into your store if they are in your area of town.

- If you own an auto body shop, a detailing business or an auto accessory business, you can talk to dealerships in your area and see if they can include your coupon for a discount in their new car follow-up mailings or in their warranty reminders.

But remember that the host has to get something in return, so you might give them a percentage of the purchase price from every customer you acquire through their mailings.

The idea here is to differentiate your product or service from your competition. Getting your name out to customers through hosts and establishing trust and credibility by virtue of their recommendation is definitely a unique proposition.

And, while you are considering prospective hosts, don't forget your vendors and suppliers. Most people do! You can ask them to contact their customers, AND their own suppliers.

Or ask them for a list of other people to whom they sell their products, who are not competitive with your product or service, and contact these people (with your vendors recommendation) to see if they want to sell your products or buy from you. In exchange you will give your supplier a percentage of the profit from the customer sale.

The host/parasite relationship is has a low cost to you, and results in high-impact value to your business. But the relationships are just as important, because in the long-term it will expand your business network and your customer circle.

Here's how you can get started:

 Sit down with paper and pencil and write down every relationship you have (be sure these are good relationships with trust and respect). Include business contacts through trade organizations, chambers of commerce, customers, employees, suppliers, distributors. Don't forget personal contacts like your dry cleaner, barber, doctor, or the corner deli where you buy your morning coffee. Don't rule out the competitors. You may be able to offer them accessories to a product if they don't sell them already and help them expand their line.

 Get your list down to a manageable number and think about the proposition for each host. What will you offer them? Why would they want to take you up on your offer? Will you need a contract? How much money do you expect to make on this host?

 Now, it's time to put your proposition on paper. Outline it carefully so you know exactly what you are going to offer and how to approach the host. You'll need to include the following facts in your offer:

- a. First and foremost, educate the prospective host on the host/parasite concept before you overwhelm them with

details. They may not be familiar with this idea and will certainly say 'no' if you do not give them the information they need to consider the offer.

- b. Even though you have a relationship with this person or entity, you will want to educate them about yourself and your business. Have documentation ready to show them that you make a profit and that you are reputable, so that their decision is an easy one. Remember, that your neighbor who runs a lawn care business does know you and trust you, but he may know little about your business dealings and you want to assure him that your business is run in the same way you approach your yard care.
- c. Your product or service is NOT competitive with the product or service sold by your host. If you are approaching a competitor, you will want to reassure them that you can help them make more money without them losing business to your company.
- d. Explain how you will make a profit from their customer list, but be sure they know you will not take business away from them or upset their customers by offering poor products or service. If they are going to endorse you or otherwise support you, they want to know that their customer relationships will be protected. Perhaps you plan to offer an unconditional, money-back guarantee. Let them know that, too!
- e. Remind the prospective host that you will not ask them for any money or capital or even much, if any, effort. But if they do want to offer you any of those things, don't refuse them!
- f. Tell them that you will create and pay for all the required marketing materials and that, of course, they will get to see and approve the materials in advance. If they want to establish a joint venture and share in the profit to a greater degree, they may offer to help you offset the marketing cost for printing, postage and distribution.
- g. Volunteer to allow the host company to receive and route all the orders so they can verify their profit or track the information. In many cases, the host does not want this extra workload, but it establishes trust to let them know you are playing from an open play book. You have nothing to hide and you will not short them on their percentage of the profit.

I've included a Sample Script (**Script 1**) in the Appendix to get you started on your approach to your prospective host.

### **Be the Expert**

This is a great way to make extra money on the side, sell yourself and your business and get visibility. The next time a prospect wants to buy a product or service, they will remember seeing your name and they will consider you first! There are so many ways to leverage this position! Let me give you some ideas to get you started:

1. Take any successful technique you've developed for your business and make it generic. Sell it! Or give away a short flier to other businesses, explaining that they can do the same thing, and offering the full technique for 'X' dollars. These techniques can include process improvement and time saving techniques, an outline for the most effective direct mail advertising letter, headlines that are guaranteed to work. The business owner can pay you licensing fee, and get the benefit of your knowledge and expertise without having to lose money to learn it on their own by trial and error.

Use legal contracts to protect your ideas, and ensure prompt payment for the techniques you are selling.

Perhaps you might even take a percentage of sales from any successful purchases your letters or ads achieve.

Licenses are a great way to approach this. The business owner pays you for the license and you make money on the concepts and ideas. Let's say you include a manual and standard ads or letters and you establish 50 licensees for your side business. Each of them pays you 10% of their profit, earning you over \$100,000 in extra revenue every year.

2. Position yourself or your company as a source for expert information in your industry. Do your homework. Read everything you can on industry trends, research, product development, and market forecasts. If you are not a good writer, have someone ghost write a book or eBook or series of articles for you to publish in trade journals, in press releases, and on your website.

Write white papers or give interviews on the subject. Sit on panels in your trade organization conventions or shows. And be sure to have some 'leader' publications for free to get people interested in the topic. Distribute those in businesses, book stores or through suppliers or

customer contacts. Include them in your shipments and give them information on the publications you sell if they are interested in learning more.

If you are writing a report, you can give it to other businesses and tell them they can provide it for free to their customers, or let them sell it for their profit. You'll still get the visibility and the future business.

3. Teach workshops or seminars for free or low cost. Team up with other experts, who offer complimentary products or services, and are noncompetitive. If you are an accountant, you could offer a workshop on finances, and invite a financial planner to discuss investment for retirement, and an attorney to talk about estate planning or wills.

If you own a company that seals foundations, and you want to sell your services to those in a low-lying or flood prone area, you could offer a seminar and invite an insurance agent to talk about flood insurance, and a landscaper or engineer to talk about drainage.

4. Buy time on local radio stations or local access cable TV stations and provide a 30 minute lecture or information session on a topic of interest to the local business owners or the community.
5. Host a monthly breakfast or lunch meeting so that people who have a common interest can network and include a presentation on the topic in which you are an expert. Then invite others to present related discussions for the group.
6. Offer an interview or a public interest story to your local newspaper. Perhaps you donated something to the community or you offer some interesting or unusual service or product. Local reporters are always scrambling for interesting items to fill their columns. Send out press releases so that reporters will start to call you.
7. Start a 'paid' hotline or 900 number with interviews and information people can use. The cost is not high and it can make you additional profit.

Before we move on to pricing, answer these few questions:  
What knowledge or skill do I have (can I acquire) that is related to my industry and/or product or service and will position me as an expert?

If I need to acquire more knowledge, how can I do that? What resources are open to me? (classes, books, research, internet, etc.)

How can I get the word out that I am an expert?

How can I leverage this expert position to sell my products and services? What kind of a relationship can I build between this knowledge and my expert position and my product to naturally lead my prospects and customers to buy the product or service after reading my article, hearing my interview or taking my workshop?

## **Pricing Your Product or Service**

Your marketing strategy must include a solid pricing foundation. It doesn't matter how good your products are, if they are 200% more expensive than the market will bear, you are not likely to sell many pieces.

Find out what your competition is doing and price your product accordingly. You don't always have to be cheaper and, remember, if your unique proposition and value are strong, you can even be a little more expensive and still outsell your competitors, but you will have to price your services according to market tolerance. Here are some ideas to get you started:

- You can try different price points until you find the right balance.
- Price and package your product differently, depending on where you are selling it. Your online products may be discounted or you may sell a high end version of your product in your upscale catalogue and a low-end version in your discount store.
- Be alert to market and economic changes and change your pricing accordingly.
- Don't worry about cornering the entire market. You are never likely to do that and even if you do, it will only be temporary. Once someone sees the kind of profit you are making, they will jump in with another idea. What you want to do is create new markets, or a new spin on an existing market.
- Find the customer needs that are not being met – and meet them!
- Sell a product or service at a lower price by reducing your overhead or buying in volume. You might even want to buy in bulk and wholesale some of the inventory to others who are selling the same item.
- Buy odd-lot inventory or going out of business inventory and sell that, offering the customer the discount you achieved.

Just as with any other customer proposition, you'll want to tell your customer why you have decided to price your product in the way you have. Is it because:

- They are placing an order for the first time, and this is an exclusive offer to first-time customers.
- You got a great deal on all or some of the components in the package, so you can pass along the savings.
- You are overstocked with this item, and you need to get capital out of inventory, so you can sell the product to the customer, just this once, for less than you paid.
- You are only offering this product at this price to your 'preferred' customers, and only for a short time.

Remember that it is not enough to offer the product at this price, you have to educate your customer and tell him why this is a great deal. What is the value, the bargain, or the benefit? What will they pay if they buy from your competitor?

We've talked about how to position your product so that your customers understand your value and your resulting price. But, remember that you have to understand the concept of your customer value before you can price your product.

It costs you money to get a customer and you need to know what that cost is before you can appropriately price your product or service to get 'net profit' from each transaction. In other words, how much money do you need to charge for every unit or hour to cover the cost of getting that customer to buy the product, and the cost of making the product? Can you:

- Sell more units at each transaction?
- Sell more units per customer, per year?
- Sell more types of your own product (different sizes, colors, features) to your customers?
- Use the host/parasite relationship to sell your products to other people's customers or to make a profit on products made or supplied by another business owner?
- Make advance sales to customers to whom you provide a periodic or ongoing service? Here are some examples.
  - 3 haircuts for the price of 4, if you pay in advance
  - 10 spa visits for the price of 8 if you sign a contract
  - 5 oil changes and a reminder to let them know when the next oil change is due – all for the price of 4 oil changes paid up front
  - A free oil change as a new customer, if they agree to schedule and pay for another 4 oil changes over the next year.

Now, it's your turn:

Do you know how much it costs to produce and market your product until you achieve a sale – in other words the cost of your product, plus the cost of customer acquisition?

What profit do you want to make over and above that?

Can you reasonably price your product to get this profit, or will it take you over the market average?

Do you know and understand your competitor's pricing?

What techniques can you use to reduce your own product cost and customer acquisition cost so that you can reduce your pricing?

Can you price your products differently when you sell in different channels or markets? e.g. catalogue pricing vs. in-store pricing, first Tuesday of every month pricing for customers with preferred customer cards vs. regular customer pricing, coupons or discounts in certain stores or on your website.

Can you use your unique product or service proposition to justify your product pricing? How?

How can you communicate the value and the reasoning behind your pricing so that the customer wants to buy from you and feels good about paying the price you are asking?

How can you sell MORE of the same thing or of complementary products or services during a single sales transaction?

How can you get your customers to buy more often throughout the year?

What kind of deals or discounts can you offer to get commitment on advance sales throughout the year?

## Leverage Your Assets

Every business has assets and many of these are obvious. These are the assets that a bank looks to when they want collateral for a loan. Physical facilities, equipment, etc. But there are hidden asset in your business, as well. And you may not realize your much profit you can make from these assets.

Let's start with the things you may not use, or those you do not fully leverage.

-   Make a list of all the assets and liabilities in your company. Not just the ones your accountant details on your taxes, but also the assets like knowledge and skill, unused space in your warehouse, etc.
-   Think about who might be interested in purchasing each asset or in utilizing it for a fee.
-   Then list the associates, experts, suppliers or customers you could work with the reduce your liabilities and leverage your assets. In other words, if you think that another business might be interested in renting some of your storage space, do you need to approach a third party to get to talk to them?
-   Now, show your list to a trusted business associate or advisor, and let them review it to see if you have overlooked anything. Show the list to as many advisors and knowledgeable business associates as you can find. The more review you get, the more ideas will result.
-   Lastly, execute your plan. Contact all the business owners, friends and associates you have on your list until you can address all of your unused, underutilized or defunct assets, and get rid of all of the liabilities you can dump.

## **Bartering**

Most of your business is, and probably will always be, cash based or debt-financed transactions. But you can also consider the old-fashioned barter system, as a way to generate extra profit.

I'm not suggesting the old one-for-one, or product-for-product, deal but instead a creative spin-off that trades goods for services, or even a three-way deal that incorporates the liquidation of a business and its product inventory.

The barter system can save you money and make money for your business at the same time.

Let me give you an example:

 Let's say you own 'Hot and Cold Running Service', an air conditioning and heating repair business. You can make a list of all the products or services you need for your business - perhaps a new computer, copier or printer or maybe you need a new desk chair for your office. Perhaps your needs are closer to home in terms of the direct connection between your business product and your needs - new gauges, meters or tools, or new repair trucks.

Make your own list of needs now:

Once you have your completed list, you are ready to look for likely barter partners.

 Start with the most logical barter partners, those with whom you might make a direct exchange of goods or services.

The list of product and service needs for 'Hot and Cold Running Service' includes office furniture, so they might go through the phone book and the office furniture retailers in their area, to tell the owner or

manager (always speak to the person in charge who can make the commitment) that they need about \$5,000 in office furniture. They offer to trade an equal value of air conditioning and heating services or equipment.

*Remember to trade for retail value, not for the discounted price.*

Making a retail-based deal is the best way to trade, because it includes a 'markup' cost. Unfortunately, most retailers can't get customers to buy their products at the higher markup (100%, sometimes 300%) so they charge 40% or 50%.

When you negotiate a barter, using a fully loaded list price at their *desired* markup, the retailer sees a chance to make their 100% or 300% markup, and it makes the deal more attractive to her.

Whether she presently needs the services or equipment now or anticipates that she will need them in the future, you can still make a deal, as long as you can convince her that there will be an equal value for her business.

Select one or two of the items on YOUR list now and note the identity of the business or the type of business you will approach for your barter offer. Then outline your pitch. What will you trade? What is the value?

3. If the person with whom you wish to barter does not need your product or service NOW, be sure that you can offer them unlimited availability at the same exchange rate. In other words, your prices will not go up – they'll get the same number of units or hours of service – even if they don't cash in on their end of the bargain for two or three years.

And you can sweeten the deal by offering to provide these goods or services to any other party she may designate, so that your barter partner might strike a three way barter deal, promising another business YOUR products or services in exchange for something THEY want from another business.

Take a moment now to outline your options in terms of products or services you can offer with unlimited availability at a locked-in value. If there are products or services you cannot afford to offer with these 'open-ended' terms, cross them off your original list.

Whenever you intend to establish a barter partnership, remember these ground rules:

- Insist on assignable rights for the products and/or services of both parties involved in the barter. That gives you complete flexibility to use or trade these items as your needs change.
- Don't trade at less than retail value. The higher the retail value you place on your products or services, the greater your buying advantage.

I've given you a few more examples of creative bartering in the attached **Appendix**. Take a look in the **Barter Scenarios** section, for more ideas to get you started!

## **Guarantees, Warranties**

Some businesses are afraid to guarantee or warranty their product or service for fear their customers will take advantage of them. While this does happen occasionally, it is not a huge issue for most companies. And, the benefits of your guarantee will far outweigh the risks, because many of your customers will buy your product or service BECAUSE it has a warranty. This insurance gives them a sense of security and control.

Another way to approach this question is to think about the average number of dissatisfied customers you have over a week or a month. If that number is high, you have other problems you need to address before you can even think of offering a warranty. But, if it is average or low, your guarantee is not likely to result in many returns.

Here are two examples you may find helpful:

- Joe owns the 'Sure Safe' insurance company. To date, he has not offered any guarantees. He's not sure quite how this concept applies to his type of business. He knows that most insurance policies are not issued for 35 days after approval, and that the insurers then provide 15 days for the customer to cancel the policy if they have second thoughts.

So, his customers have about 50 days to think about the policy they've bought and make up their minds. If he can find a way to add 10 days to that 'thinking time', he can tell his customers that they can look for better price or value elsewhere and he'll give them their money back if they find it within that time. None of his competitors does that.

The fact is that most customers are not going to spend the next two months shopping for another policy. They don't have the time and the initial process has already taken up enough of their valuable free time. BUT, Joe makes the offer anyway. He knows that most of the customers who do decide against the policy are going to do it well within the initial 50 days provided by the insurer – not wait until the last day to call him and cancel. So, his risk is really limited to a very small percentage of people. But the benefit to his business in offering the guarantee is priceless!

- Louise owns a catalogue electronics business, 'Pumped Volume'. She bought 5000 pieces of a portable CD player from a new supplier and discovered, through numerous phone calls to her Customer Service desk, that the product worked poorly and after awhile it didn't work at all. Her customers were frustrated and angry and her reputation was in jeopardy. Like so many other smart business people, Louise decided to make lemonade with the lemons life had provided.

First, she negotiated volume pricing on a number of CD player models from a trusted supplier. These models were of a higher quality, but she could offer one model as an even exchange and other models at a slightly higher price. Then, she wrote a direct mail letter to the

dissatisfied clients, and apologized for the poor quality of the CD player. In this letter, she offered to counter their bad experience by giving the customer a choice of one of the higher quality CD players, with more features.

All the customer had to do was to call Customer Service with the code number on the direct mail card they had received, and she would ship out the product of their choice promptly, and include a postage-paid box in which the customer could return the non-functioning product. The customer's credit card bill would reflect either the even exchange, if they chose the model with the comparable features, or the difference in price (still discounted as compared to what other retailers would offer) if they chose a model with a lot more features. – in other words, they would either pay the same for the better quality CD player with the same features, or they'd pay a little more for one of the CD players with more features – but still a great price!

The customers loved it. In spite of their terrible experience, they were happy because Louise made them feel like she cared about their satisfaction and she made them happy by giving them a product that was even better than the first one they'd ordered. In fact, most of the customers who accepted the offer, ordered one of the CD players with more features and a more reputable name, and paid a higher price in the bargain.

For those customers who were determined to get the full refund, she happily cut a check. But because Louise had gotten such a great volume discount from her supplier, and so many people upgraded to higher-cost models, that Louise made more on the product exchange than she would have made if the original product had worked.

The lesson to learn from these examples, is that you can find creative ways to offer a 'risk-free guarantee' or a 'lifetime warranty', even if you are trying to make up for your own mistakes or poor quality.

Whatever you do, always be sure the customer knows what that 'unlimited warranty' means. Don't just say "we guarantee satisfaction" or "our service is guaranteed". Be specific about that warranty or guarantee, so the customers knows exactly what they will get if they are dissatisfied with your product or service. Here are some examples:

- "If at any time, you are dissatisfied with our product, you may return it, with no questions asked, for a full refund."

- "Your credit card will not be charged for a full 30 days after purchase. If you are not completely happy with your purchase within that 30 day period, return the product to us in the enclosed postage paid envelope, with no charge."
- "We guarantee that a fully qualified Service Technician will service your product within 24 hrs. of your call to our Customer Service Hotline".

If you remove the risk to your customer, you often remove the final obstacle to the buying decision. What if the product doesn't work the way they say it does? What if the service is not timely? If the customer knows they have an 'out', they do not feel exposed or at risk. *And remember to advertise that you are offering guarantees that none of your competitors provide or match.*

Take a moment to write down the product or service warranty or guarantees you can provide in detail. Exactly what will you offer the customer and how will you word your offer to explain the specific protection they'll get with your product or service?

The **Guarantee and Warranty Copy** section of the **Appendix** of this book contains some sample copy that may help you to get started in using specific guarantee or warranty ads.

## The Competition

### Consider the Competition

Don't be intimidated or overwhelmed by larger competitors. You can easily compete with companies that are five or ten times your size by using smart local advertising – yes, even the Yellow Pages!

**Local Advertising** - Big companies buy a small ads in local publications, perhaps a quarter or half page ad. That doesn't eat up much advertising budget, but if the ads are smart and attract attention, that's all they need. And, that's all YOU need too! Except, you'll have the advantage of being the 'hometown boy' if you play your cards right.

Write compelling copy that gives the customer a reason to call you. Talk about your superior quality or service as compared to competitors. Use an attention grabbing headline, but don't try to get too cute.

This kind of ad has to stand the test of time, as it will be in your customer's home, waiting to be read when the need for your product or service arises.

Ask your customer to take action now and make sure they know you will respond with the same sense of urgency.

**Head to Head Advertising** - Depending on your type of business, you may be able to offer a customer full credit at your business, for the product or service they've already bought from your competition. If you own a small deli and you know that a competitor across town is going out of business, offer to honor the competitor's punch cards to get that 10<sup>th</sup> cup of coffee for free. The customer can pick up where they left off with you and get their free cup when all the holes are punched.

If you are a health club owner, you can honor the credit they already have on their paid annual contract, or you can offer them 3 months free with a copy of their old contract. Anything to get them into your facility. If the other guy is going out of business, or the customer is not happy with their service, you may not make any money upfront, but you will make it in the long run. Why wait for someone else to attract the customer?

**Leverage Your Advertising Dollars** – You can directly address the competition by acquiring more customers with one ad than he may acquire with five. But, you have to be smart! Leverage your marketing effort to get better results for the same investment.

Let's say you spend \$100 to pull in 10 customers. If you could spend that same \$100 and pull in 50 customers or 100 customers, you would have successfully leveraged your marketing dollars.

Try these steps to improve your competitive leverage:

1. Review your ads and try to improve them. You can get ideas by looking through a newspaper and finding the ads for products that are similar or related or similar to yours in terms of the market they are in, or the kind of customer that buys that type of product. By all means, look at your competitors' ads to see what they are doing and whether it is better, similar or worse. When you find an ad that attracts you, figure out WHY you were attracted to the ad. Did it tell a story, offer discounts, give away gifts, offer warranties or was it just more attractively designed? draw your attention if you were looking to make a purchase? The informative ads that tell the whole story, are generous in their offerings, and may even give away bonus gifts, are much more attractive than those simply and blatantly telling you to buy, with no reasons why.
2. Test different ads to see which ones work the best. To get your customer to tell you which ad they are responding to, tell them they'll get an additional 5% off the purchase price if they mention the publication in which they saw the ad, when they call to order the product. Run different versions in different types of media channels and see what works best for what channel (TV, radio, local newspaper, trade journals, etc.)
3. Trying offering a sample of your product or service for free to first-time customers. This shows that you have confidence in your company and in its product. You are so sure the customer will be satisfied that you will give away your product, because you know they will come back to buy the product or service at a later date.
4. Pull your prospective customer in with a promise. Start simply at their comfort level and work up to other products. Don't try to sell them the highest priced services or products right away. Let them build trust with you first. Your competitors who are trying to lead with their highest priced products will not understand what you are doing.
5. Once you have the attention of the customer, keep in touch with them. Competitors may not and your willingness to touch base with the customer and remind them that you are thinking of them, will give you an advantage. But don't badger the customer. Send information and

helpful or educational material, perhaps a newsletter with topics that relate to your area of expertise, anything to generate good will and offer them value. Your customers are more likely to choose your product or service over your competitor's, because you are nurturing the relationship.

Before we leave this section, I want you to think about your own competition, and the ads you place to attract customers away from your competitors.

What can you do to increase customer attention in local ads – how can you improve the wording and the attention you get? How can your ad encourage the customer to take action when they are ready for your product or service?

Are there ways you can address your competitors head-on? Can you offer some product or service from your business with a credit for what they've paid your competitor? Can you leverage the fact that your competitor is going out of business, losing business or does not provide a certain service and get the prospect to bring their business to you with a discounted or full credit offer?

How can you better leverage your 'dollar for dollar' advertising and marketing costs to get more customers per marketing dollar? What can you change in your ads and marketing collaterals to get the customer hooked? What are your competitors doing that you need to address? Can you give away products or samples for free or at a discount? Can you give customers more value with information or education and keep their attention?

## **Your Competitor is Your Friend**

I know you may find this hard to believe, but your competitors are usually nice guys, just like you, struggling to make a living, with all the same problems you have, and sometimes more.

If you are smart, you can use your competitors to create your own market, filling voids they have created in product lines or accessories or selling a lower or higher priced version of a product they offer. Instead of going head to head with your competitors all the time, try to find ways to leverage their strengths and weaknesses to your advantage.

And by all means, understand why you LOSE sales to competitors. Understanding what they do well and what they don't do well, can help you write your ads in a more targeted way, and can help you improve your products and services to get more of the sales dollars in the long run.

Do your homework. If you lose a sale to a competitor, see if you can find out why. Was it service, or a guarantee that made the difference? Maybe it was the timing of delivery or shipment, or the interaction with the sales person.

I have even seen referrals used as effective competition. If a customer comes to you for a product or service and you don't offer it, you can refer the customer to your competitor.

Once your competitor and your customers find out you are doing this, it makes you look like the 'good guy' and makes a good impression on both the competitor and the customer.

Competitors are more likely to return the favor, and customers are more likely to remember that you pointed them in the right direction, and come back to you when they have a need you can fill.

Just don't lose touch with that customer and allow the competitor to corner his business. Sometimes competitors will actually pay you a percentage of closed sales for referred customers! If you can work this out with the competitor in advance, and you see a recurring revenue stream here, you will make money from sales you would not otherwise close.

You can also set up private label relationships with your competitor where there is a process or operation they can perform less expensively or more productively. Let him do the work for you for a price, and label the product with your business name.

Appliance manufacturers do this all the time and so do automobile manufacturers. They compete in certain markets and private label in others so that the customer is buying something made by your competition, but they buy from your sales team, at your prices, with your guarantees. You supply the specifications, the competitor makes the product!

You can take a lesson from the larger companies and use this for your business by 'contracting out' the work to your competitor. If you are overbooked as an auto repair shop you can offer to send the job to your competitor at the same price, and the customer can still pick up the car by the weekend to take that mini-vacation in Rhode Island.

Make sure your customer knows that the quality is comparable and that you'll stand behind the competitor's work. It's a convenience for your customer, and he appreciates it.

Don't forget your suppliers. They probably sell to your competitors too, so they can tell you who the competition is, and maybe even introduce you to them if you want to negotiate some kind of joint venture, partnership or agreement.

You can find all kinds of sub markets, product extensions and industry contacts in this way, and it will only help your business in the long run.

Now, it's your turn:

How can you use your competitor product or service to create your own submarket or fill a void they have created?

What are the reasons you lose business to competitors? Can you address and resolve these reasons or should you create your own sub market and work around the competitor instead of competing head to head?

Are there ways in which you can work hand in hand with your competitors to get paid referrals from one another or to private label products for one another or refer customers when your own staff is too busy or does not have the skill?

Can you use your suppliers to get information about competitors and related companies and to get introduced to people on the staff of these companies who may have a common interest or goal? What kinds of deals or partnerships can you strike with these companies to increase your business and visibility?

## **Grab the Goods**

If you are really creative and aggressive when it comes to your competition, you will see the opportunity that exists in proactively approached those competitors who seem to be failing or those that are not utilizing all their assets.

Many business owners take the 'wait and see' approach, and simply bide their time until the competitor goes under or is bought by another competitor. But, by then, they've lost their chance to capitalize.

1. Here's an idea. Go to competitors who are doing marginal business, or those in real trouble and offer to buy customer lists, or inventory (if you need it). You can often get assets at fire sale prices and benefit from your competitor's misfortune.

While this may seem cruel, your competitors have bills to pay and they sometimes want to make a minimal amount of money on their assets to pay off bank loans and other, more pressing obligations, so they may be willing to work with you. They may even write letters recommending you to their customers.

You probably don't want to buy their business, but you can buy their customer base, and give them 25%, or some percentage of the profit

you make from this, for a period of time, or even for life it makes sense to do so. You will acquire a loyal and dedicated advocate who will tell everyone to buy from you because, in the process, they are making money to pay long overdue bills.

If you do it right, you can give them a check every month and offer them a chance to escape – a chance to pay creditors, albeit on a delayed schedule – and get out of debt without declaring bankruptcy or ‘going under’ and thereby damaging their credit rating for many years to come.

Put yourself in the position of the foundering business owner. You have a 5 year lease on your business space, and you can’t afford to pay the rent. You need ten people to be fully operational, but you’ve had to lay off five because you can’t afford the payroll.

If you make \$2,000 this month, working 7 days a week, 12 hours a day, you’ll be lucky. I show up on your doorstep, having done my homework. I offer to give you \$10,000 this month if you give me your customers.

That’s a relief, but you still have that little matter of the monthly rent payment. You might be able to sublease the space, sell off your equipment to pay off your loans and still have some money from what I offer you. And that’s just in the first month.

As time goes on, and I continue making monthly payments, you can pay off even more of your bills and suddenly, you can see the light at the end of the tunnel!

I acquire your customers, integrate them into my business and you help with the transition by recommending my products and services to your customer base. And everybody wins! By the way, if you give up your old phone number, I may arrange with the phone company to have that number transferred to me.

When people see the number in an ad, or they recognize it, or if they have it on hand to call your company, they will now reach me when they dial the phone, so I get the built-in leads!

If your customer base is too big, at a certain point, I would have to add employees and the cost would become incrementally larger for me, stretching my resources beyond my ability.

But most companies do not reach that point when they are buying competitor customers, because they are rarely buying customers from someone that is 10 or 20 times their size.

If you keep your eyes open for these opportunities, you can survive most market lows and keep your business going by purchasing a built-in customer base.

2. Look for companies that have a lot of assets they are not using. If you can anticipate a need you may have next year to accommodate your growth or expand in any way, you can look for companies that could help you meet that need.

Don't invest in a company just because their assets are being sold on the cheap. You can be a bargain shopper and still look for quality.

If the business has no immediate benefit to you, or you don't have a specific plan for how you might use the company and its assets for your own gain, don't invest!

You always want to look for new ways to expand profit but you have to consider the security of your core foundation as well. Find out how much debt the company has and invest only in businesses you know and understand.

Some of the biggest corporations in this country made their biggest mistakes in the 1980s by diversifying into companies with no relationship to their core business. They did not their competitors and had no idea how to manage these businesses and most failed miserably.

No matter how great the opportunity seems to be, you can't fully leverage the investment if you don't know how the industry operates.

Service companies are often easier to buy or invest in, than product-based businesses. While service companies may seem like a risky investment, there are advantages. First, they often sell for less money than a manufacturing company. Secondly, a service-based business does not require a large investment in expensive capital equipment and facilities.

Take what you've just read and think about how you might apply these ideas to your business.

Are there competitors you can approach – businesses that may be in trouble or may not fully leverage their assets. Can you buy their customer list, database of contacts, existing phone number (if they are going out of business)? Will their inventory or products expand and benefit your business? How will you approach them? Will they offer their recommendation to their customer base to back your product or service?

Are there competitive businesses in which you can invest, or can you consider buying a foundering company and using their assets and business reputation to benefit your business? If so, can you get financing or afford to invest in this company?

## **Advertising - Put it all Together to Make the Sale**

### **The Cost of Customer Acquisition**

We've talked a little about the cost to acquire a customer but I want to focus now on how you get your marketing and advertising to better support customer acquisition and make more money per ad.

Let's say your cost to run an ad in the Picayune Trade Journal is \$150.00. The ad could generate 10, 100, or 3,000 sales, but the cost of the ad is the same. The more sales you generate, the less 'per customer' cost you pay for the ad – in other words you lower your cost of customer acquisition.

To better leverage your marketing and advertising dollars, you can test headlines, copy, themes, color, and product propositions to see what works.

Remember that what works in one sales channel may not work as well in another, so try all of these combinations in different venues and see what works best in each. Analyze the results, and code your ads, or ask your customer where they saw your ad, and when, so you can track which ads had the most impact on your sales.

When you prepare an advertisement, you should put the same emphasis on its importance as the presentation your sales staff makes to the prospective client in person. Be sure your ad accurately represents your product and company and presents a compelling case for the client to purchase your product. Educate your buyer and support your claims with facts.

Create a vision and a sense that your customer 'needs' – no 'must have' – your product as soon as possible. Remember, the more customers you get from each ad you place, the lower your cost of customer acquisition.

Many marketing experts now scorn detailed ads or longer commercials and instead focus on the abstract, trendy or clever ads. But I don't think you'd tell your sales person to tell your prospect a joke rather than inform them of the features and benefits of your product. So why would you do that in your advertising?

You want them to remember and buy your product, rather than merely remembering the clever ad and telling their co-worker about it at the office. How many times in recent years have you seen a really creative ad, but couldn't remember the product or the company selling the product? That approach does nothing for profit.

If you know how much you can afford to spend to acquire a new customer, you can apply one or more of the following techniques to your sales strategy and test the waters to see if any of these will increase the number of customers you acquire with each offer.

- Can you charge less for the initial purchase of a first time customer? Maybe you can run an ad offering unique packaging like a combination of more products for a great price (e.g. a grill, utensils, an apron and range mitts), or offer a 30 day money-back guarantee, anything to get them started doing business with you. If your customer gets a good deal they are bound to come back and there's your repeat business.

Make some notes here to capture your ideas:

Before we move on to talk about specifics in advertising, let me ask you another question. How many times does your average customer reorder or purchase another product from you during a 12 month period?

Look at your sales records and find out how much one customer is worth to you over 12 months. Here's an example

- You own a Bed and Bath shop
- For every 100 first-time customers, half come back to buy again at least 10 times during the year.
- Each of the returning customers spends \$20 on average each time they visit your store.
- $50 \text{ people} \times 10 \text{ visits} \times \$20/\text{visit} = \$10,000$ .

Do YOU know how much your average customer spends with your company over 12 months? How much do they spend over their 'customer lifetime'? Do you know your average 'customer lifetime'?

You can find out by looking at your records, and you DO need to know! You can't measure the reduction in your cost of customer acquisition, or the increase your sales per ad if you don't have these basic statistics.

Take a minute to capture these numbers if you know them or to note how and when you will get these numbers and with whom you will share them. Your sales and marketing staff should have this information too!

## **Direct Response Advertising**

You probably know that most advertising only produces a small return. The reason I recommend Direct Response Advertising is that it produces anywhere from .5% to 3% every time you use it. And you can use these ads 100 or 200 times before you even begin to saturate your market. For most companies – in fact, all but the largest ones – institutional advertising does not work.

Institutional ads are run, primarily, for branding purposes, to keep the company name in front of the public. You can't tell if they work and you can't track or measure the ads in any way. The only thing they accomplish is to make the TV and radio stations wealthier.

Whenever you spend your precious advertising dollars, you should do so with the expectation that you will be able to measure your success and that you will make something on the deal.

Remember, you are selling a product or service. And that is the way your ads should be targeted. You want your ads to stimulate direct, immediate

response with either a qualified inquiry, a phone call or visit to your store, or an instant sale. Nothing less will do!

If you are still not convinced, let's look at some of the differences between Institutional Advertising and Direct Response Advertising.

**Institutional Advertising** - tells you about how wonderful the company is, how old and dependable they are and how their brand is so well known. And it may include some cute or clever language or imagery that the advertising agency feels is 'memorable'. But it doesn't make the customer want to rush out and buy the product or service.

It doesn't say why the customer should want your product instead of your competitor's or what is so good about your product. It takes up air time or space in a magazine or newspaper, but it is a waste of marketing and advertising money.

**Direct Response Advertising** – can be in the form of a 3 x 5 card, a tri-fold mailer, a personal letter to the customer, an email or any other collateral you can think to personalize. It is designed to get an immediate response or purchasing decision from the prospective customer.

It strives to give the customer all the information they need to understand and buy the product, and to tell a 'complete story' including factual specific benefits of the product or service, and why it is better than the competitive product or service.

It educates the customer and overcomes sales objections, answering questions and promising performance and results, and backing the promise with risk-free warranties or money-back guarantees. It asks the customer to take action by phone, email, mail, or in person.

With Direct Response ads, you target those who are really interested in your product, and you make a direct proposition about the value and benefits, giving them every reason to take immediate action.

Because this is 'direct' advertising it can be tracked and measured to analyze the value, profitability, and performance of the ad.

I promise you, we will get into the details of building a good ad, but for now, let me give you four fundamental points to keep in mind.

If your ad does all of these things, you are well on your way to increasing sales.

1. Get ATTENTION – be bold and assertive
2. Nurture INTEREST and intrigue the customer – make him want to know more
3. Increase DESIRE – make the customer really WANT your product
4. Finally, motivate ACTION – you want them to pick up the phone or make the trip to your store NOW.

Before we move on, I'd like you to take a moment to outline a plan here. If you are currently doing Institutional Advertising, outline the medium and methods by which you can convert to Direct Response Advertising and list the ways you will identify your customer targets, and the specific points you want to include. Later, we'll refine these points into a compelling message to your customer:

If you are an Institutional advertiser, how will you convert?

How will you pick your customer targets?

What media will you use (letter, card, coupon, email, etc.)

What are the bullet points of your message?

How will you track your responses?

In the **Appendix** section of this book, you'll find more sample letters (**Letters G-N**). These letters are great examples of personalized, specific pitches made to customers through Direct Response Advertising. And, they work! You can use them as templates to get you started on your own Direct Mail campaign.

## **Advertising to Close the Sale**

If you want to build a better Direct Mail ad, there are some key elements you must understand:

Use your Unique Proposition in your sales letters — the benefit(s) that distinguishes you from your competitors (product features, price, warranty etc). You might even want to use it as your headline or as 'teaser' copy on your envelope, and then expand on it in the letter.

Then say it again when you close and again on the response piece you give them. This proposition is critical. Be clear about it and dramatic in your description.

Make your direct mail piece easy to read by using short paragraphs, sentences and words.

Don't consciously TRY to make the copy long or short. Make it interesting and compelling. You want the response, so tell them whatever they need to know to make a decision, and take action.

Avoid repetition that does not help sell the product, and don't try to be too intellectual or convoluted in your grammar and sentence structure. You aren't trying to impress them with your intelligence. Make your message simple and clear, and avoid passive statements, and non-essential information.

Use testimonials from customers to add to your credibility. The prospect will be interested in what other customers say – more so than what you have to say. Nothing sells as well as a testimonial!

Use 'bullets' or arrows to organize and draw attention to your benefits and features.

Start your paragraphs with words like And, But, So, However.

Drop warm-up and lead-in language. You'll lose your audience if you say things like "As a car owner, you know that automobile maintenance costs are increasing by the day..." Get to the point!

Make a statement or claim to separate yourself from the pack as soon as you can in your direct mail piece. Make sure the customer knows your offer is unique, important and critical to them.

Tell the customer all the compelling reasons to buy your product, be specific about them and make them dramatic, and build your entire Direct Response piece around those few facts.

  Give your prospect information that's important to them, not what YOU think is important. Provide factual, educational information, performance capabilities, comparative features, service guarantees. Why is your product superior to someone else's? And keep it simple, so the customer can understand what you are talking about. No technical language, please! All your prospect wants to know is what benefit your product or service gives to her. How will your product improve her life, or save her time or effort or money?

  NOW tell the prospect what action to take. Tell them where your business is located, how to find the offer when they get there, what sales person to see. Tell them when and who to call, or what to do when the sales person calls them. Remind them that the offer is risk-free, or the product is discounted for ONLY 10 days. Tell them what results they'll get from your product or service.

Now use these eleven points to draft your own direct mail piece. Start simply until you get the feel of it and have your marketing and sales team take a crack at this exercise as well. It will help you flesh out the areas where you may need to get to know your product or service better and better target your customer message. And it is great practice for the 'in-person' sales routines too.

What will you say about your Unique Proposition in your Direct Mail piece? benefit(s) to distinguishes you from competitors (product features, price, warranty etc). Write the headline and envelope 'teaser' copy and expanded version for the letter? on it in the letter. Say it again to close and on the response piece.

Now write the main body of the piece. Incorporate your unique proposition from above, into the main piece. Keep it easy to read by using short paragraphs, sentences and words. Make it interesting and compelling, tell them whatever they need to know to make a decision, and take action. Avoid repetition be too intellectual or convoluted, avoid passive statements, and non-essential information. Use 'bullets' or arrows to organize and draw attention to your benefits and features. Use testimonials from customers to add to your credibility.

Now, we'll break down the piece you've written into its most basic components and assess what you've done. Then you can rewrite the piece to capture all the points below.

## **Headlines**

Did your piece include a headline? If not, you are like a lot of other business people. You can improve your Direct Response Mail with a headline that will increase your profit. You can change and test different headlines to see what works the best in grabbing your customer's attention. Test the headlines in your ads, in letters, and in sales presentations.

Different headlines will produce differing results and communicate different messages and motivation. And, a great headline can multiply the 'pull' of your ad by 20!

Focus on the precise customer you want to target and grab his attention with the headline. Get him fixed in your mind and talk directly to him. If he's a homeowner, put the word "homeowner" in your headline. Your headline should give the customer the essence of your message – the big announcement, big product feature, big promise of risk-free guarantee.

You'll lose 80% to 90% of your potential customer response if your headline fails to grab the customer's attention. You want the customer to keep reading, right?

Research shows that there are certain 'hot words' to which people respond. Words like free, new, emergency, urgent, now, secret, easy, introducing, save, guarantee, how, why, today, immediately, critical, and the hottest word of them all: YOU! Write lots of headlines. Don't stop at 5. Write at least 10, and preferably 100. Then cut these down to the ONE or the few that work best.

If you wrote a headline in the previous ad you drafted, go back and look at that to see if you want to change it. Use the sample headlines in the **Headlines** portion of the **Appendix** of this book to get some ideas, and then try to draft some more headlines to address the issues I discussed above. Have your team help you brainstorm now.

## **Benefits**

Now we want to deepen the customer's interest, and talk about the benefits of your product or service. Don't assume that the reader knows! Explain it to them clearly and in simple terms.

Place your emphasis on the product benefits – how will it help the customer - not on the features. Readers don't buy a product, they 'fill a need'. Features are important, but you have to translate them into benefits to excite your customer.

Talk about why they might want to BUY the product or service. Don't SELL them on the product or service.

Then spell out the specific need or needs your customer wants filled. They want to know you understand what they want. Explain simply how your product or service fills those needs.

Give them guarantees and warranties using the strongest possible language (and checking with your legal counsel, of course to be sure you aren't painting yourself into a legal corner).

Repeat these throughout your package, your sales presentation, or your telephone sales script, and begin with the front of the envelope.

If your guarantee is better, longer or covers more ground, call attention to that! Don't assume the customer knows what your competitor is doing. Tell them that yours is the best! Educate and explain!

If you provide incentives, tell the customer in plain and simple language, what these incentives are, when they expire and how they can take advantage of the offer.

When we have covered all the points I want you to include in the body of the piece, I'll ask you to rewrite the draft you completed above.

## **The Call to Action**

Once you have your benefits and customer education content complete, you still have to think about how to get the customer to take action.

Every sales call, letter, card, commercial, or personal sales meeting must make the case for your product or service, provide a brief education, then

take them by the hand, and tell them what action they must take to get this great offer.

Tell your customer explicitly how to get your product or service NOW. Tell them to pick up the phone and call a certain number, or return the coupon within 5 days, or send an email to this address TODAY.

Incentive impacts every aspect of buying behavior. If the incentive you offer isn't compelling, the customer will put aside the idea or forget it entirely.

You want them to buy NOW. So you must motivate action. "Pick up the phone and call this number. Tell them you are calling about the Acme Business Special and we'll take it from there."

Create urgency by offering special incentives or bonuses so customers will act immediately. "If you call before April 15th, we'll give you a special bonus: two tickets to a Knicks home game."

Make it easy for the customer to buy, with toll free numbers, credit card purchases and other easy order solutions (order through the website, after hours using an options menu etc). This can increase your order response by rate as much as 30%.

Remember that the other side of the incentive game is the penalty. You can effectively use the penalty by telling the customer what they will lose if they do not respond: value, comfort, knowledge, prestige, beauty, wealth, importance, pleasure.

If you are a service-based business, penalties can include: higher payment for a service, loss of parts covered under the warranty, slower service, later appointments – in other words delays, discomfort and unhappiness!

## **Have Fun!**

I don't want you to run off and write an ad or sales pitch that will rival your favorite comedian's humor. But you can have fun in your ads.

You can let your customer know you understand their needs and problems by giving a funny example of a guy who can't get a reservation at the hottest restaurant in town for his girlfriend's birthday, or the woman whose automobile mechanic talks to her like a child.

It always surprises me when companies fail to put themselves in the position of their prospects, and if you do it with humor in your sales pitch or Direct Response Ad, you will make it memorable too.

Remember, it HAS to be tied to your benefit or to educating them on some aspect of your product or service, OR to calling them to action. But, please don't be obnoxious or offensive in your use of humor.

If you aren't sure whether ALL of your customers would be OK with what you've said, then don't include it in your sales letter.

If someone calls your company and your Customer Service representative is their first point of contact, can that representation offer a compelling response to the prospect or customer? Something memorable?

Remember my friend at the ice cream shop, with the team that sings a funny song when the birthday coupon is redeemed? It works. But only if it's done well.

## **Sincerely Yours**

Research shows that the post script is the most often read phrase or sentence in a letter. Here's where you repeat your unique proposition, your guarantee and your deadline.

And don't forget to reinforce the ACT NOW part!

Now, let's review a sample ad. This is a direct mail letter that was designed to develop leads for a new branch of business, and it resulted in a greater than 25% response rate.

Try to identify the parts of the ad, and what each is intended to do. It will help you to rewrite your draft ad in a more educated way.

### **"Can YOU Name the Single Greatest Investment of the Last Decade?"**

*500% Greater than Bonds...400% Better than Stocks...200% Better than Real Estate...75% Greater than DIAMONDS?!!*

The Answer May Surprise You

Dear Preferred Customer:

The Winchester World War II Rifle is among the most coveted of collector firearms gaining investor attention. For over THREE decades investment firearms have appreciated greatly. Of course, not all firearms did as well as the Winchester World War II Rifle. But most top-grade investment guns outperformed nearly every other traditional investment in the past five years.

And, by a very LARGE margin.

Let's be precise. Take a careful look at the Winchester World War II Rifle — a highly desirable investment gun, though far from the most coveted. This gun is a fascinating study in investment appreciation. Just look at how it has appreciated over the last five years (ending June, 1990) against some other spectacular investments.

Gold, for example, which produced a dazzling compound rate of return of 30% per year. The Winchester World War II Rifle outperformed GOLD by more than 12%. It outperformed silver by 20%. And in that same period the compound annual rate of return for the Winchester World War II Rifle literally sailed past U.S. rare coins by 49%!

But that's NOTHING compared to how well the Winchester World War II Rifle outpaced more conservative investments.

Maybe you know that oil (Saudi Arabian Light) is compounded at a rate of almost 18% per year. The Winchester outpaced oil by 85% in the same five-year period. The compound growth of Diamonds was outstanding over that same period, yet the Winchester outperformed even DIAMONDS by 75%. This same gun outperformed the compound rate of return of U.S. farm land on average by 140%, and housing and real estate by 175%.

*It even outperformed the Consumer Price Index by 260%.*

But the biggest coup of all is how well the Winchester did against bonds. It EXCEEDED the compound rate of return by an awesome 500%.

What about the liquidity of guns, you ask! Again, let's use the Winchester World War II Rifle as a reference. Based on the time it would currently take to sell this gun at close to market value, it is probably more liquid than real estate and definitely more liquid than diamonds.

Where did we get this comparative data? From two reliable sources. First, Salomon Brothers' recent study of the five-year compound annual rate of return for investments. Second, the Fain Blue Book of Firearms Price Values, considered by many the most definitive gauge of gun values in America today.

So, if you are impressed with the appreciation potential and the liquidity of investment guns — what if you are afraid of guns? All the better!

Collector guns that have never been fired — or have been fired only a few times - referred to by collectors as the amount of original 'blueing remaining' — are worth MUCH MORE than the same gun model gun that has been regularly used. You can buy the gun, put it in your safe deposit box, in a gun case, or lock it away in the attic, and the investment potential will probably grow even more than if you fired the gun!

Finally, there are nearly 300 different types of collectible investment guns— some for as little as \$650.

Would you like to know more about collecting guns? If your answer is "yes," we'd like to send you two valuable packages. The first is a profit-making booklet entitled, '*What Every Gun Owner Should Know About Gun-Trading*'. The second package is a five-year history of the incredible appreciation and growth of 50 well-known collector guns.

We'd also like to send you a copy of our latest inventory of collector guns priced in the \$200 to \$15,000 range.

Investment Rarities is one of the oldest national investment gun dealers. We are the largest national dealer and the definitive source for high-grade, high quality investment guns at competitive prices. Our knowledgeable weapons specialists offer expert advice you can trust, and they also answer your most probing questions about grading methods, availability and pricing - all in the most straightforward manner possible. If you are beginning to realize how YOU can use guns as a long-term capital appreciating investment form — I encourage you to send for this provocative material.

There is no charge for this material, nor is there ANY obligation to purchase a gun. Simply return the enclosed card. Or call us toll-free at 1-800-328-1860. We will send you complete information on gun investing.

Very truly yours,

John Smith  
Sales Manager

P.S. — Remember, guns have been a PROVEN winner for years. Find out NOW if they have a place in your investment portfolio.”

Break this ad down into its most basic components and try to decipher what the letter does and why it was so successful.

Then rewrite your own draft letter to incorporate all of your benefits, and your unique proposition, as well as the other points we've covered in this section.

Good luck!  
Headline:

Body:

Signature

Post Script

Before I leave this section to talk about follow-up, I want to mention one more thing about Direct Response ads. And that is:

*Never abandon what works!*

Most companies abandon ads because they are tired of them, not because their customers are tired of them.

Remember that, and think carefully before you abandon or replace an ad just because you are sick of it! Let your customer vote on the relevance of your ad.

Your vote doesn't count.

If you successfully crafted ad(s) that your customers like, keep using them until they stop working. You can add other advertisements to the mix to see if they work too, but don't stop using the one you KNOW will work!

### **Follow-up**

Many companies call customers or send out ads and then drop the ball. If you want to beat the competition, follow-up with every customer or prospect and be tenacious. If someone visits your store, writes to you, calls you or runs into you on the street — don't drop the ball!

These prospects are strongly motivated and they are obviously interested in your product or service. Maybe they aren't quite ready to purchase but they are close, and if you follow-up with them, you can move them to take action.

Call, write, call, write, just keep going! But don't make a pest of yourself. Always offer some information or assistance to make your contact useful to the customer. Don't just offer sales hype!

Be sure that each contact effectively and logically advances the process until you complete the sale. And once you convert that prospect to a customer, remember to keep in touch with them. Repeat business is important!

You can inform existing customers of new or additional products or new offers or discounts. Tell them that you appreciate their initial business and you value them, and that you are trying to keep them informed.

This deepens the relationship and the level of trust. Adding a personal touch always pays off.

Plan your follow-up, either in person, through a letter, or by telephone. Telemarketing, if done well, is less expensive than door-to-door sales and can be effective. The sales person can concentrate on talking to prospects that are already interested in your product.

And remember that the customer may not want to buy on that particular day but they may be ready next week.

Maybe they just need more information, or they don't have time to deal with you right now, maybe they wanted to think about it, or perhaps they need to save up their money.

If you show them how simple it can be to buy the product or service, and how you can take care of things on your end, if you simplify the process, lots of people will buy your product or service.

Find out what your customers want, and then modify your marketing approach to address those needs. And don't say that you KNOW you're your customers want. Keep checking! Customer needs and circumstances change all the time.

Nothing stays the same in the world around you, and you can't afford to stand still either! . Before you target a new audience be sure to market to those who already know you.

If you constantly show interest in your existing customers and are in regular contact with them, you will know when things change and you'll be ready to change along with the circumstances and needs of the customer.

Every time you send a mailing, you should follow-up with a post card to summarize the offer for people who didn't receive or read the first letter Give them that sense of urgency and call to action. Wait five days and then follow up by phone. This combination assault can boost your response by 300% to 1000%.

## **Testing the Market**

There are lots of ways to test your offers and your ads, and I encourage you to use all of them. If you are not spending a fortune on Industrial Advertising, your tests will not cost you a lot. Postage, and perhaps some fancy paper and design time. Or the price of a phone call or a coupon printing.

Here are some ideas to get you started:

Do some price testing to find the right price. You may find this hard to believe but different pricing for the same product in a different channel or with a different group of customers can often outperform one another by a large margin. Sometimes this is even true in the same market with the same customer. Find your price points.

If a \$20 price outperforms a \$25 price by 400%, you are making a good profit.

If a \$195 price outperforms a \$245 price on items you had previously been unable to move, and you only paid \$100.00 per piece you are still making a profit and you are moving stale inventory in the process.

Sometimes a \$300 price will outperform a \$200 price, and net \$100 more per sale. Why does one price outperform another? It's probably a combination of reasons, including psychological ideas of value and perception of quality.

But every situation is unique, so you have to test different prices for products in different situations. You'll be amazed at the differences in profit and orders from one to another.

Whatever you do, don't just say that your unique proposition is price. Keep in mind that customers are not always looking for the lowest price – they are usually looking for the best quality at the best price.

Give your sales staff numerous ways to describe the essence of the offer, and then test these in the field. Use at least 5-8 different pitches.

With all of your sales people trying all of your pitches, you are bound to find one or more that work well in a particular market or with a particular type of customer.

Find the most effective pitches and ads, and get rid of the ineffective, or less effective approaches.

Think of this as putting your product price, and sales pitch to a vote with your prospects and customers. By testing one approach against another, one price against another and one advertising concept against another, you can find out what your customers like best.

Review the specific performance of each approach, and analyze the data. If a new approach outpaces an old one by 25% to 50%, it makes sense that your sales staff should start using that new approach, doesn't it?

Test different 'calls to action' and see how the customer responds.  
Test positioning of text - front, back, right, or left side of the page.

Make specific offers and analyze the number of responses, the amount of traffic it generates, the number of prospects, and resulting sales for each ad.

Compute the cost per prospect, the cost per sale, and the average sale per prospect, average conversion per prospect, and the average profit per sale.

In short, you can test all the variables

- different approaches
- different headlines
- different hot-buttons
- different packages
- different buying rationales
- different pricing
- different bonuses
- different warranties

Experiment to come up with better approaches. An ad costs you the same for the amount of space, production time, and airtime, so maximize your investment. Test everything starting right now.

If you need a place to start, gather newspapers, trade journals, direct mail offers from other vendors, anything that might have samples or ideas of educational, well-crafted ads and promotions.

Find the ones that most effectively attract and interest you, and analyze the components to figure out why the ad works.

Sometimes, part of the ad will work, but not all of it. Why is that?

Separate the components that work from these ads and letters and incorporate those into your pitches.

Take a moment to write down all the variables and pitches you can imagine.

Ask your team to work with you to organize these into sales pitches that can be tested and proven until you come up with the ones that work the best.

## Measuring Results

The marketing program you implement must be constantly tested against other methods and strategies.

Only by experimenting with guarantees, discounts, bonuses, sales pitches, alternate headlines and other variations will you discover the one approach, or if you are lucky, the few approaches that outperform the others.

Your marketing expenses are fixed, so you pay the same for an approach that produces nothing as you would for those that produce 10 or 20 times what you expected.

To compare your results, you'll have to code and track each ad or concept, and then calculate how each one performs as compared to the money you invested and to the other ads or letters you've distributed.

Here's how to do that:



Create an analysis sheet that includes sections for you to capture the offer and specific placement of the ad, the size, the positioning, etc. and/or the date you mailed the sales letter and the pertinent information about the letter, including costs.

- 📄👉 Every time you run an ad or send a sales letter, track the cost to prepare and distribute the piece. Include design, supplies, postage, in short all of your costs. And be sure you capture where and when you did the advertising. What group of customers did you target?
- 📄👉 Now track the exact number of people who call, visit the store, order, buy, or react in any way – good or bad – to the ad or letter.
- 📄👉 After you accumulate all the responses and information, highlight the components of the ad or letter that worked best and design all your ads and promotional letters to incorporate these features. Avoid those things that did not work.

You can use the same process with your live sales pitches, your product and service packages, and your marketing collaterals. You may find this tedious, but don't stop now. ONLY with this information can you objectively analyze your results and alter your marketing to achieve optimum sales results. No pain, no gain!

Analyze the best and worst of the variables in your pitches and packages, and try different combinations. Test and analyze approaches, and be creative and a little wild.

Incorporate these trials into pitches, packages, up-selling, cross-selling and pricing components to find out what the market wants. Leave the deciding vote to the marketplace and to your customer!

If each of your 10 sales people talks to 15 customers a day, on average, and you can find the one pitch that helps them increase their orders by 50% or even 100%, with the same amount of effort, why are you waiting to implement this method?

TOMORROW, your sales staff should start trying new pitches. If they don't work, get rid of them and try another, but always measure your results – good or bad – on the pitches, hot button focus, packages, special pricing, deadlines and incentives, warranties, and the various follow-up techniques you use.

After you identify the most successful combination(s), and establish your 'control' level – the combination that performs best - your work has just started. Now find out how high and far you can go!

Never stop testing! See if you can improve on the performance of your 'control' metric and, if you can, replace that control with a better option.

Before we leave this section, go back to the measurement technique I gave you at the beginning of this section and capture information with your team. Try to develop the form you will use to track your ads and letters as they go out and the results as they come in.

Outline your form here:

## **Summary**

We have covered a lot of ground in this book and, if you've been diligent about the exercises in the book, you are well on your way to building a better marketing plan, incorporating Direct Response Advertising techniques and writing better pitches and ads.

I encourage you to make copies of these exercises and refine the work you've done, with your team or your consultants.

Don't forget your customer. Always keep them in the forefront of your mind and stay in touch with them to monitor their changing needs. Use these hot buttons to sell your product or service and remember to push your customers to action. Without their patronage, you can't stay in business.

You will probably want to read over the narrative in this book a few times to get all the concepts down and then work with them and test them to the benefit of your business.

Use the sample letters and scripts in the **Appendix** of the book to give you ideas and get you started on writing your own ads, letters and sales pitches.

Finally, I urge you to take the time to read through the Case Studies in the Appendix.

You can learn from what other people have done and avoid a lot of mistakes this way. Read, learn and grow and always, always TEST your product, your price, your packaging and all components of your marketing plan.

Listen to your customer and serve their needs and you will never go wrong.

I wish you good luck, great customers and excellent profit!

## Learn From Others

### Case Studies

Case studies are a great way to get an overview of the problems faced by other companies, the mistakes and wise moves they made to resolve their issues, and the success or failure they faced as a result of their marketing and business strategy.

As you read through these case studies, think about how you might apply the wisdom to your business. You can liberally borrow from the steps and components described here and build your own success by learning from others.

I have changed the names and modified the products and services sold by the companies in these eight cases studies, in order to preserve confidentiality and the privacy of the business owners and staff. I hope you will find these studies helpful in building your own strategies.

#### Case Study Number One – National Bank

National Bank is a large, national bank focused on asset based financing, with most of its business financing in the aerospace business. When I started the review of their marketing campaign discovered that, in spite of expensive advertising campaigns, the company produced poorly written, ineffective ads that resulted in little impact to their bottom line.

I wanted to increase the frequency and size of their ads and the impact on profit, without increasing the size of their advertising budget.

Think of it this way: If I can get you two to three times the exposure for no added expense, increase the effectiveness of the ads and generate cash from ad subsidy companies, what would you say?

- We approached several of the largest airlines in the country and asked them to pay for the advertising for The National Bank – ads that told aerospace companies that National Bank would finance 70% of their costs up to \$50,000 per company – and that National Bank specialized in loans within their industry.

The bank budget for monthly advertising was running about \$25,000. We obtained \$50,000 per month in advertising funding from two major

carriers thereby raising four times the monthly budget National Bank had previously spent to publish their ads. In return for their investment, the carriers received a percentage of the orders placed by the customers. Using coded ads we were easily able to track and pay out on these ads and National Bank increased their industry financing deals, extension loans and repeat business by almost 300%.

- Following this success, we offered the carriers another way to participate in the financing deal by giving them a percentage – or commission – based on the value of the deal closed with prospects they referred to us from inquiries they had received.

We were positioned as the carrier's 'preferred supplier' and trusted partner. The carrier could thereby offer valuable information to its business network of partners, suppliers and customers, and make money on the deal at the same time.

Think about the possibilities for these kinds of sponsored or co-sponsored deals with partners or businesses in your own related industries, and extend your advertising dollars and profits exponentially.

## **Case Study Number Two – Investment Potential**

Investment Potential was a small company with a bare-bones marketing strategy. They built a profitable financial brokerage company from referrals they got from a popular financial newsletter. But they had little idea what to do with a lead when it came through the door.

Typically, they mailed a rather self-serving package of sales brochures, and then let the lead die if the prospect didn't contact them to buy something. They never solicited the prospect again.

I worked with them on a strategy to correct this glaring omission, and we implemented the following plan:

- First, we focused on their orientation toward *obvious* mistakes. If a prospect is interested enough to call or write for information, Investment Potential should make a follow-up effort.
- Then I drafted new marketing material, oriented toward customer education. This material is sent out to the prospect after an inquiry or referral is made.

- We worked together to draft a series of personal acknowledgment letters to send with the educational material. A letter might remind the prospect of their recent contact with Investment Potential and then refer to the new, educational marketing material for the information the prospect had requested on investment opportunities.

Next, the letter would present an easy to read primer, with compelling examples and information about the various investment opportunities and the benefits these opportunities would reap for the customer.

Finally, the letter tells the prospect to talk to an expert about their specific needs and desires regarding investment before they jump into the water and take risks or invest money in areas where they might not achieve their goals. The new approach worked!

- We then formulated a long-term strategy to increase the marginal net worth of each customer to the Investment Potential bottom line. This strategy was based on the fact that all of the investment companies with which Investment Potential was competing were trying to wring every investment penny out of their prospects, thereby leaving the customer dry of funds without any plans to deal with that customer again.
- We repositioned Investment Potential as the nurturing, committed and caring investment company, with a desire to do long-term, relationship-based business with its customers – and by all means, interested in customer profit as its number one goal.

The new marketing plan included a more careful approach by the sales staff. We instructed them to take care not to load a customer with a full burden, but rather to undersell the new customer to get them into a successful relationship first, and then follow-up to re-sell new or more expensive products later on.

The upfront commission may have been smaller, but the customer was predisposed to buy from Investment Potential again and would likely add more services and products as the relationship grew.

The long-term approach won over many new customers and Investment Potential grew quickly to over \$500 million in sales, with the highest reorder record in the industry.

- Focusing on customer education, and avoiding the hard sell, Investment Potential sent messages to prospects and customers using

laser printers and sophisticated word processing techniques that produced what looked like persona messages from the president of the company.

And, although the company sent out more than 200,000 letters per month, every customer felt like the message was targeted just to them – they felt understood and cared for by their service provider.

Each letter to each customer built on a history of trust and education and gave the customer more to think about; more options from which to choose, more products to buy. Each letter was motivational and instructional. Investment Potential never sent pure sales rhetoric again!

- The company acquired the rights and licenses to use and present valuable industry information to its customers, and we presented it as 'free' educational material to the customers, offering them value without purchase. The customer requests numbered in the hundreds of thousands, and prospects turned to customers at more than a 7% conversion rate.
- We also set out to expand the company foundation so that Investment Potential was not dependent on only one channel for its leads. We established a referral and endorsement program with ten of the largest financial newsletter publishers, and in exchange, we offered them a share of the profits generated by their endorsement and publicity.
- We offered free seminars with well-known economists, financial advisors, and authors drawing prospects and customers by the thousands.
- We developed cross-selling, re-selling and upselling strategies to keep current customers coming back, and get more referrals for new customers.

With a new, more strategic foundation and marketing strategy, Investment Potential was positioned for exponential growth and I am happy to say that their success continues.

## Case Study Number Three

Pain Away is a muscle rub; an analgesic cream to relieve muscle strain and pain. This family-owned company had been around for over 50 years and it was their goal to bypass all other competitors and become the number one selling product in the mail order over-the-counter medicine market.

- The owner had done his homework. He knew that he could make huge inroads in the arthritis pain relief market if he could develop a powerful marketing message and marry it with a good product with a hokey, but memorable, name.

The problem facing me, as the consultant, was that he was determined not to spend any money on advertising to accomplish his goal. But, he was willing to spend 110% of the selling price of the product to acquire each new customer. At first glance, this approach may not seem to make sense. But, think about it!

This wise business owner was not willing to spend money on the possibility of getting a new customer by throwing money at expensive advertising campaigns. Instead, he only put his money into techniques that would result in customer acquisition. While he might be spending quite a bit to get there, he knew he would be making money from a happy customer in the long-run.

- We monitored the process and discovered that one out of every three new customers reordered his product after trying it for the first time, and they became life-long customers because the product he sold was meant to relieve the symptoms of a disease for which there is currently no cure. In fact, the average customer ordered six times during an annual cycle - and did so every year.

Given the type of business in which this company was engaged – the product he was selling had a built-in opportunity for renewed business – and his strategy to spend what he needed to spend to get the customer to try his product for the first time, he was well-positioned to achieve his goals.

The owner was successful in obtaining one million new customers, and of those, at least 350,000 came back to order six times during the year, averaging \$10 per order. For a loss of roughly \$900,000, this business acquired \$21 million in new annual business, and about 50% of that revenue was profit. Not a bad exchange!

- The next step was to transfer the risk to the customer – strange as that may sound! We approached health product magazines and periodicals, mail order advertising agencies, and radio and television stations with a very interesting proposition.

We wanted to run adds for Pain Away in any unsold time or space slot, and give the business providing the advertising time the chance to insert a flier or promotional piece in the package that was shipped to the customer. Any profit they made from these promotions was theirs to keep and we added another 40 cents on top of that to sweeten the deal.

This approach caught on like wild fire and within one year we had over one thousand deals with magazines, TV and radio stations, newspapers and health related publications, as well as mail order catalogues. Pain Away got five to ten thousand first-time customer orders every day. And, one out of every three customers continued to order at least six times per year.

The demand was impressive and the advertising was free. All of this created a much more efficient method of selling than the cost and trouble of selling the product in retail outlets. We estimated that this method generated over \$10 million in advertising exposure at no charge to the company.

Eventually, the demand became so great that we caved in and started retail distribution, building a \$4 million annual revenue stream from that part of the business in addition to the mail order sales – and all without a single field sales person. We added more customer service people to answer the phones and Pain Away took off into the stratosphere, and was eventually purchased by a large pharmaceutical company.

#### **Case Study Number Four – Secure Investments Inc.**

I met the vice-president of a California-based operation for a very large branch of a NASDAQ focused financial investment firm. During the course of our conversation, he asked me if I could work with the business to create a compelling ad that would attract investors to their investment seminars.

Competition was stiff in the industry and he wanted an edge on the market to get more prospects into the seminars. *Of course all ads would have to be approved by their headquarters upper management and legal staff.*

I was intrigued by the challenge and decided to take on the project. I obtained examples of their current and past ads. The VP explained that these ads had achieved meager results, drawing only a small group of seminar attendees, and I could see why!

- The ads were great examples of how NOT to advertise. The ads looked professional. That's the only positive thing I can say! They told the reader very little and had muddled headlines to boot! The content of the ad was convoluted, confusing and very abstract.

Readers could not get a clear picture of what they would get from the seminar or even why this company was expert in the field and worthy of attention. There was no call to action, nothing compelling to draw in the reader and make them WANT to make the call right away.

- We set a goal of 50-150 attendees and I starting collecting information for the new ad. What key theme or purpose did they want to present? Who were the experts and why should the prospect want to hear them speak? Was anyone eligible to attend or was the seminar limited to those with minimum net worth of a certain amount? What would the experts discuss and why was it important to the reader to hear the information? How long was the seminar, where was it located, and how could the prospect make a reservation?
- Then we wrote the ad:

"This special invitation is extended to the first 100 qualified investors with a net worth of at least \$300,000. Attend this important 2 hour seminar, and learn the secrets and tax strategies to increase your net worth and decrease your taxes. Richard Smith, the famed author and investment strategies will tell you how to use his basic investment strategies to achieve maximum tax relief and optimize capital growth."

We then listed Mr. Smith's impressive credentials and accomplishment, and included a short list of his biggest clients, highlighting some of his largest deals with associated dollar figures. .

I included some very objective, clearly stated benefits of attending this seminar and affirmed the purpose – to find and use legally viable, easy to use investment strategies and tactics to achieve higher income and mitigate tax penalties and increases, and then reiterated the eligibility requirements for seminar attendees.

Then we urged them to call and reserve their space NOW, so they would not be left out in the cold. Remember, only 100 registrations would be accepted!

- The ad was nothing like the previous ads run by the company – it was neither short, fluffy or passive in content. We did have to cut the ad in major cities, because of legal concerns, but the full ad ran in smaller cities where it was a rousing success. Even in smaller markets with fewer eligible attendees, the ad drew 50-100 attendees. And in the major cities, the abbreviated version drew 100 or more attendees, many more than their old campaign had drawn.
- Eventually, the upper management team pulled the ad – the only one that had ever achieved results, because they didn't feel it met their requirements for a slick, Madison Avenue ad campaign. Their new campaign did little for their seminar-based business – drawing a paltry 20 people or less to each seminar - and it was three times more expensive.

What can we learn from this experience? First, the cost of the ad does not necessarily make it more effective.

Secondly, ads that are written to target and attract the customer, rather than to please upper management – will achieve better, more consistent results.

In many companies, the management team stifles the knowledge and expertise of the very staff they hire, ignoring their advice and the advice of industry and marketing experts. They may even make money in spite of themselves, but they will never achieve the kind of possible growth they might have experienced with a more strategic advertising campaign. Don't let this happen to your company!

### **Case Study Number Five - The Entrepreneur Extraordinaire**

The Entrepreneur Extraordinaire (EE) is an intriguing company with a concept and business that was years ahead of its time. This company published a newsletter called 'The New Entrepreneur'.

Every month EE published stories for their subscriber-based readers, describing the most impressive small business ideas they had found through their extensive research.

They introduced hot opportunities and businesses — drive-in, tune-up shops, dollar stores, digital photo development shops and trendy gourmet ice cream stores.

They also taught 'start your own business' seminars around the country, but even though they offered substantial value, they found that neither the subscription newsletters, nor the seminars were making them much money. But, we changed all that!

- Every month, after the newsletter subscription copies had been distributed, we took the two feature articles published on the best and hottest business opportunities and we rewrote them into 'start-up' manuals for that particular type of business.

Readers that were intrigued by the hot opportunity could purchase these manuals through a quarterly catalogue, paying \$50.00 apiece for the 'how to' instructions on the business of their choice.

The information included in the manuals gave them a standard template for starting a new business (how to incorporate, when to use a sole proprietorship structure, how to find an attorney or accountant, how to do simple, inexpensive marketing, etc.), and expanded, and detailed information from the articles that appeared in the newsletter about that specific type of business.

In the first year, we shipped out 300,000 reports. By turning the newsletter into a production and sales source for the new, more expensive, more detailed reports, profits went through the roof.

Every month, we added two or three more reports to the inventory, until at last we had an inventory of 300 reports.

- Then we began the practice of recording the speakers during the new EE teleconferences (available to subscribers only) and at the seminars, and we turned each session of into a \$30 tape or a \$50 transcript of expert advice and content, selling over 100,000 copies in the first year of sales.
- We repackaged and combined the reports, tapes, and transcripts into 'The Entrepreneur's Online Library'. For \$200, the customer could download or order the best reports in the library – focused along specific or general business lines like the food industry, franchises, low-investment businesses, government loans, etc.

Or they could order general subscriptions to get general business instructional articles on things like negotiation skills, advertising on a budget, etc. EE sold thousands of these packages.

The company made \$25 million just by engineering a redeployment of their knowledge and resources and packaging their assets in a new, interesting and valuable way.

## **Case Study Number Six – Investment Potential**

Investment Potential was a small company with a bare-bones marketing strategy. They built a profitable financial brokerage company from referrals they got from a popular financial newsletter. But they had little idea what to do with a lead when it came through the door.

Typically, they mailed a rather self-serving package of sales brochures, and then let the lead die if the prospect didn't contact them to buy something. They never solicited the prospect again.

I worked with them on a strategy to correct this glaring omission, and we implemented the following plan:

- First, we focused on their orientation toward *obvious* mistakes. If a prospect is interested enough to call or write for information, Investment Potential should make a follow-up effort.
- Then I drafted new marketing material, oriented toward customer education. This material is sent out to the prospect after an inquiry or referral is made.
- We worked together to draft a series of personal acknowledgment letters to send with the educational material. A letter might remind the prospect of their recent contact with Investment Potential and then refer to the new, educational marketing material for the information the prospect had requested on investment opportunities.

Next, the letter would present an easy to read primer, with compelling examples and information about the various investment opportunities and the benefits these opportunities would reap for the customer.

Finally, the letter tells the prospect to talk to an expert about their specific needs and desires regarding investment before they jump into the water and take risks or invest money in areas where they might not achieve their goals. The new approach worked!

- We then formulated a long-term strategy to increase the marginal net worth of each customer to the Investment Potential bottom line.

This strategy was based on the fact that all of the investment companies with which Investment Potential was competing were trying to wring every investment penny out of their prospects, thereby leaving the customer dry of funds without any plans to deal with that customer again.

- We repositioned Investment Potential as the nurturing, committed and caring investment company, with a desire to do long-term, relationship-based business with its customers – and by all means, interested in customer profit as its number one goal.

The new marketing plan included a more careful approach by the sales staff. We instructed them to take care not to load a customer with a full burden, but rather to undersell the new customer to get them into a successful relationship first, and then follow-up to re-sell new or more expensive products later on.

The upfront commission may have been smaller, but the customer was predisposed to buy from Investment Potential again and would likely add more services and products as the relationship grew.

The long-term approach won over many new customers and Investment Potential grew quickly to over \$500 million in sales, with the highest reorder record in the industry.

- Focusing on customer education, and avoiding the hard sell, Investment Potential sent messages to prospects and customers using laser printers and sophisticated word processing techniques that produced what looked like persona messages from the president of the company.

And, although the company sent out more than 200,000 letters per month, every customer felt like the message was targeted just to them – they felt understood and cared for by their service provider.

Each letter to each customer built on a history of trust and education and gave the customer more to think about; more options from which to choose, more products to buy. Each letter was motivational and instructional. Investment Potential never sent pure sales rhetoric again!

- The company acquired the rights and licenses to use and present valuable industry information to its customers, and we presented it as 'free' educational material to the customers, offering them value without purchase. The customer requests numbered in the hundreds of thousands, and prospects turned to customers at more than a 7% conversion rate.
- We also set out to expand the company foundation so that Investment Potential was not dependent on only one channel for its leads. We established a referral and endorsement program with ten of the largest, most recognized financial newsletter publishers, and in exchange, we offered them a share of the profits generated by their endorsement and publicity.
- We offered free seminars with well-known economists, financial advisors, and authors drawing prospects and customers by the thousands.
- We developed cross-selling, re-selling and up-selling strategies to keep current customers coming back, and get more referrals for new customers.

With a new, more strategic foundation and marketing strategy, Investment Potential was positioned for exponential growth and I am happy to say that their success continues.

### **Case Study Number Seven – Lessons Learned In The Trenches**

Here's an interesting and often unrecognized fact. People hate to take on more risk in a relationship with you, than the amount of risk you are taking on them.

- Let's say I charged \$10,000 for writing an ad for a company. Back in the days when companies were not used to paying high fees, I would never have been able to charge this amount and expect to get paid.

What I learned was that I could increase my fee to \$15,000 and ask for 60% upfront, with the remainder due only after the ad proved successful.

Keep in mind that you must be confident that you can deliver or you don't get the balance, but if my original fee was \$10,000 and I got only half of the increased fee, I was still walking away with \$9,000,

and that was better than hoping the client would see my value and pay me \$10,000 upfront.

- This same phenomenon applies to long-term consulting relationships. I found that if I charged \$200,000 for an annual contract, I can offer the client a 'payment plan' of one quarter on contract signing, and a monthly or quarterly fee thereafter until the contract is paid out for the year.

I picked up a few clients this way but many were still resistant because of the risk factor.

- So, I decided to try something different.

I quoted my annual fee and told them that was the total I would charge, but I would accept a small down payment of \$20,000 upfront.

The balance I would take on a percentage of their profit (25%) so instead of swallowing a \$200,000 risk, they would only have to pay me a percentage of their profits as they sold product.

When they made money, I made money!

Clients seemed to love this idea – they felt more secure because we were 'in it together' taking equal risk that the ads I was writing and the strategy I was advising would work well for them.

So, how does my experience apply to your business?

- In the old days, no one offered guarantees in advertising, but at some point, a smart advertising professional started saying things like "Try our product for a week. If you don't like it, return it and get your money back". And in one fell swoop, guarantees were born.

That simple concept was expanded to include the idea of shipping products without receipt of payment. "Pay us in 10 days if you like our product". That was even more successful!

Today business owners are understandably concerned about the credit history and dependability of their clients and they don't like taking chances on new customers.

Whenever you consider this risk, I'd ask you to remember Claude Hopkins, an old advertising war horse who used to tell the following story:

“Two men came to me, each offering me a horse. Both made equal claims. They were good horses, kind and gentle. A child could drive them. One man said, ‘Try the horse for a week. If my claims are not true, come back for your money.’ The other man also said, ‘Try my horse for a week.’ But he added, ‘Come and pay me then.’ I naturally bought the second man’s horse.”

Think of it this way: If I give you a dollar you wouldn’t have otherwise had, would you give me back a quarter? No-risk propositions attract customers!

### **Case Study Number Eight – Ken’s Bonus Program**

I had a client named Ken who was looking for a bonus to offer existing customers so he could convince them to keep buying his products.

- He calculated that he could afford to spend \$5.00 for the bonus, but he said he had yet to find a bonus that would be perceived as ‘high value’ and something that would be exclusive or unusual and easily appended to the purchase – in other words a related or associated product that his target audience might like.

My fee would be a percentage of the profit generated by the purchase – over and above the \$5.00 cost he would incur to provide the bonus item.

- I found a subscription agency that specialized in magazines, ezines and newsletter subscriptions and we negotiated a sampling of 50 of the most popular publications.

In return for a repeat purchase, my client’s customers could try up to 10 publications for no fee. The subscription agency got a percentage of the magazine or periodical renewals that followed the free trial period.

We didn’t have to pay for the program, but we guaranteed them a 10% conversion rate for renewals or a lump sum fee, whichever was greater, to cover their expenses and provide them a guaranteed profit.

I hope you find these Case Studies helpful. Perhaps they will help you avoid the mistakes of others and give you some ideas and concepts to apply to your own business.

## Letters

### Letter A

This template is designed to offer your customers one time, special pricing to get them to do business with them again.

Dear Mr. Smith:

I've been thinking about you a lot lately, and I want to make you a bold proposition, something I think you will really appreciate once you understand the offer.

I just started an automatic, subscription-based service and I'm inviting my best customers to take advantage of this offer. You can choose from our landscaping services, our house cleaning services, tree trimming, auto cleaning or period rug or furniture cleaning.

Working with you, we will determine the best frequency for you and our staff will come to you, giving you the caring, professional service you require.

We'll come the same time every week, every month, every three months – whatever you need! And we'll keep your home, yard or car in tip top condition, with automatic visits – there's no need to call us, we'll be there on schedule, as often as you want, when you want us to be there!

If you sign up for this program, we will also give you, free of charge, our interim emergency service – on the spot if you have a downed tree branch, stained carpet or other emergency that can't wait for your routine service visit. A free bonus for you because you are our valued customer!

All of this costs much less than you might think, and certainly a lot less than the services you engage one visit at a time. And you won't have to wait weeks to get a contractor to return your call!

How can we offer such great savings? The answer is actually very simple! I have to pay my employees, whether they work or not, and for some reason, everyone seems to want my services on Mondays and Fridays.

Nobody wants us on Tuesdays, Wednesdays, or Thursdays, but my employees show up for work, just the same.

I have landscapers, tree trimmers, house keepers, and more sitting around watching the clock, and I'm paying them \$15 or \$20 an hour to do nothing. So, if I can bring in some revenue, it's better than none, right?

If you will let me schedule your services to be performed on the days and at the times most convenient to us, and reasonable for you, I will pass on the savings to you. And you can cancel the subscription at any time, with no hassle!

Whenever you feel that this service is no longer valuable to you, or if our performance is not satisfactory – in short you can cancel for any reason, on the spot!

And if ever our service does not measure up to your exacting standards, please call me personally and I will either refund your money or schedule a visit to perform the services again to your satisfaction – whichever option you choose. We are here to make you happy.

I know how important it is to keep your home, your car and your property in good repair and how hard it is to find the time to do the work yourself! I think you will really appreciate our service and I know you'll love the time and money you'll save each year.

If I don't hear from you, I'll contact you within the next two or three days to set up your personalized service schedule and get all of your requirements. If you would rather I don't phone you, just send back the enclosed reply card with your specifications, and we'll get you started!

Sincerely,

## **Letter B**

Let your customers know about sales or specials before you tell the general public. Be sure your offer is compelling and that it prioritizes your product or service in your prospect's mind.

Dear Ms. Jones,

As somebody who is really interested in luxury boating, I thought you would like to know about our newest and most exciting addition to the Bradley Boat line – the Sailor Moon DM945

If you didn't already know, the Sailor Moon line is considered the Cadillac of boating vessels. And the DM945 edition is the most luxurious, well-appointed streamlined, powerful boat on the open water.

With an exciting and exotic look and line, the contour and line will attract attention and the decorative components place it a cut above all other boats. The performance is top of the line, with exceptional speed, handling and control. It is disarmingly beautiful in its understated appointments and is sure to get attention in any marina.

*There are only three of these in stock – the dramatic midnight blue with a pearl finish, a blazing cherry red eye catcher and the more discrete charcoal gray with white pearl trim.*

I don't know if the DM945 is too rich or too powerful for your taste, but I did not want to let this opportunity pass without alerting you to this exceptional new boat. We are offering our limited stock to our preferred customers, in advance of a public offering, but the window of opportunity is short, so please call me now if you are interested. In three weeks, we will open this sale to the general public.

I know you love the Bradley quality and dependability that you appreciate the small touches that make the Bradley a work of art. As the owner of a DM943 you are well acquainted with the excellence and standards maintained by the Bradley team.

I know you are a person of discerning taste, and I'd like to offer you an extraordinary trade-in allowance on your DM943, and a once in a lifetime purchase opportunity on the DM945 at \$10,000 less than the public offering. The ad will appear in the newspaper three weeks from Sunday, so don't hesitate.

If you are interested in becoming one of the privileged few to own a Bradley DM945, call me tonight or tomorrow morning. If it's not too late, I'll have the boat of your choice ferried to your slip for your personal use and consideration for a period of 24 hours.

If this boat doesn't take your breath away, both in performance and beauty, call us and we'll pick it up and take it back to the show room. If you love it as much as I suspect you will, we'll pick up your DM943 and bring it back to our show room to process the trade-in paperwork. No muss, no fuss!

Sincerely,

## Letter C

Offer your preferred customers a limited number of a new item or exclusive 'first-availability'.

Dear Mr. Johnson,

I really have to alert you to this opportunity. I think you will find it intriguing, exciting and right up your alley! Every year, Bloom Manufacturing finds itself in a jam. They always seem to overstock their high-end widgets, and we have to figure out what to do with all this overstock. As you may know, Stockman is the largest distributor of Bloom widgets so they usually call us to ask us to help them offload their overage.

Last year when this happened, they had 50 extra high-end widgets and we called our best customers to ask them if they needed the widgets – selling every one of the extra 50 pieces in less than two business days. In fact, we were so successful that we oversold by 25 widgets!

Bloom just called me 15 minutes ago to say that they have 72 Model 12B14 widgets – a model they have discontinued. I told them I'd take them off their hands.

I have 350 customers, but I'm sending this letter only to my preferred clients – those I think would most appreciate this offer and to whom I'd like to pass on the opportunity and value.

Normally you'd pay \$900 for these widgets. If you bought them from us last year, or from any other dealer, you paid between \$800 and \$1500. These widgets are the same quality as the ones you previously purchased, with the same 210 day 'risk free' warranty. Now that Bloom has suspended production, they will no longer be available for purchase from any supplier, so you might think the price would be astronomical.

But because we paid cash for this stock and because Bloom knows we won't openly promote them in the market, we were able to buy their remaining inventory at exceptional prices, and we can pass that savings on to you.

We'll sell you the Model 12B14 (a \$1200 value) for just \$420, and you can use it for 30 days at our risk. If it's not the best performing widget you've ever used, you can send it back to me with no further obligation. I believe I'll have a waiting list of customers to snatch up any remaining inventory.

So, we have these 72 widgets available, and they'll be in our warehouse in seven days, waiting to be shipped to eager customers. You are one of a short-list of preferred customers to receive this letter.

And you are on the list because I'd really like to thank you for your previous patronage by offering you this special deal. Most of my customers don't qualify for this offer! If you are interested, call me personally or speak with my Assistant, Bob Frank.

Make the call within the next two business days, because frankly I think these widgets will go fast! I hope you are able to take advantage of this special offer.

Sincerely,

## **Letter D**

Educate your customers! Take the time and care to explain your more complex products or services to them so they can appreciate the benefits you offer.

Dear Ms. Anderson,

You've never see anything like this! The fabric in our handmade quilts is the finest quality, made by craftsmen working in a 100 year-old family-owned business. Every yard of fabric is made of natural fiber and the patterns are rich and intricate, produced with artistic dedication. The process is supervised with the eye of a perfectionist, ever vigilant for flaws or inconsistencies.

This factory produces only 2,500 yards of hand-woven, hand-embroidered, individually inspected fabric each year, and we have obtained all of the factory inventory produced during the month of September.

We are proudly accepting inquiries regarding our custom-designed, hand made quilts, all of which are made with this fine, embroidered fabric. Please don't call us unless you can wait three months for our quilt.

If you can afford the best, and you appreciate a beautifully produced, hand made, work of art, call us today to order your one-of-a-kind quilt. You'll be happy you did!

Sincerely,

## **Letter E**

A letter of solicitation for business. By all means, we aren't desperate for customers, we just want you to have the opportunity to hire us and we are really getting booked!

Dear Mr. Carver,

I'm writing as a service to let you know that my consulting practice is nearly booked, and I will only be able to accept 5-10 more businesses before closing my practice to new clients.

Before I accept new customers, I wanted to alert you in case you would like to refer any of your business associates or friends. I will certainly give them first priority!

Please give me a call and let me know how many customer spaces I should reserve for your friends and associates or, if you prefer, simply complete the enclosed referral form and send it to me right away so I can accommodate your referrals. I truly appreciate your business!

Sincerely,

## **Letter F**

Add value by giving and endorsement or a referral and make a little money for yourself in the process:

I want you to know how much I appreciate your patronage, and the business relationship we've had over the years.

I considered sending you a letter or a gift box, but I decided the most valuable thing I could do for you is to buy you an hour of time with my business attorney. And, that's exactly what I'm going to do!

There's no charge or obligation to use this attorney in the future. It won't cost you a thing.

You get an hour to talk to him about anything you'd like – free legal advice – whether you want to talk about your business plan, your financial situation, or the details of a contract negotiation, you'll find his professional expertise is invaluable.

I can't recommend him enough! His number is 555-1212. Just tell him who you are and he'll schedule an hour with you at your convenience.

Sincerely,

## **Letter G**

A sample personalized letter to existing customers

Dear Ms. Benedict,

Once a year we get the opportunity to purchase some very special imported Polish art pieces – among them one of a kind, hand blown glass designer vases, folk artisan sculptures and fine crafted custom Baltic amber jewelry.

We can't stock these products every day because there isn't enough inventory produced and imported to satisfy the demand. So, when we find ourselves in this unique position, we like to offer the opportunity to our best, most valued customers.

We're only going to have 200 pieces of inventory available, and we are offering you the chance to reserve or buy up to two items of your choice, before the pieces arrive on our shores!

If you call us today to make your selection, you will be assured of your choice before our supplies are exhausted.

The last time we received a shipment of 40 pieces, we sold out in three days. You were unable to take advantage of that private sale, and I know you were disappointed, so this time I wanted to give you first choice.

Enclosed is a catalogue with a description of the pieces we have ordered. We will only make this offer to other clients if you are not interested in this shipment.

Call me to confirm your order, and give me your charge card number, or come in and give us a check, mail a check or money order – whichever you prefer.

You can give me your charge card number, or you can come in and give us a check, or you can mail us a check, whichever you prefer. The moment your piece arrives, we'll call you, and you can come in and pick it up, or we'll arrange to ship it to you.

If for any reason you don't like it, we'll take it back, because we know we will not have a problem selling these priceless art pieces.

I just know you'll love your one-of-a-kind art piece, and that you have been waiting for this opportunity to come around again.

*This time, don't miss out!* If you'd like to be one of the few customers to own one of these exceptional pieces, please contact me right away.

Sincerely,

## Letter H

Sell a larger quantity of a product:

Dear Mr. Thompson,

We know you like a good steak. You are one of our very best customers and you probably buy more of our special cuts and monthly specials than any of our other customers! For that reason, we decided to offer you a very special opportunity.

We want to offer you an extraordinarily generous price on a larger order than the one you typically place. Since you buy often from us, we thought that you would probably like to just buy a two or three month's supply, rather than a one month supply, particularly if we can save you a lot of money on the order!

So we've put together a special package just for you, and based on your ordering history, we believe this order will last three months. Take a look at the enclosed list of items you'll get in this order, including prime cuts and specially-priced items you'll love!

We'll sell it all to you for just pennies on the dollar - \$150.00! That's a \$45.00 savings over what you'd probably pay if you placed your regular order.

We're not going to make as much profit, but we want to reward you for your long-standing patronage and, in exchange, we hope you will come back often and refer us to your friends and family.

That way, we'll all benefit!

If you'd like to take advantage of this offer, pick up the phone and call me personally, or call one of our sales staff to place your order. They'll be happy to send your shipment immediately or to hold it until the date you wish to have it delivered.

By the way, any purchase you make is fully guaranteed, just like when you buy your one-month supply. You risk nothing, but you save a lot!

It's just our way of thanking you for your business!

Sincerely,

## **Letter I**

A letter to your valued customers:

*By Invitation Only*

Dear Ms. Cummings,

A few days ago, we got to thinking about how much our customers mean to us and how valuable they really are. And we realized that we have never before about how valuable our customers really are to us, and we realized we'd never before expressed our appreciation.

I decided it was time to do something about that! I want you to know how much we appreciate your business and to encourage you to do business with us again.

What can we do so you'll really love doing business with us? We thought we'd make you an offer at a better price that is more beneficial and satisfying than any offer we've ever made to our customers.

Why would we make such an offer? Because we want to show you what you are worth to us – and hopefully to encourage you to even more of our products than you have in the past!

For the next seven business days we are going to offer you the opportunity to purchase all of our certified collector plates, up to a total purchase of \$500.00, for 30% less than any of our other customers.

There are no hidden clauses or catches. We only ask you to be discreet. Show the store sales staff your 'by invitation only' letter and you will receive

your discount, even if the person standing next to you is paying full price for the same item.

We aren't offering this deal to everyone, and we would not want to embarrass, offend, or insult our other customers in the store, so please respect and maintain the select nature of this offer and do not publicize the discount.

If you prefer to call our store and charge your purchase, we will also give you 30% off when you mention the letter you've received.

By making you this generous proposition, we hope you will appreciate the value and importance we place on you and your business.

To take advantage of this offer, just come in or call us before next Friday, and bring or mention this letter. And remember this offer is just between us, so please be discreet! Thank you for your business.

Sincerely,

## **Letter J**

This format can be used to advance sell an item that could turn a good profit for your business but is not something you want to stock because it is too expensive to carry the inventory or because it is not something that is purchased frequently:

Dear Mr. Brown,

We know you are very interested in models and kits. How do we know that? Because you're one of our best customers, and you always buy the best products we have in stock.

Recently, our buyer uncovered a source of unbelievably high quality motorized model airplanes, and frankly this product exceeds the quality and construction limits of anything we've stocked in our stores. They aren't cheap. But, then the best quality rarely is.

They retail for \$150.00, and at that price they are an absolute steal, given the quality of the materials and the sturdy motor mechanism and control panel. These beautiful planes come in vintage models and in more contemporary models, and their performance specifications are impressive.

Because you are one of our very best customers, we want to inform you and reward you. So we are writing you this letter to tell you about these new products, and also to tell you about a problem we have – one that is a great buying opportunity for you!

The problem is just this: These very special models are way too expensive for us to carry in stock on a regular basis. They appeal to only the most discriminating and dedicated collectors, such as yourself! Take a look at the enclosed product pictures and description, and you'll see what I mean!

While it may not make sense for us to stock the item, we can buy a handful of these products – which are available in limited quantities from the manufacturer. If we can get advance orders from you, and from customers like you, we can offer you an amazing discount, far below retail!

Would you believe a savings of 35%? That's the reduction we'll give you! We aren't planning on making much of any profit, but we think this is such a spectacular product, and for loyal customers like you, it is too great an opportunity for us to pass up the offer.

We want to pass the savings on to you to reward you for your patronage. So if you'd like to own one of these exceptional products, you can buy it today. Not at the retail price of \$150.00, but for the drastically discounted price of \$97.50.

There is a catch, but it's a very reasonable request. To place an advance order for this product, we will require a deposit of \$50.00. When the product arrives in our store, you can pay us the balance.

The only other way you'll be able to get one of these beautiful, fully functional, authentic reproductions is to visit the company store in New York. But to purchase the plane there, you won't pay \$97.50. You won't even pay \$150.00. You'll pay a whopping \$200.00.

Because we want to reward you for being our favorite customer you'll get a 35% discount on a product that is probably the most spectacular product of its kind, and one we know you will treasure because of its quality, beauty and performance.

Because this product availability is limited, and we can only get a handful, we must limit your purchase to two items. AND you must call us or come into the store to order as soon as possible.

You will probably kick yourself if you don't take advantage of this offer, so give us a call today to reserve your vintage or contemporary model.

You can call me personally at 555-1212 between the hours of 9 a.m. and 4 p.m. on weekdays, and tell me the size and the style you want. I appreciate your business, and I look forward to having as a client for many years to come!

Sincerely,

## **Letter K**

A letter to move your overstocked inventory

Dear Ms. Patterson,

Something quite unusual happened in our business recently. Though it has created a significant problem for us, I believe it has also created a unique buying opportunity for you!

Let me tell you my problem. It is simply this - our buyer screwed up! He overestimated the market demand for Snow Buster snow blowers, and ordered way too many of each model - 1,000 units to be exact!

Of course we have to forecast our needs several seasons ahead, so that the stock will arrive on time. Back when our buyer estimated our need, he based it on a history of several consecutive, tough winters.

But last winter was a mild one and we have a lot of snow blowers in stock, and more coming in for next year, with no place to put the inventory. What a mess!

We overbought by 500 units, and it is costing me a lot of money to store them in my warehouse. With lots of money invested in this top of the line inventory, we are scratching our heads. These snow blowers perform magnificently, and they are among the best rated by Consumer Reports.

But, all that aside. We have to sell them at a discount to make room for more inventory, so we are having a sale! We were going to take out ads in local newspapers, and on radio stations, and sell them below retail price, which might give us a modest profit but probably wouldn't justify the cost of expensive advertising.

So we went back to the drawing board! And, we thought, if we were merely planning to break even and the only profit we would make was enough to pay for the advertising, why not just send out an advance letter to our preferred customers and tell them about the situation. Be honest about our dilemma and offer to pass on the product savings to them, instead of lining the pockets of our advertisers.

We would end up with the same profit, whether we sold the snow blowers at a 10% discount and used the proceeds to pay for the advertising, or we could just sell the snow blowers to our customers who would really appreciate the savings. And in the process, we'd show our preferred customers just how grateful we are for their business.

And that's exactly why we sent you this letter before we ran any newspaper ads. If you come into our store or call us by Friday, November 10<sup>th</sup>, we'll sell you one of these powerful, state-of-the-art snow blowers at an unbelievable discount.

Not for the regularly suggested price of \$650, not for the advertised price we'll put in the newspapers (\$585), but at the amazing price of \$450, which frankly doesn't even cover our expenses.

If you've always wanted a high-powered, muscular snow blower, the Snow Buster line is for you. You no longer have to worry about the cost, because you'll get a Snow Buster at the same price as the inferior models, and the Snow Buster comes with a five year warranty to boot!

Winter is here, and now is the time to consider one of these units. Don't wait until the snow is drifting. Be prepared! Come in to our store or call us, and try out one of these discounted snow blowers at our risk. You can use it for 15 days, risk free.

If it isn't the best thing you've ever used to clear your driveway, if it doesn't perform well, if it doesn't save you time and money, we'll take it back, no questions asked.

But, if it exceeds your expectations, if it's everything you always wanted, you've got to be pleased. And if you're pleased, we think you'll come back and buy from us again.

We believe the best investment we can make is to defer our profit and sell you the this incredible snow blower at our cost. But this offer is only available until November 10<sup>th</sup>, so talk to us now to order your snow blower!

After that date, if we have any of them left in stock, we'll run the ad in the newspaper, and you'll have to pay the same price as the general public, because we'll have invested money in the advertising and we'll have to recoup that investment. Call or stop by today to buy this top of the line, powerful snow blower and pay us only \$450.00!

If you have any questions, call our store to speak with our sales staff. If you're not sure this product will perform for you, come in and look at it, or let us ship it out to you, or pick one up and take it home, because it's risk free!

If you don't like it, we'll give you your money back. If you do like it, all we ask is that you refer your friends and neighbors to us and that you consider us the next time you are in the market for a hardware or yard product. We think that's fair!

So, why not let our blunder be your golden buying opportunity and to purchase one of these snow blowers today at the unbelievable price of \$450.00.

Because of your customer loyalty, we'd much rather you be the one to get this great buy, instead of selling these snow blowers to strangers! We know you'll love the performance of this product, and we hope you know that we appreciate your business.

Sincerely,

## **Letter L**

For retailers:

Dear Mr. Simmons,

I'm writing to let you know about our new service. We are offering this service only to our best customers. It is designed to give our most loyal clients an advantage in getting the first word on the collectibles you want.

As you know, we carry a large selection of exclusive collectibles and music boxes. Some are at the very top of the line, and may be more expensive or unusual, and because of our inventory capacity, we can only order small quantities, and within a few days of receiving these items, our supply is usually depleted.

We know that you prefer and appreciate our hand-made, one-of-a-kind music boxes, so unless you tell us otherwise, we are going to notify you of these beautiful hand-made music boxes before they are placed on the shelves in our store.

When we receive word from around the world of a new music box we think you will like, we will contact you and give you the opportunity to buy this item at a preferred price before it is available to the general public.

Perhaps you think we are crazy, but there is a method to our madness! When we offer you, our loyal customer, this kind of deal, we are able to turn our inventory faster and continue to offer great opportunities to our clients.

We know you'll be happy because you'll get to buy the music boxes you love at unbelievably low prices.

And, we'll have the satisfaction of knowing we can offer our very best products and prices to our most faithful customers, as a reward for your long-standing patronage.

So, unless we hear from you otherwise, we will notify you of these special purchases and prices in advance of public availability, and give you the first opportunity to own the music boxes you love at a price you won't believe!

Sincerely,

## **Letter M**

For customers you haven't heard from in awhile:

Dear Mr. Black,

We miss you! Over the past two years, we have been pleased and honored to serve you and we would like you to come back and visit us again.

Remember, we are here in emergencies and we can provide our fast and dependable service for insurance claims and for those emergency clean-up projects from downed trees.

But, we are also here offering services on a daily basis for those less critical maintenance and upkeep issues faced by every homeowner.

And our average prices are 25% below the market! How can we sell services at such low prices?

First, because we do 10 times the volume of business when compared to our competitors, and secondly, because we can guarantee these prices and services because we have a constant stream of contracted business.

In other words, we don't have to raise our prices to stay in business!

The point of this letter is that we haven't heard from you in a long time, and maybe that is because you didn't realize the scope, flexibility, and size of our service offerings. You may not have realized that you don't have to commit to a contract to take advantage of our great prices and fast service.

We have five locations in the area, over 20 trucks on the road and a team of 200 people ready to serve your needs. There's never a surcharge for emergency calls and, if you wish, we can even open a credit account for you!

If you need or use the services of a landscaper, cleaning person, tree trimmer, gardener, snow removal contractor, or auto cleaning and detailing, call us to set up an appointment. I think you'll find that we have better prices and quality of service than anyone else in the area!

I am about to offer you a shameless bribe to come back and try our services. It is an irresistible offer! If you need any of the services described in the enclosed service schedule, within the 30 days, we'll sell you that service for just \$30.00.

And if you are unhappy with our work, we'll give you a refund, no questions asked. No risk, and the best price around – no contest! What could be better?

Quite frankly, once you meet our team and see their work, I know you will want to become a long-term customer, but there is no obligation to do so! This offer has no strings attached. It is risk free!

So, all me today to schedule the service you want. I hope it will be the beginning of a beautiful relationship!

Sincerely,

## Letter N

New customers

Dear Mr. Customer,

You visited our store for the first time last week and because our customers are so important to us, I wanted to write you personally and thank you for your visit and your patronage.

I want to invite you to return again soon. Here's what I'd like you to do: Bring this letter with you when you come in and present it to our sales staff and you'll receive a 50% discount on your total purchase. There is no limit on the purchase total and no time limit to redeem this discount.

I want you to know that we appreciate our customers and that we want you to be satisfied and to keep coming back to our store.

So, I'm giving you this exceptional discount in hopes of making you a loyal customer, one who will recognize our dedication to service and quality and visit our store for years to come. I look forward to seeing you soon!

Sincerely,

P.S. Don't forget to bring this letter to get your 50% discount.

## Barter Scenarios

### Barter Scenario - Will Work for Food

You are the manager of a very fancy restaurant — the kind families might use for a special occasion, or a man might take a woman on a significant date or anniversary. Your entrees total \$100 or more for dinner for two.

You can go through the business directory and call all the businesses that sell high-end services or products. Offer to trade credit at your restaurant for services or foods of equal value from their store or business.

Give these business owners credit with no time limit – they can use the credit until it is gone with no deadline! But tell them you want to get your bartered goods or services within the next month.

*To avoid any hard feelings or misunderstanding later, be certain you are clear as to whether these bartered services and products can be assigned to others, e.g. can the employees of the business with whom you are bartering, use the restaurant credit with their employer's permission? More importantly you want to have the right to 'assign' or sell the services or products you get from your barter partner to other businesses or individuals.*

After you sign an agreement, you can place simple ads in your local newspaper to sell the trade credits you've acquired for 20% to 40% off – that discount is up to you and it depends on how much you want to make on the deal as to how deeply you discount the services and products you will sell.

What did we accomplish here?

You got 'X' of value in products or services in exchange for credit at your restaurant. If you gave your barter partner \$5,000 in restaurant credit, your cost of the food and drinks you will service is probably less than 25% of that – so you've struck a good bargain. You get \$5,000 in product and service, and it only costs you \$1250 in return.

You gave your barter partner an open ended date to use his credits, so you know you won't have to provide these services all in the same month. Your partner is likely to use the credits on special occasions, thereby spreading out your cost over a longer period of time.

When you liquidate your end of the trade credits or sell the products or services you acquired at the discounted amount, you get about 60% of their retail value and your profit looks like this:

\$5,000 in restaurant services exchanged for \$5,000 in products or services from other businesses.

Your cost for YOUR supplies and services = \$1250

Your income from selling bartered services or products to third party (at 40% off) = \$3,000

Using this example, you would make \$1750, less the cost of your newspaper ad! If you place less of a discount on the items you are re-selling, you will make more of a profit.

### **Barter Scenario How Much Is That Sports Car in the Window?**

Let's use the same example for this scenario. You own a prestigious restaurant and you want to buy yourself a new car or a car to use for business purposes.

Let us further assume that your restaurant mark-up is 500% over what you pay for labor and out of pocket expenses.

You'd like to trade your restaurant services to get a car. You approach all the local car dealerships and offer them \$20,000 in credit at your restaurant for that new car, and they laugh you out of the showroom. I'm not surprised.

But if you think about the car dealership profit-or-loss picture, you might be able to offer them a way to get more business without spending more money. Would that be a worthwhile trade for them?

Most dealers spend between \$5,000 and \$20,000 a month on print, radio and TV ads. But how can you tap into that value and use it to trade your restaurant credits for a new car?

Well, who says barter is a two way street? Why can't you triangulate? When you triangulate you participate in three separate transactions to achieve the barter goals of each of the three participants.

Think of a three way trade in baseball, and you'll understand the concept. You have an outfielder you don't need, but Team A does.

The problem is that Team A has nothing you want. Team B has a shortstop you need, but you have nothing THEY want. It seems the only thing Team B needs is a pitcher and that you can't give them. You have the pitchers you need and you aren't willing to trade them.

With a three way trade, you get the shortstop from Team B, Team A gets the outfielder from you and Team B gets a pitcher from Team A. Everyone is happy!

It may seem like a complex theory but it is pretty simple.

Think about this concept as it applies to the scenario we are talking about now. How can you trade your restaurant credits and get a new car? You can approach all of the local newspapers, periodicals, radio and TV stations.

Offer them your \$20,000 in restaurant credits to wine and dine their better clients and to reward their sales staff for achieving sales goals. They would have to buy a gift or give them a bonus anyway – so why not use your prestigious restaurant as a special way to say thank you?

Trade those for \$20,000 in advertising credit and make sure it is assignable so you can hand it over to the dealer. And ask the TV station or advertising outlet to give you the credit without an expiration date so the dealers can use it when and how they see fit to advertise seasonal specials or other discounts or deals.

The only thing you have to do now is to close the deal with the car dealer. And in essence, you are trading him \$20,000 advertising money for the retail price of the car. Since he doesn't pay anything close to that price to get the car from the manufacturer, all costs considered, he is getting more than a dollar-for-dollar trade.

And because you will not have to pay out on your barter in restaurant services all at once, you can spread your costs over a period of time, providing meals and services as the advertising company brings in clients throughout this year and the next year.

But what if you wanted to get your gas and insurance through a barter, as well? You could barter for more than \$20,000 in advertising credit, give \$20,000 to the car dealership and hand the rest over to other merchants who frequently use advertising. Take their services or products and assign them to the insurance agent or the mini-mart.

Be sure these are products and services they will want to use either to promote their business or in the service of their business.

For example, let's say you give some advertising dollars to a local bakery that makes and sells their products to small outlets around the area and has its own storefront. These baked goods may be just what that mini-mart/gas station needs to go with their coffee service.

And the advertising you give to the local temporary employee service so they can place ads in the newspaper may be exchanged for temporary receptionist or file clerk help at your insurance agency – thereby paying for your insurance policy for the year.

Get creative! There are oceans of bartering opportunities out there, but most companies never even dip their toe in the water, because they are afraid to approach other business owners.

## **Guarantee and Warranty Copy**

### **Guarantee Sample**

If you have not achieved a yellow belt by the third month of your martial arts training, I will gladly refund your money, no questions asked. But, if our training and methods produce the kinds of results I think they will, I want you to write to me and tell me what you've accomplished, how much stronger and confident you feel and what our training program has done for you – and tell your friends too!

Even if you do decide to stop the program or ask for a refund, I want you to keep the video program, as a 'thank you' from me for enrolling in our one-year training program.

### **Guarantee/Warranty Sample**

You'll love our totally Risk-Free 100% Money-Back Guaranteed Purchase. Order as many baseball bats as you'd like. Use them and see how you like them. If you don't find our bats to be the best engineered, most comfortable and highest-performing bats on the market, we will refund every penny of your team purchase, up to nine months after your order! That's right, you have an entire baseball season to use these bats at no risk, with a money back guarantee. If the bats are returned in reasonable condition with no serious damage, we will happily refund every penny to you within 10 days of product return.

No questions asked. No hard feelings! And here's the best part: Even if you do decide to ask for a refund, you'll get to keep our package of instructional fielding and hitting videos just for making your initial purchase. Why do we warranty and guarantee our products so generously? There is a remote possibility that you may not like our products and we do want you to be happy. But we are 99% sure you will love our bats as much as every other team using them today across the United States. We sell to thousands of teams throughout the country, in all leagues and we are sure you will find our bats to be high-quality and long-lasting. So we don't feel we are taking much risk by offering this money back guarantee!

Our bats are performance-based, and we're giving you nine months to try them, at no risk to you or your team. If you decide to return them, you will get your money back and you'll get to keep the videos - valued at \$500. Where else can you find an offer this fair?

## **Headlines**

### **If you have a wide selection of products, here are some headlines you can use**

We Always Have at Least 200 Different Manufacturers and Styles in Stock  
We Carry All Sizes, Widths and Types of Footwear with a Selection of Sports, Business and Casual Shoes to Meet Every Need!

We Stock All Sizes and the Hottest Colors, with a Selection of 20 Optional Features - Prices Ranging from Ten to One Hundred Dollars

Ten Convenient Locations, Twice the Service, Money-Back Guarantee

### **If you pride yourself on low prices and discounting, you may want to use these kinds of headlines**

Half the Markup of any Other Dealer

We Sell the Same Brands as Our Competitors at 25% to 50% LESS!

Top-of-the-Line Vacuums Usually Sell for \$250 to \$800.00 – We Sell Them for \$90 to \$450.00! Which Would YOU Rather Pay?

Most Lawyers Start Billing You When You Walk in The Door. Our Initial Fee is \$99. No Hidden Fees! No Tricks.

### **Here are some headlines for service companies**

If You Break Down on the Highway, We'll Tow Your Car up to TEN MILES for FREE

Most of Our Competitors Work from 9 to 5 – We Are On Call 24/7!

We have 30 Service People on Call 7 Days a Week, 24 hrs a Day, 52 Weeks a Year — INCLUDING HOLIDAYS at No Extra Charge

**If your target market is the 'upper crust' you might try headlines like this**

Of the 1,000 Hand-Crafted Boas made in Germany Every Year, Only 200 are Imported to the U.S., and WE'VE GOT THEM! We Also Offer Special Pricing to Our Best Customers! So, Call Us Today!

**Lastly, I will leave you with some other examples to consider. After you finish your review, think about why these headlines work.**

If You Are Over 50 and Thinking of Adding or Replacing Life, Health or Disability Insurance, You Need This Information! We Offer Insurance Coverage for People Over 50 – NO physical, No Waiting Period, Absolutely No Restrictions

How Would You Like to Get Fit, Lean and Healthy? All it Takes is 45 Minutes, Three Times a Week – And We Know How To Do It!

Are You Looking for High-Quality Furniture at a Low Price? How about a \$1500 Brand Name Dining Room Set for Only \$400? We Have 150 in Stock Now!

As you can see, whatever you are selling, whatever your target market, you need to be specific in your headline and your message! Think of it as a direct message from you to your customer and tell them exactly what you offer and why they need to buy this product. What is the benefit to them?

If you can synthesize your message in your headlines and advertising copy, grab the prospect's attention and incite them to take action, you will be far ahead of your competition.

What is it that makes them compelling? Note your thoughts here:


Now, think about your own ads and headlines and rewrite at least three of them here to make them more compelling, educational and action-oriented.