

## ON DIRECT-MAIL

You've got your introduction to Craig already. It was in sales material in a book so I'm not going to introduce him or Jeff Walker, I'm not going to beat it up again. And again I have some things to say about direct mail afterwards and we're going to take some questions after he's done but he probably has been responsible for more direct mail in the opportunity field than maybe anybody else and a number of clients are working with him. We rely on him for lists assistance and mail program management. And both niche players and mainstream players, clients of mine are working with him and for a variety of reasons, some of which I'll talk about later. I think this is critically important information for you. And so Craig you're up.

**Craig:** I flew out from Oregon on Wednesday. Come from a small town in Grants Pass, about 30,000 people. I'm going to give you a little bit of background about me and then I'm going to start telling you a lot about direct mail and give you some examples.

I was going through my notes last night and I realized that I have a lot of information that I want to share with you, possibly too much. So it might be like drinking out of a fire hose for some of you who've never done direct mail. Got my start in direct mail when I was about 19. I was really heavily into rock climbing and I built this 20 foot high rock climbing wall in my parents' backyard. And after I built it I realized I didn't have the money to buy these little rocks that you bolt on the wall. You've probably seen them on TV. And so I decided I'd better make some holes myself since I can't afford to buy them and I started messing around with some polyester resins and sand and I made these ugly looking fake rocks and I bolted them on my wall.

Had my buddies come over and they were climbing on it and everyone said, "Those are great. You should try selling them." And so I started placing ads in a couple climbing magazines. I did my first direct mail campaign, which was absolutely terrible. I mean it's horrific to even look at it now. And I ended up selling about 4,000 rocks through the mail in kind of a weird niche. But I sold 4,000 rocks through the mail through magazine advertising, some really bad direct mail campaigns and kind of got my start. And I really got this love and interest for direct mail back then.

After a couple of years of doing that I realized one really key thing for my future and that was I do not want to be in manufacturing. I hated sitting in a sweat shop day-after-day, making these rock climbing holds and just

smelling the resins and pumping out hundreds of these holds and it was just absolutely miserable to me. So I said enough of that. I scrapped that idea but I had all this knowledge. So I thought well I'm going to go ahead and do something with it. So I created a video and it was called How to Make Rock Climbing Holds. It looked like, the video, the infomercial we watched last night or yesterday with the Gold by the Foot, that's what my video looked like. It was terrible. Quality was bad. It was just this little kid sitting in front of a camera trying to show how to make rocks. It was dim light, the quality was bad. It looked just like that.

And so I ended up selling about 300 of the videos and realized there was no money in that at that point for me. So I thought I'd get a real job. I started working for a financial publisher. The Ken Roberts Company, which I'm going to talk a lot about today. Many of you have heard of him. If you haven't by the time we're done you'll know about him and you'll know why. And I worked there for about 10 or 11 years and for the last five years I've been a direct mail consultant. I send out about 150 to 200 mailings a year. So I've got a good pulse on what's currently working in the mail.

I do mailings for a wide variety of niches. A lot of info products, real estate based, financial based. I do supplement mailings. I work with a clothing wholesaler, software companies. So it's a wide variety. It's just about every niche you can think of. You can do direct mail and make it work.

So to start with I've got some questions for you guys. Let's see here. Okay the first one is how many of you would like to work for 15 minutes a day and have the opportunity to make at least \$150,000 in three weeks? Does anybody want to do that? Great. Okay, next question. How many of you like to invest as little as \$500 and make \$40,000 in one week? Does that sound good? Good. **How many of you like to run your business with one phone call today, no e-mailing, no blogging, no Twittering, no Facebooking, no texting, no updating your status or having to tell everyone what you ate for breakfast? Who would like to run their business with one phone call a day?** A few of you. Okay. Last question, how many of you would like to invest in an opportunity in which you have an 85% chance of failure? Anybody there? No.

So what I'm going to talk about first of all is today is Ken Roberts and he had to overcome that issue. And I picked this piece out of Ken because it's got his picture on it. But he had to overcome the issue because Ken was selling a commodity based course and when you trade commodities you have an 85% chance of failure. So we had to present his offer in a way that would still get people to respond.



A little about Ken. First of all who has heard of Ken? Let's see a show of hands. So a few of you have. So Ken loved trading commodities. He created a course called TWMPMM, which stand for The World's Most Powerful Money Manual.

**He sold 700,000 courses at \$195.00 apiece.** So do the math on that. That's a lot of money. 700,000 courses at \$195.00 apiece. Worth Magazine did an article on him and said that Ken educated more people on how to trade commodities than anyone else in the world. So he obviously did very well at it. He was able to sell a lot of courses.

But he had to overcome this problem he had. He had to overcome this idea that people when they hear the word 'commodities' and they know about 85% chance of failure. He had to overcome how can, how can I sell this course to these people with this big factor?

And so what he did is he said, "Look I have made millions trading commodities and I'm going to take you buy the hand and I'm going to let you look over my shoulder. I'm going to show you how to trade commodities just as I traded them. You can watch and learn exactly what I do." And so that helped diffuse this risk of an 85% chance of failure. And instead of focusing on that, and he didn't focus on trading charts. He didn't focus on trading terminology. He didn't focus on key terms like open interest and liquidation and puts and calls, and all these things that people didn't care about. He didn't focus on those things.

Instead Ken said, "I'm going to show you how to do this. I'm going to show you how to make a second income. I'm going to show you how to make enough money to pay off your mortgage, how to buy another car, how to work from home." And a lot of the things that I shared with you in the beginning, those three questions. So it sounds good, right? It sounds like something that you would want to do.

So what Ken did was he diffused the risk and then he focused on the benefits. Something else I want to show you is another picture here of Ken. So you guys can see both of them. You kind of see it. The one on the left is a picture of Ken in a suit with a cowboy hat. On the right is Ken in a denim shirt and a cowboy hat. So how many of you think that if I mailed both pieces one with the suit and one with the denim shirt, how many of you would think the one with the suit would bring a higher response rate? Nobody. How many of you think the denim shirt would be bring? Okay, good, very good.

The more ordinary we made Ken look the higher response rates. Why is that? It has a lot to do with Dan was talking about, is we made Ken relatable to the customer or to the prospects. We told people how he was

an average, how he had multiple jobs. He worked in grocery stores. He worked in gas stations. He sold insurance. He was in a band. He was all these things that ordinary people did.

And so when we put him in the suit we maybe would get some high end financial investors to reply but we wouldn't get the vast majority of the people we were targeting. There were people who were looking for a way to make more money. So it was kind of a game when we're doing the testing with his picture because we tried all these combinations. We tried him in a suite with a cowboy hat, without the cowboy hat. In the denim shirt with a baseball cap, in a denim shirt without the hat and finally came upon Ken in the cowboy hat. And if we made it black and white it even made it even better. So the more ordinary, the more we told about him the more that we made Ken look like our prospect, the higher the response rate became.

So the big thing, there's three big things today that I want to share with you about Ken and the Ken Roberts Company. And then I also want to share with you guys some samples. The first thing is Ken presented his offer that diffused the risk. He did not focus on the fact there's an 85% chance of failure. He focused on the fact that I'm going to take you by the hand. I'm going to let you look over my shoulder, see what I do and help you along this path. He focused on the benefits. He told them, "Hey here's a chance to make second income, to pay off your mortgage, to buy that dream car that you always wanted." And he connected with the customer on their level. He looked like the ordinary guy. We put him in a denim shirt. We told stories about his upbringing, how he came from the average family.

So the key is this and his first point is the way he presented the offer. Now I'm going to show you guys some samples of a few direct mail pieces and a website here of how the way you present your offer can drastically change your output, your outcome. It can have a significant improvement on your response and really that's a lot of what we're talking about here this week is how to improve response and how repositioning your offer will change your overall profitability to your company. Hopefully it's going to increase your bank account.

First one I want to show you is this is for Dennis Tubbergen. A few of you know him. This is not Dennis right here. This is Mandy. And Dennis is marketing to financial planners and life insurance agents and we're ultimately hoping to sell them a very expensive marketing program. But the first goal is we want to get them, in their specific market, we want to get them to a meeting and we want to show them and kind of give them a preview of what could be in store for them if they buy the big package from us.



So when I started working with Dennis this is what his sales letter looked like and this some copy. It's highlighted in blue. It says, "So who should attend this preview meeting? Licensed life insurance agents who can document that they have earned at least \$150,000 per year and who have a business promotion budget of at least \$3500 per month." So we're saying if you want to attend this meeting well you have to document that you make at least \$150,000 a year and be willing to spent \$3500 a month. So that's a pretty qualifier there.

I had him change his copy, and this is the only change we made to it to, "So who should attend the preview meeting? Licensed life insurance agents who want to learn how to easily find new clients, make more money and grow their business quicker than they thought possible. Now which one of you guys think worked better the first one or the second one? Second one, right. It increased results by five times. Five times just by changing those two sentences.

Now when we got to the preview meetings we definitely had more people there. There was definitely unqualified people there because we had removed the qualifier. But what we found out is that even though we removed the qualifier those people who could afford the system they still came. And people came who wouldn't have responded because of the qualifier and they ended up signing up anyways. So accomplished two goals, we got more people there and we were able to build the herd though there was those that didn't buy the big system. We could sell them other things.

And then we also attracted more of the people we were looking for all by changing one line. Making it more opportunity oriented.

Here is a doctor I'm working with. His name is, I don't think you can see it, his name is Doctor Amin. He's a brain doctor. He's been on Fox News, Larry King, Doctor Phil. He's currently doing a joint venture with Doctor Oz. Very well known in the brain doctor world. And I'm working with Doctor Amin on filling up his clinics. He has a bunch of clinics. I'm helping him fill his clinics. I'm helping him sell supplements, DVDs, books and a whole bunch of things.

This is a picture of his website. It's pretty boring. You can see a lot of science on there. You see a lot of images of brain and if you read the copy it might put you to sleep. So when I started working with Doctor Amin his focus has been on he wants to show people his brain exercises. He wants to tell you the science behind why you should take certain supplements. He wants to talk to you about why you should eat

blueberries and why blueberries are so unique. Not a very good strong selling proposition for prospects.

## NOTES

So what I'm doing is I'm retraining him and I'm saying, "Doctor Amin you need to say how it's going to make you feel better and have more energy. How you can increase your memory and never forget people's names. How you can reduce your stress and make you more productive in life. How you can lose weight." So repositioning his offer is going to drastically change his business. We're going from very features -oriented to more opportunity-oriented.

Here's another, in the same niche as what Ken Roberts would've been. Very hard core business opportunity looking for opportunity seekers. His name is Russ Dalby. You may have seen him on TV. He does a lot of infomercials. Russ sells a real estate product on how to buy and sell real estate notes. And his headline here it says, "I made a million dollars the hard way but you don't have to." He's going to go on and he's going to tell a story, which is going to diffuse this whole real estate issue right now. He's going to go on and tell story of saying, "I've made a million dollars. I'm going to take you by the hand. I'm going to let you look over my shoulder and see and do exactly what I do so you can make money from it too." Sound familiar?

On the front we're going to appeal to the opportunity seeker. We're going to talk about current issues. Banks abandoned 169 billion. How to claim your share in this once in a lifetime money maker before it's too late. A couple other headlines on here. How to legally rob banks blind. Doesn't that sound good? American dreams come true, millions made in the deserted mark. Mortgage meltdown creates huge profit potential for the informed. Giving them all the reasons to read it.

We throw Gary Collins on the back. There was some celebrity in there. It's a very effective sales piece. Mailed tens of millions of pieces for Russ Dalby.

This is my favorite one that I want to talk about today. How many of you guys think software is exciting? One or two people, three people in here and I agree. I'm not a software fan. I think software's the most boring thing to talk about. One of my clients, Reg Online, they are a meeting planner software, not very exciting at all. If you were to go to the Boston Marathon that would be their software that's being used to register people for the event. Signing them up, putting their names in a database, processing their credit card, whatever it is. And when I started working with them they were mailing this piece here. It says, "Introducing a meeting planner's favorite four letter word." Easy.



They go on to say, "Reg Online makes everything about your event registration easier with automated follow-up e-mails, (very future oriented). One click summary reports, (feature oriented) and instant payment processing (very future oriented)." I changed them to this piece here. "For your eyes only. The event planner's secret weapon. Discover how to cut your event costs up to 25% while increasing attendance up to 20%. Increase your total registrants. Increase your attendee satisfaction. Improve your market penetration." And on and on and on. Do you guys see the difference between the two sales pieces?

So the first sales piece, when I started working with them they were mailing 20,000 pieces a year. I'm now mailing 850,000 pieces a year for them. There's a huge difference just by changing the way we presented the offer. Now there's one thing on here that could make a major change in this and it'd increase the response even more and it's something I just learned this weekend here. You guys see that word right there? Improve.

So if I wanted to take this to the next level what do I need to do? That's right, make it more opportunity oriented. So I've just discovered a way that I can take a client who's been mailing 850,000 pieces a year and either increase their response or increase their universe by making the change. The way we present our offers is key to growth in your business.

Here is probably the most interesting piece I'll share with you. This guy I can't even pronounce his last name. I don't know if he can pronounce it. He told me when I started working with him to call Doctor Batman. Doctor Batman? Yes that's right, Doctor Batman. He is Iranian. He's a doctor. He got thrown in an Iranian prison for political reasons. And while he was in prison he was the only doctor there. And so he had to learn, and everyone, all the patients, not all the patients, all the prisoners came to him with sicknesses and ailments and they were all asking his advice because he was a doctor.

And so he had to learn or find a way to heal these patients and the only thing he had to work with was water. So he found the healing properties of water. How to properly use it. And so he dedicated his life to the research on how to use water to improve your health.

So he came up with a Godsend water cure program. Now in this letter, I think it's a 12-page letter, if we told people to out and drink water do you think anybody would buy the course? No. They're going to over to the tap, they're going to fill up a glass and they're going to take a drink.

So instead we told people about if you want to use water as a healing property for yourself you need to drink it at certain intervals. There's certain times during the day that if you drink water at these times it can

help you lose weight. There's certain quantities of water that you need to drink at certain times in order to prevent ulcers or a common existing ulcer. There's healing properties to the amounts of water you drink at certain intervals for curing back pain. So a whole list of things.

So we didn't tell them just go drink water. We said buy this course and we will show you how to properly drink it so it can change and have an impact on your health.

I handed out a piece to everyone here. It's the greatest business on earth. So when Ken retired from selling a commodity course he had made a couple hundred million dollars and decided to retire. I don't know why but he just decided he was tired of working. And he sold off a small portion of it, and this is what's left today. And I still do mailings for them. We mailed out about hundred thousand pieces a little over a week ago and I asked if I could ship everyone here a copy because this is a great example of a business opportunity piece to opportunity seekers that's working in the mail today.

And there's some things I want to show you in it that's going to be, that's very important to the way the offer's presented. The first is this is for a commodity option course. If you were to go and read this 56 page digest you would not know that we're selling you a commodity option course and tell you at least half way through it. You have to be about page 24 or 25 before you realize what we were selling you. Why is that? Because when you say the word 'commodities' people have a preconceived idea about it. They've heard about it in the news. They've heard it's risky. So for us to say up front, "We're selling you a commodities course," nobody is going to buy. We have to first get them over that hurdle and sell them on the opportunity, sell them on the business and then once we've done that then we can tell them what it is because it already presold at point.

So let me show you a few things in here. I'm going to go over about four points. First one is turn to page six. So instead of telling about a commodity, instead of telling them about commodity option course we're going to talk about Mike H. and how he made a three year salary in only three months. We're going to talk about Dick B. is ready to pay off his mortgage. Does that sound like something you guys want to buy into for your prospect? Yeah those are great things.

We go onto to tell them, if you flip the page over to page nine you're going to see a picture of Errol, who's the owner, and we've got a picture of him and his dog. Do you think there's a reason the dog is in the photo? Yeah, it makes him look more ordinary. Makes him look like the average customer. We tried him in a striped suit. We tried him in a stripe shirt.



We tried him in a plain shirt. We tried him standing, sitting down. We found out the one with the dog was the one that people to respond the best.

Okay, so let's go over to page 11. On page 11 we're going to tell a story about a Greek philosopher who came up with this wonderful business opportunity hundreds of years ago and it's still in existence today. And that you can still profit and make money from this unique business. Okay, it's still not telling you what it is, just giving some information from it.

Last thing I'm going to show you in this piece is the bottom of page 12. Now it says, "A few years ago I took my dad car shopping." This Errol, the owner. We want to show that he's made a lot of money from this business. So he's going to tell the story. "A few years ago I took my dad car shopping. Pick out whatever you want I said. And he drove home in his new \$30,000 Saab automobile." So Errol and I had a little disagreement on this. He wanted to keep the name of the automobile, a Saab in there, and I said, "Errol we can't do that. It's going to lower response. It's like telling everyone you just bought your dad a Fiat or a Volkswagen." And he's a Saab guy. So he says, "No we're going to keep it there." So I lost that battle.

But you would keep reading this piece. You'd keep hearing stories. You keep seeing testimonials and you would wait till you're about 24 or 25 pages into it before we told you what the offer is. So that we could diffuse the risk or in this case remove any preconceived ideas. So this piece does the same thing that Ken's does, does the same thing that Russ Dalby's piece does, as we present the offer in a way that diffuses the risk, we focus on the benefits and it connects with a customer on their level.

We tell story about Errol and how he grew up and how he had a modest upbringing. How he rode his bike to school uphill both ways through a foot of snow. The whole thing. We made him look very average and very normal.

Sure. So when Ken was selling his course for, good question by the way, yes. The question was when Ken Roberts was selling his course it was \$495 a piece. This version in this booklet here is \$59. Why the decrease in price? When Ken was selling the course there was not very much competition out there. There was very little. It was before the internet. It was before a lot of people had jumped on this bandwagon of selling financial offers through the mail. And so since then if you were to go online and do a search or look in the mail box to see how many other offers there are for this type of financial business opportunity product, there are dozens and dozens and dozens and dozens of them.

So the market is much more saturated than it used to be and we've had to lower our price in order to stay competitive.

I'll talk with the numbers at the end. There's some very good things on the numbers I'll show you guys at the end. So basically I've showed you guys a few different samples. You can see how presenting the offer differently can increase response rates, can change things.

The second thing I want to talk to you about is **the driving force behind the Ken Roberts Company. It was direct mail.** We sold out of the 700,000 courses 95 to 99% of them were sold through direct mail. The other one to five percent was sold through card decks, radio and some print ads. So we used direct mail heavily. We had to be very targeted in the list we took and I'm going to review some mailing lists from you in just a few minutes. And we had to know exactly who we're going to. We had to know exactly who our customers and prospects were.

The largest mailing I did for Ken Roberts was 5.7 million pieces. That's a lot of mail. That's one mailing in one drop. It took a mill up in the state of Washington, they had to make the paper and they had to ship it down to my printer in L.A. and the printer was the same printer that prints the West Coast edition of the New York Times. It's a big, big printing facility. And they shipped the paper down on train and it took 36 boxcars full of paper to get from point A to point B so we could send this mailing out. That's a lot of paper.

And when I tell people that I cringe a little bit because worry. You're wasting all that paper and part of it was recycled and the other thing I say, "Is I'm from Oregon and we have so many trees there that we can't cut that people are actually living in the trees with the owls," which is the truth. We actually have a tree house hotel about 45 minutes from house that you can go check in. I've never been there. I won't go there. But it's what people have resorted to.

So anyways we're going to talk a little bit about **direct mail lists.** How many of you guys have done direct mail for yourself? Let me see a show of hands. Good a lot of you. How many of you have been successful in direct mail? Good, alright, great. That's wonderful. So you guys know that there's a few key things to direct mail. You got the copy. You got the list and you got the offer. And so we're going to talk a little about lists and these lists are what really gave us a huge ability to reach out to a broad universe because we were targeted and here we're going to.

I'm going to show you the response rate to a campaign. This is a campaign response rate that Frank Kern. I asked him I could share this with you guys and he said I could. And he did say this, he said, "As long



as you hug Dan every time you see him. He loves that." That's a quote a Frank. Now I'm going to let him and Dan work that out. But when Frank did his first direct mail campaign this last fall this was the response rate he got when he went to a prospect list. Not his file but a prospect list. .05% and I didn't work with [Inaudible 31:40]. I don't know how many pieces he mailed but if you mailed 5,000 pieces he would've gotten two and a half responses. Not very good.

On his second campaign I helped him pick a list and his response rate was two percent. Significant difference right? So if he was to mail 5,000 pieces the second time he would've gotten a hundred responses. The only change was a list. We went from .05% response rate to 2%. You can see the impact that a list can have on your mailings. I'm going to show you the exact list that I took for Frank here. I'll actually show you a couple lists.

First one I want to show you is AAA dentist. This is a data card. I'm not sure how many of you are familiar with a data card but basically it gives information on about the list – what selects you can take, who's on it, gives a description. So in this case for this list here it gives you the total list of people that are on the list, which is 189,000. It gives you gender, what specialty of dentistry they have, type of dwelling. If I move it up here you can see estimated age. If you go to the next page you could see estimated income, type of property, all important things. So if you're looking for dentist you could really narrow this down. It's going to give you a description in this right in here. And it's going to tell you the source is compiled, which we're going to talk about that in a little bit. Okay, that's list A.

So list "A" you could go ahead and say, "I am looking for male dentists who are age 45 to 54 and who make \$250,000 a year." Is that pretty targeted? Is that pretty good? Yes, no? Yeah, okay.

Here's list B. This one here is for dental catalog and direct mail response buyers. Universe is considerably smaller, 67,000. The source is direct response. And it has an average unit of sale of \$99. So let me tell just a little bit difference between the two lists. One was compiled. Compiled is basically a group of people that are thrown onto a file and in some cases they've enhanced the data by finding out some other characteristics about them. Maybe like in the case of the AAA dentist you can see that they have age and income and some of those things.

A response list is a group of people who have raised their hand and show an interest in something. So there's a huge difference here. And so in this case here we can go to dental catalog direct mail buyers who have spent \$99. Now we don't have the liberty that we had with the other lists. We

can't select income. We can't select age but we can go to people who have, dentists who have raised their hand and said, "I spend money through the mail. I respond." So this here is the exact list that we took for Frank that got him a 2% response rate.

I'll give you another example. Let's say that you were marketing to small businesses or entrepreneurs and if you were to go to a list broker I guarantee you this is one of the list they're going to give you. They're going to say, "Inc. Magazine is great. It's got active mail subscribers of 200,000. It's got active females of 161,000. You can select hotline." Dan talked about hotline. It's basically the most recent buyers, which is good because they're more likely to buy again since they're recent.

The source on this one at the bottom, direct response. And if you were to give a description it would say, "Innovative solutions on how to start, run and grow your business more effectively and efficiently." There's bound to be some small business owners and entrepreneurs on this list.

I'm going to show you completely, drastically different list, different perspective. If you were going to small businesses or entrepreneurs this list may work for you. But it's totally different. Growers supply business buyers – now I picked this list because it's about as opposite as you can get of Inc. Magazine. Total universe 47,000. If you would read the description on here it would say buyers of green houses and accessories for both the professional grower and home hobby grower. Average unit of sale \$450. Direct mail generated.

If you were to go through the description it would say that it's made up of entrepreneurs, commercial growers, small businesses, landscape and garden markets. The down side with this list is you see that it was also made up of home and hobby buyers but we want small businesses. We want entrepreneurs. Well this list has one great select that changes everything, it's the SIC code. So now you can take this list, you can mail to direct mail buyers and you can select that SIC code and you can narrow it down to specific businesses, to small businesses, the ones that you want to reach. Totally different perspective between Inc. Magazine and this.

So as you can see lists have a huge impact. Frank's example is probably one of the best I've seen going from .05% to 2%. It's a huge difference. So for Ken Roberts success he presented the offer in a way that diffused the risk, focused on the benefits and connect with the customer. He mailed targeted lists that fit the niche and tracked every detail. So when I did list selection for Ken Roberts, and I'd select hundreds of lists at a time when we were doing large mailings. I would do the exactly same exercise I just showed you. I'd take lists, I set them side by side, I would compare



and I would dig into them to see which ones worked best or which one I thought would work best based on the data that was provided.

## NOTES

One day I was sitting in the office early on and it was early on in the Ken Roberts business, they hadn't been a huge success yet and I was trying to find other lists to go to. I wanted to go to other niches. I was hitting all the business opportunity people but I wanted to expand beyond that universe. So I was sitting there thinking, "Okay it's a commodity offer. Maybe I should go to farmers. Farmers grow soy beans, corn, wheat. Commodities are based on soy beans, corn, wheat. Should be a good fit."

So I went through and I did that research and I found a list of farmers who had spent \$250 through the mail and I thought that's it. I'm going to give it a try. So the first mailing I sent it out and it did phenomenal. I had a huge response rate from it. I thought okay this is good. I'm going to roll it out. So I mailed the second time. I added a new farming list and mailed more of the old one. All of a sudden I had two farming lists working at the second mailing. Third mailing same thing again. The success kept building within this farming niche. Fourth mailing I sent it out and the results bombed. It was terrible. And I'm going, "What happened?" It went from three successful mailings with multiple lists and all of a sudden the farmers stopped working.

So I did a couple retest mailings of just the small segment of a few of the lists over a season and I realized something. How many days a week does a farmer work during harvest season? They work eight days a week. They're always working. Right? They don't take breaks. They don't have time to read the mail. So by tracking the seasonality on a list level I was able to see when the lists we're most effective. So what'd that do? It made it so that during the off season when the farmer's weren't working I mailed hundreds of thousands of farmers. And their success of those lists were very effective.

And then when it was the harvest season I wouldn't mail to them at all. The point I can tell you is that it's so important for you to track. With Ken we tracked every detail of every list. So we knew what list what worked best and when they worked best and by doing that we could be more effective in our campaigns. Not only that we knew when our buyers were more likely to buy.

I don't know how many of you guys know when your buyers are most likely to buy from you but I would not mail 5.7 million pieces of mail in July or August. I would mail them at the best time of the year for the Ken Roberts Company, which was January. When people in January make New Year's resolutions. They're looking for new ways to improve their life. They're looking for ways to make more money, pay off debt. So that

was the perfect time for us to ramp up and mail out an enormous size mailing. At the same time we would still mail throughout the year but I would discourage them from mailing during the holidays because people aren't going to buy commodity offer when they're in the middle of Thanksgiving or preparing for Christmas and shopping and their wallets are light because they're spending money on gifts. They're busier than ever that time of year. And there's just not thinking improvement at that time.

So we would track the seasonality of the list, we'd track the seasonality of our buyers and we'd use it to our advantage. The third thing I want to talk to you about that made Ken Roberts successful was that he capitalized on every customer making the most of every opportunity. This is possibly the most important thing about what I'm going to talk about today.

We could've never sold 700,000 courses if we did not know how to capitalize on the customers. And it's the area that when I'm consulting with clients I see it's the weakest area of their business is capitalizing on customers. So what do I mean by this? So Ken was an innovator. He was constantly coming up with new products, repackaging products, coming up with new ideas and we had a whole slew of things. And our goal was to keep our customers part of our family. We wanted them to buy from us. And so there'd be times where we'd just mail them a free video or a free report and then we were constantly hoping that they would buy everything from us. We wanted them to feel welcome. We wanted them to feel part of the family.

And in return we just asked for one little thing from them. All we wanted was their credit card number. Now Ken was in business to make money. He also wanted to teach people but he wanted to make money so we constantly offered new products and services to them and in return just got their credit card number.

Now one thing we knew about their buyers, and it's something that Dan touched in on is these type of buyers we knew were going to buy again. We knew that 80% of them were going to buy again in the next 30 to 90 days. So if we weren't going to sell them something somebody else was. So when you signed up for a course, for Ken Roberts course, over the first 17 weeks of your membership with us I would mail you 11 different offers. The different offers were for books, DVDs, advanced courses, mini courses, newsletters, seminars, you name it because we wanted something for everyone. We knew they were going to buy again so why not let it be from us?

My friend Steve he's a golfer. He loves to golf and he is always buying new golf stuff. He's buying new clubs, new tees, new balls, new gloves,



new tees, new balls all over again. And I'll ask him, "Steve why did you get these new clubs?" "Well they've got a new grip on them. They feel better. I can hit the ball farther." "Why'd you get a new putter?" "Well it makes me putt better." Every month of every year for many years Steve is going to buy golf stuff. It's because it's hobby, it's his interest, it's his desire.

For me my hobby, my interest, my desire is marketing stuff. So every month I give Dan and Bill something very little. I give them my credit card number. In return they give me something I desire. And if they didn't offer to me somebody else would. So the point is see in your business you've got customers. Those customers want to buy what you have. Make sure that you have something to sell them.

We had, how does this all affect the bottom line on this. We had a huge lifetime value. So if you've got lots of products and you're maximizing them and you're constantly selling to your customers your lifetime value's going to be much higher than if you only offer them one or two products.

So let's say, for example, your lifetime buyer was \$500. You may be willing to spend \$200 to acquire a customer. And let's say if your lifetime value was a thousand you may be willing to spend \$350 or \$400 to acquire a customer. What does that do for your market? If you can offer, if you can pay \$350 to acquire a customer versus \$200 then your market just increased. The universe that you can mail to or that you can market to is significantly larger. And I think that this is an area that most people they get wrong. Even though we are selling a \$200 product we we're willing to pay out \$300 to acquire them. And if we didn't do that, if we were just trying to break even on the mailing or make a little money we would've never mailed tens of millions of pieces. We would've never sold 700,000 courses. Ken would've never made \$200 million dollars.

But because we knew the value of our customer and we're able to spend a certain amount to acquire them, in his case it may have been three, \$400 to acquire a customer, knowing they're going to buy more stuff from us, we use it to our advantage and we're able to leverage the amount of people that we could go to. So I would encourage you from that example to not just focus on trying to break even on your mailings but if you know you've got a high lifetime value don't be afraid to spend a little bit more so that you can acquire more customers and reach a broader audience.

So in short, Ken presented his offer in a way that diffused the risk. He took away the fact that 85% of the people lose money trading commodities. Instead he said, "I'm going to take you by the hand and I'm going to show you what I did. I'm going to show you how to do it." He focused on the benefits. He said, "Look you're going to learn how to make

a second income. You're going to be able to pay off your mortgage. You can buy that dream car you've always wanted." And he connected with the customer on their level. We made him look ordinary. We put him in a denim shirt and a cowboy hat. We told stories of his upbringing.

We mailed targeted lists that fit the niche and tracked every detail. Went through the process of showing how significant picking the right list can be. Going from point .05% to 2% is a huge increase in response rate. You got to pick the right list and then we tracked the details. We knew what season our lists worked best and so we maximized on it. We knew what seasons our buyers we're most likely to respond and we used that to our advantage.

In finally we capitalized on every customer making the most of every opportunity. We didn't just build the herd and be done with it. We built a herd and we offered them 11 products over 17 weeks and then we still weren't done. We would offer them other, on a quarterly basis, other reactivation products. We took advantage of every customer. We wanted to maximize them. If we're going to spend \$300 to acquire them we might as well get as much money out of them as we possibly can.

So I hope I didn't go through that too quickly but I think we're going to have some question and answer time. So if you've got questions, if I went over something to quickly you can ask them.

**Ray:** Alright so talking about the numbers and how do you know when a niche, an info business has sort of, it's bumping against or has reached its capacity of what you're going to get out of that market?

**Dan:** Well you want to be able to predict it not know it. Knowing it actually is pretty easy. Knowing it is you are generally going to see over time, in almost every case, you're going to see a honeymoon period where cost of sale are relatively low and that can be deluding because it won't last. and then you start to see this sort of gradual creep where every meaningful statistic is turning chilly but not horrible and it can be so gradual it's almost imperceptible or gradual and noticeable but cost per lead is going to go up, cost per sale's going to go up, response percentages are going to go down. How many steps you have to do to put somebody on a teleseminar goes from four steps to six steps to eight steps. So these are all leading indicators of what is next going to happen, which is at some point all that gradual shit is going to do this. And it's going to skyrocket bad and you will have hit the wall.

So if you went from \$300 cost per sale to \$330 to \$340 at some point it's going to go from \$360 to \$880, boom, right? And what's happened essentially because you're digging into dirt is you just hit hard, hard dirt.



And you either got to go find another plot of soil or you need a new tool, which in our business means you got to change all the economics now. So okay. If it's all of a sudden left from 330 to 880 now it's going to have another, if we continue the 880's going to go now again like this because it's going to go 890, 920, 1,050. Some point all of a sudden boom it's going to be too grand.

If we want to play that second time we need new tools-- which in part means new economics.

**Ray:** You mean like new opportunities?

**Dan:** Maybe new opportunity but in part it means new economics because we aren't going to mitigate it much with anything we do except math because they are what they are and it's more about them than it is us. So now you got to look at it and say, "Okay can I rejigger this somehow that I can live with an \$1100 cost per sale?" Before the day's over I'll show you what we did at Gold by the Inch as this started to do this. So if we hadn't responded with economic changes we would've been done on TV in four years. I got eight and a half. I didn't get eight and a half by changing the creative. I didn't get eight and half by changing the show. It wouldn't have made that much of a difference. Sometimes it can.

I'll show you in Think and Grow Rich I bought him an extra two years by changing the offer. But mostly you've just hit this wall, right? And now you're selling to a different person. In Think and Grow Rich's case on TV, which again TV's broad but it really isn't. You're knocking down small numbers multiplied. So the honeymoon period with Think and Grow Rich was Think and Grow Rich fans.

So as soon as they saw there was an audio program available they're buying. So they early numbers for that TV show were frigging phenomenal. Because people coming home from their Amway meetings at night blearily clicking through the TV and seeing Think and Grow Rich, Napoleon Hill's own voice? Well we used them up.

Then they fixed that and then there was another time that went [noise] and a second time everybody said, "New soil. This horse we can't fix it." So knowing is easy. Predicting so that you can be making the adjustments anticipatorily rather than under crisis is the more important question, which it's good you didn't ask it because there's not nearly as good as an answer to it. Next question.

Of course, now we'll loop to what he just did. So it's very important you understand what he said at the end. So in a given environment if you say, "I insist on self-liquidating," meaning breaking even on first sale. Let's

say there's a mailing list with 500,000 people on it that are right generally for us. That decision will narrow you to only being able to use this small fragment of them, right? If you say, "I'm willing to go negative." Let's say \$200 sale I'm willing to spend \$400. What was a small piece of the list doesn't just become this much more, it becomes this much more of that list that you can use.

So one of the things that's true is so you start to hit this wall, right? It's ugly. One of the ways you can respond, if you're doing direct mail, and I'll tell you how to do it on TV too. So for example, is you can exactly pull back and be smaller but restore your profitability. So we could go back down to the tiny little piece of this list that is super high probability. We could maybe change what we're showing them enough that we won't have used them up, depending on what the churn is in the list. Make some slight price adjustment and we can live there even though we can no longer live here.

So on TV, Gold by the Inch, the last two years we had to be much more careful about where we bought and what we paid then we were in the first two years. Direct sales states – Ohio, Utah, Indiana – they were always more responsive for us than any place else. The last two years we hardly ran in California and we didn't run on the East Coast at all. We pulled our media buys back into the places that gave us the biggest bang for the buck. Then, of course, you've got to go and search new lists. So if you were living off five and now you had to scale back what you were doing in those five well there must be another somewhere, right?

**Audience:** The biggest problem that I'm having with lists right now and really want to know how you combat this, is that you're being told that the list is current and everything in it is good but when you do the mailing you get large numbers coming back where the addresses aren't good or the people actually didn't fit what you said. And my question is how do I eliminate that beforehand or what questions do I need to ask to solve that problem?

**Craig:** I'll say a couple things. One are you doing any kind of data hygiene on your list? When you're actually cleaning up the lists. Like the Postal Service had software where they can correct addresses, append apartment numbers, all that good stuff.

**Audience:** I'm supposedly paying for that when I buy the list.

**Dan:** Now you doing compiled or response lists?



**Audience:** I've been doing both. I've been buying some compiled and some response and I'm getting better results from the response lists but I'm still getting large numbers that are coming back.

**Craig:** Well I'll tell you this, anytime you do direct mail, for years now, you're going to get a lot of mail back no matter what. The Post Office doesn't even know what addresses are deliverable until they show up at the door and say, "Oh I guess I can't deliver it." They're still going to be large numbers. They're not talking 10% or anything like that but I wouldn't be surprised if it was four and 5% of undeliverable.

The other thing I would say for the response list is get on that list. Call that company, order what they have and see if your name appears on that list next time you rent it. And you also get to see all the market information they're sending out because if they're a like match for you and your customers then you might as well be on their list and see what they're mailing anyway so you can see how to appeal to that group.

**Audience:** Okay.

**Dan:** And then I'll make another comment that kind of is corollary. So, first of all, of course, obviously there are reputable, less reputable and disreputable sellers of lists. But the other issue when you have the ability to use less of it, to narrow it. So people who live in apartments are more transient than people who live in homes, right? So if you want to reduce you cull out all the apartments. You mail homeowners. People in suburban markets are less transient than people in urban markets. So the surrounding, so if we took Cleveland where we are not, so Cleveland is north of us and Akron is south of us.

The core Cleveland zip codes and the core Akron zip codes are going to have a higher turnover, thus bad deliverables, than is where we are in the middle. People tend to stay put here more than they do in the cities. Affluence is a factor. Again now it depends on who you want to sell to and who you, but affluence is a factor. The lower the affluence the more frequently they move because it's cheaper than paying rent.

Certain parts of the country. Age. So the unavoidable bad that is in lists based on transience is behavioral. And so there's a predictable factor to it out of which you can do selects. Even in a B-to-B environment. So like in professional practices. Now you got deliverability issues. You got gatekeeper issues. Well size of the practice tells you typically how much gatekeeper activity is. So all these things have to be considered in what segment of a list you are going to use.

So with the greenhouse thing you showed. See generally speaking, there are exceptions, but the fastest way to go broke in direct mail is trying to use the entirety of any list. That's the quickest way to wind up in the poor house. Hardly anybody can ever do it. Were you ever able to do it, with Ken? Well where were you able to use an entire list, every name they could give you? A biz opp list you could use it all.

**Craig:** Well it was biz opp. Yeah totally.

**Dan:** But not expanding out to other categories. No. For the most part you're going to find pieces of a list that can be profitable for you. And you're not going to be able to go beyond those pieces.

**Audience:** So I just have to work the list better right? I got to manage the list better.

**Dan:** You got to work the list better. Well you got to make sure you're getting stuff from reputable sources. Real list manager companies, real list brokers, not Joe [Inaudible 59:35] selling it to you directly out of his basement. The only way you even tests those lists is on exchange, swaps or piece of the action deals. You don't pay for them. So you got to be dealing with reputable companies, and like he said you got to now make sure...so you want to be on the list. You want to see what mail people on the list are getting to see if they're even really mailing what they say they're mailing. You want to look at who's using the list. You showed them that didn't you? Well your data cards reveal...

**Craig:** Who's on the list?

**Dan:** Who's using it and who's mailing it repeatedly? Okay? Did you?

**Craig:** We did not talk about it.

**Dan:** So if I'm going to rent Al Schwartz Opportunity Seekers or I'm going to go rent Smart Practices Dentist Buyers, one of the things I want to see is who else is renting the list and who's renting it repeatedly. Because if the names are unfamiliar to me or they're super big, dumb companies where I know nobody knows what the hell they're doing that makes me nervous.

If I'm renting an opportunity seeker list and I see Ken Roberts is using it. So his clients are using. George is using it. My confidence goes up because I know they're smart people. So they aren't using this list repeatedly unless it's paying for them. Then the next extension of that, which you may not have shown them is to do your creative work, creative a bad word, but you understand what I mean? Your content work. You



can go to [InsideDirectMail.com](http://InsideDirectMail.com). And from the archives you can buy the control, copies of the controls of the companies who are using the list.

## NOTES

So now I've got on my desk in front of me the five main users of your list I got their direct mail pieces. So now I can look for commonalities. Same principle Napoleon Hill, 300 people. What's the 17 commonalities? I can look for the commonalities they're all doing, which it's suggestive. I better have those commonalities in my piece because that's what all the winners who are using that list have in their piece. So if they're all selling on six pay I'm at least going to six pay. I don't want to be doing one pay if every winner using that list is doing six pay. If they all got photo of gray haired people I don't want to use a photo of younger blonde people because these are smart people. They've already tested shit. So why do I need to test stuff? I'll just start with their testing.

And so most copywriters won't do this work. Most marketers won't do this work. But this is how you get to where it pays.

**Audience:** Thank you very much.

**Dan:** You're welcome.

**Audience:** My question is more philosophical than technical. The calculation list what if it's compiled list? I tend to favor, all of the things being equal, I tend to favor the compiled lists over circulation lists and the reason as compiled lists give two kinds of problems. One is it significantly narrows the spectrum out of a million business owners...

**Dan:** You mean the circulation list though?

**Audience:** The circulation list is significantly smaller and just because a poor fireman does not subscribe this magazine he's off my radar screen. That's one problem. Second problem that I have harder time dealing with is the circulation data is more heavily marketed to. I would rather reach out to him, who is not subscribing to Inc. Magazine than the two of them are subscribing to Inc. Magazine because they're going to get eight pieces of mail. He's only going to get mine. What do you think?

**Craig:** Well it's going to come down to your niche and who you're going to because I've mailed over 140 million pieces of mail. So I've done a lot of mail. I would say 95% of that has been to response base lists because I've seen that much difference in them. I have maybe one client where either a controlled universe type file or a compiled file works better. All the other ones response base works. So the only way to know is to go in there and test and see. I don't think there's a black and white answer for that.

**Dan:** Here's the problem with what you're doing. So the scenario you just described has a flaw in the ointment. So you just said you like this guy better who's not on these lists because he's only getting your piece of mail. However, it ain't like they didn't try. So he's already been mailed by Inc. and by, okay they've already took a whack at him and they couldn't get him. So he is a very stubborn virgin. And seducing stubborn virgins is hard, agonizing, long, painful and usually expensive work. And often, generally perhaps, not all that productive because they don't know how to behave even when you get them.

Well I always said that was the dumbest thing in the world. You get 72 of them or something when you arrive in Heaven if you're...first of all what do you want with 72 of them? And second of all the last thing I want is 72. I want one who knows what the hell she's doing. But that'd be more appealing to me. The last thing you want to do after a career as a suicide bomber is now to be a trainer. Just seems to me a bad reward.

So there's a flaw in your thinking. Now I will say this though, so the wet dream of every direct marketer's how to mail the white pages and make money. And almost everybody takes a whack at it at one time or another. Halbert was able to do it with the name thing. And I'm going to show you a very funny example of that applied to opportunities and they may be able to do it. And I just saw it. LeGrand just sent it to me and it's brilliant. It's brilliant and I can't wait to copy it.

But so you really got to rethink this because, now the one thing I will say is if you are able to do it you are, the last part of your logic is true. You are getting to operate for a period of time in essentially a place where you have no competition and obviously you have bigger numbers. But it ain't easy. The highest probability prospect is always the guy who's already bought 'X' and we can see what motivated them to buy it.

So when I sold at the Peter Lowe events here's the one commonality I can tell you about almost every buyer. 90% of my buyers they had other people's bags they'd already bought. Non-buyers all left. The buyers stayed. So my percentage was always fabulous. My closing percentage, my dollars per head number of who was actually in the room five, six times Zig's. Well because Zig was working with the White Pages. He was working with everybody at the start of the day. The only people left to see me were people who were buyers. Well my percentage damn well better be better. Right?

You're up Doc.



**Audience:** Hi, how you doing? Thanks for your presentation. It was very good. I have a question. Based on who you're mailing to do you change your strategy as far as the piece, the deliverable? Like here you're selling a course versus going B-to-B or selling a service.

**Craig:** Well I went through a bunch of different examples up there. So yeah obviously for every niche there's going to be a different format, a different style. I think overall what we want to try and accomplish is what we're learning this week, is how to present the offer the right way. But every niche is going to obviously have something a little bit different, maybe different format and also depends on what you're selling, what your end goal is.

**Audience:** Well it's like my health services, using a postcard versus a letter format or a long sales letter and things like that.

**Craig:** And are you doing a lead or creating a buyer?

**Audience:** Probably lead gen. to start marketing.

**Craig:** Obviously something you have to test but I would say obviously a postcard's very inexpensive way to capture lead. I don't think you need a 56-page digest to get a lead and if you do you're spending a lot of money to acquire them. So it's going to be based on what you're trying to accomplish. Does that help answer it?

**Dan:** The other thing about that is some lists will be so productive that you can mail through them pretty quickly, one right after the other, same message, different formats, which is like utopia. And so in Michael's business, which Craig is handling the mailing for, there's postcards that work and there's an enveloped piece that works. There's virtually no dupe between the responder to the postcard and the responder to the envelope but it allows us to use the best list twice instead of a lesser list. So often people, and the big thing about lists is usually churn. People underestimate how much you can use a list.

Ron Ipach, who's a niche marketer in auto repair. So when Ron was in my Platinum group he had a booklet. He mailed a booklet. And one version of it made a sale, one version of it generated a lead. Really that's the only thing that changed. So this is finite list without a lot of churn. These are auto repair shop owners. So the barriers, you've got to have a building, you got to have some equipment. It's not like they're churning over every month and it's a relatively small niche.

Mailed that booklet every single month with no decline in response. The only thing he changed was the color of the paper of the outside cover.

The other thing about lists is that what's happening in them is what David Ogilvy always called The Moving Parade of Interest. So the fact that Joe doesn't respond this week, has everything to do with Joe and nothing to do with you or your piece. So he was getting ready to go on vacation and was more vicious with his mail this week than a week where he's constipated and is going to spend a lot of time in the John and so he takes the mail in with him and reads everything. Different week. Same guy, same message, different week.

A life event – has a divorce, has a blowout with his business partner. Chiro gets five cases, the insurance company rejects him. He's really pissed off. Last week he was in a good mood. So a really viable list, generally speaking, you can use more frequently than a lot of people think they can use it and often it is about same message different formats. So that it looks just different enough that it's not instantly, that they become numb to it and they do realize oh shit it's that Ken Roberts booklet again. And now they start ignoring it altogether.

So what I'm getting at is your question is not necessarily the right question. See you ask an either/or, what's best question and in many cases it's the wrong question because really what we'd like to have is five things that perform equally well, all great. Oh we can rotate them. We can mail simultaneously. Start with A's, start with the Z's. We can dump them at the same time.

So see a lot of his science is about finding the productive segments of the products lists. Now my science, if you can call what I do science, my science is trying to figure out ways that the client can use that segment of that list as often as possible. And that often is different formats, different offers, different price points, different names for fundamentally the same things. And the super pros who use direct mail to get rich in many categories will create, will knock themselves off and create entirely separate identities. And so they will be mailing to the highly productive segment of the highly productive list, a financial offer under, a Get Rich in Commodities offer but under three different names with three different stories.

There's a guy in a cowboy hat that lives on a farm. Two weeks later the same, they're getting a mailing about a housewife with five kids who has to stay at home and it's probably Ken's testimonial and we've taken Ken's testimonial and made her the front person for another course at a different price point and it's four weeks instead of 17 weeks and it's delivered online instead of in a box and we're right back in the same segment of the same list. Just like the faith healers using that same list.



The last thing I'll tell you, working with, so Jay Geier's a client of mine. And so I just had this conversation with Jay. So Jay's in a niche, a dentist mostly. And he sells Fix the Phone. So they buy a program to fix the staff and make them answer the phone better and book more appointments. So the people who respond to his lead generation really what do they want? Well they want more patients. They want to get them by more appointments from the lead flow they have rather than going and spending more money on advertising to get more leads and they're willing to recognize that there's a hole in the bucket through which patients are falling that they would like to fix. That's kind of where they are at the point that now the package arrives to sell them Fix the Staff Fix the Phone.

Well he's doing fabulously well but still we always have more people we don't sell than people we do sell. So our conversation now is so ultimately when it got down to them actually seeing the shovel, which is fix the staff and how they answer the phone. So they wanted these things. They don't like that shovel for whatever reason. So let's take all the same leads and let's show them a blue shovel that does those three things but just does it differently. So let's not fix the staff and fix the phone. Let's fix the patient who doesn't refer. We'll accomplish all the same three things. Because he generates so many leads we'll lead generate out of his unconverted leads, make them all raise their hands again for the three things and now we'll show them a blue shovel. And now we can use the list twice.

And if we come up with a green shovel we can use the leads three times, which now looping back to what he said guess what that allows us to do? Spend more to get the lead in the first place, which in a niche amongst all of the reasons to do that another one is as a barrier to entry and discouragement to competition because if you can outspend them by a crap load even when they decide to take you on they generally go away. Because it's discouraging. They see what you're doing and they say, "Well I'm never going to do that." See it's why I don't even like doing it cheap when you can do it cheap because it just encourages a bunch of people to get in your way.

**Susan:** Alright, so we have a greener pastures opportunity, which is how to get into voiceovers. And we've noticed we've only been working with house list and so we've been able to deduce from that certain biases with age, certain biases with profession, certain biases with income and certain biases with mindset. If we were now to go, and we need to go now start purchasing lists with the same opportunity, what's the starting point? That's my question because we've only been working with the house list. So what's the starting point if we were to take...would it be taking what we know about our house list?

**Craig:** Definitely. Yeah you want to take your existing customers, people who've purchased from you and you want to say, "I want to find people exactly like that," because you already know who they are. You've already proven that they're buyers from you so that's who you want to go after, that exact group.

**Dan:** Now you may have to get there by merge purging. You may or may not but you may have to get there by merge purging. So let's say you know there's 14, well let's narrow it. Let's say there's seven occupational groups that are more likely than all other occupational groups to buy. One of the interesting things to do would be to take really good opportunity seeker lists merge/purge them against only those occupations, take the dupes. Jacks up the cost by the way. But so what? See it may still be the economic win.

For the most part you don't want to try and get the cheapest names either. You want to get the best names. But yeah what you know has to now be used by Craig or somebody to not only go pick lists but to pick segments of lists, selects of lists, to make the merge/purge decision yes, no, how. And what Craig or somebody like Craig would do and if you were going to do it yourself you need to do the same is you need to build a test matrix of 'X' number of lists, segments of lists, a couple of messages, a couple of formats now crisscrossed. Test them all. And you start now to validate your assumptions, which are based on small numbers. So they're dangerous. So they're at best indicative, not necessarily predictive. So you start to validate your assumptions and maybe you make new discoveries and then you're able to take the result of that, go back again and make even smarter decisions the next time and the idea is after two or three repetitions of that you're down to a science.

**Susan:** Great.

**Audience:** I'm curious about this booklet, are you mailing this? Are you still appealing to farmers with this? And I'm curious about the typeface and the size of this type and is that, does that have to do with your list selection?

**Craig:** Well let me answer your first question. So no that's not going to farmers. As Dan pointed out this is a little bit different crowd than what Ken Roberts is going to because we've had to be more financially focused, not being able to use the same type of testimonials. It's still business opportunity but it's not as aggressive as what it used to be. And I couldn't reach out with this group to farmers, which was kind of a niche that we expanded out into.



Your second question as far as typeface and testimonials, the typeface and things like that is based on just because of the client we're going to is older we'd rather have a larger type and I'm sure there's a whole seminar we could do on sales piece design and the way that it appears to the customer so it's easy to read and it's at a certain reading level. There's a lot of tips and things like that that we apply to sales pieces.

**Dan:** Now let me give you the reverse engineering part of this though to be clear. So now let's assume that they discovered, so they're mailing, what are you mailing financial newsletter subscriber lists?

**Audience:** Yes.

**Dan:** So you're mailing Agora Phillips, yeah etc. Okay. Let's assume that they discovered a whole lot of these buyers were coming from rural areas. That would now suggest let's see how many of these guys are farmers. If there are a lot of farmers who live in rural areas now let's redesign the piece, same offer, same product, same opportunity but let's redesign the piece to look like it's for farmers.

**Audience:** That's kind of where I was coming from.

**Dan:** And let's cut out, now let's figure out a way to go into those lists, segment the ones in the rural areas and let's mail them the farmer version.

**Audience:** Alright, good thanks.

**Audience:** My question's on the envelope that's inside.

**Craig:** Yeah.

**Audience:** I get probably five or six of these a week and usually when you see this the first thing you do is you flip to back what's the price. It's kind of like when you see a long sales letter online you go to the bottom. I remember Gary Halbert once did a test. He said it changed everything in direct mail where he put the envelope in sealed. It said, "Don't open this till after you read the booklet." And he said it just changed the game for him. Have you guys ever tested that against the hanging out envelope?

**Craig:** Oh I've had in line, like in the page where you perforate it out and you peel it out but not sealed. No I haven't.

**Audience:** Okay.

**Dan:** First of all no disrespect to the dead but any time you heard test data from Halbert you've got to go validate it somewhere else. Gary wasn't

very detail oriented. But that technique, the only way you could do it in that booklet is if you actually sealed the edge, the outer edge of the response device, which can be done but it's not cheap. You saw it, Halbert did it in enveloped direct mail and you will still see us do it, you'll still see it done and I still do it from time-to-time where the order form is inside a 'open and read this only after you've' and it's all sealed.

The specific place Halbert was talking about it though so that I'll refresh your memory about the context, the terrain is he was talking about it in sneak up mail where it was designed to look like a letter from a person. So there was no business identity on the outside of the envelope. So it would say Gary Halbert and an address and be addressed to you, right?

So now if you open that envelope and there's a brochure and an order form and stuff floating around in there you have what Halbert called the Immediate Yuck Reaction or the oh I've been had reaction. Right? And so his method of preventing that immediate, negative reaction was to put everything but the apparently personal letter that matched the apparently personal envelope inside another sealed envelope so you at least didn't see it right away. So it really was being done for a different reason than you've described.

Did you talk to him about why that envelope's in there?

**Audience:** No.

**Audience:** I'd love to know.

**Dan:** Well people will tend to leave them out because they think, "Well shit nobody's doing that anymore." Everybody's calling the 800 number or everybody's going online. I believe there was even one in the Corey Rudl booklet if I'm not mistaken and Cory was shocked at the number of orders that came in in the little business reply envelope and that booklet's selling, a get rich on the internet opportunity, to internet originated lists. So you don't want to walk away from that baby too quick.

**Craig:** What percentage of the people that respond do you think respond to that envelope?

**Audience:** With it in here like it is now?

**Craig:** Yeah. What would you guess? 30% of the people are mailing in.

**Audience:** So they're sending the check in?

**Craig:** No they're sending their credit card number in.



**Audience:** Really? Okay.

**Craig:** They're mailing it in. They're filling out the order form. 30%. So only 70% are calling.

**Dan:** So now if you took it out you don't lose the whole 30%.

**Craig:** No.

**Dan:** Some people are so determined to buy they will buy even in a way they don't prefer to buy. But you're going to lose some of that 30% and you're probably going to lose enough that your economics are going to, not to just cover the cost of the envelope but it's going to eat into your economics totally and maybe make a winner or loser.

**Audience:** How many faxed in?

**Craig:** The fax is very, very small.

**Dan:** In B-to-B it goes up. If you are marketing in a niche, like I could just tell you from the last financial advisor thing I did 40% of the registrations were faxed in, just like we told them to. Now some of it has to do with what you emphasize and all of that. So they had phone, web, fax and reply and 40% came by fax.

**Audience:** D. real quick earlier you mentioned you guys had to drop the price significantly. I don't if you came back to that.

**Craig:** No I didn't. So we had to drop the price in order to compete with what's out there. There's so much saturation. But the way we offset that is because of a high lifetime value. So we're bringing more people in but we know that people are going to spend 'X' amount of dollars with us. So we're okay bringing a higher volume of customers in there knowing that they're going to spend so much money. We actually tested it. I tested a number of different price points. Higher price point we got less responses but the amount of difference did not make up for offering a lower price, more responses, super high lifetime value. So it's better to bring more people in.

**Audience:** When you guys were selling for \$195, I bought this for \$195 back in the 90s. When you were selling for \$195 you guys were still doing back end though. I'm sure you still had authorization, right?

**Craig:** Well in the back end we had 11 offers that I mail out over 17 weeks and we mailed a variety of things. But yeah once you bought we kept hitting you for 17 weeks.

**Dan:** By the way there's an important part about that too, is a lot of people think well I better lay off of him because I just sold him this thing. No, no, no. See the first thing should actually be in the stick letter. That's the first time you try and sell them something. So to give credit where credit's due I got that from Halbert. I didn't know to do it. So Halbert's explanation was you send them the stick letter, which I did know to do. But the letter should be, "Congratulations on being such a smart guy for the following 46 reasons," which is the sales message sent again, "And since you were so smart to do this you're also going to want to do, you're probably smart enough to do this too." And bingo you sell them something else right then. Because again you got to get every dollar.

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