

Surefire Sales Letter Secrets:

***How To Create A Fortune
In Your Business With
Powerful Direct Mail***

By Yanik Silver



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Chapter One: The Power of Direct Mail

What's the first thing you think of when you hear "Direct Mail"?

I'd bet you say "junk mail," right?

Wrong!

Direct mail is only junk mail if people are not interested in what you send them.

If you carefully target who your top potential clients are and provide them with valuable information — you are not sending junk mail. Here's an example: Let's say you're really into raising Pot Belly Pigs and in your mailbox comes a letter telling you how to make your little piggie do all kinds of neat tricks.

Would that be junk mail to you?

No way! You'd want to rip that thing open right away to find out what it's all about.

And this kind of precise targeting is what makes direct mail so powerful. What's more, that precision is coupled with detailed accountability and tracking. It's easy for companies to spend tens of hundreds of dollars on advertising and not really know what their results were. However, with direct mail you know exactly to the penny what your return on investment is.

These reasons make direct mail the most controllable and predictable tool in your marketing arsenal.

Just imagine if you could hire an employee who will relentlessly go out to deliver your message perfectly every time, never call in sick, never complain, and never quit on you — all for about a cup of coffee. That's how to think of a sales letter. Sales letters are perfect for creating qualified leads, attracting new customers, reactivating lost customers, spurring referrals and much more.

Plus, once you have a proven and tested direct mail letter you can continue mailing it to more and more people with the same successful results.

Using direct mail you can start off small, mailing as few as 500 or 1000 letters at first, and then expand your mailings as you see the profits come back.

Why Don't More Businesses and Practices Use Direct Mail?

The reason direct mail is not used more often is there is no direct mail sales rep (except perhaps the Post Office) going around trying to pitch you, like there is for radio advertising, yellow pages, cable, co-op mailers or your local paper.

The fact is, dollar for dollar, and pound for pound, direct mail provides the best return on investment...

when done right. And I'll be sharing with you all the secrets to get it right, in these pages.

The 3 Components of Successful Direct Mail

In order to get maximum results you'll need 3 components of direct mail in place:

- 1) Your List**
- 2) Your Offer**
- 3) Your Creative**

Once you get these straight, your letters will sell...and keep selling with every mailing! So let's cover you list first...

Chapter Two: Who Are You Targeting?

Your list is the most important factor in your direct mail success. Think about it. You wouldn't mail a letter selling snow tires to people in Phoenix - right?

As silly as this example is, many people essentially do the same thing. They just pick a zip code or city, say a 5 mile radius around their office, and just mail a brochure, flyer, postcard or self-mailer to a resident list.

That's junk mail!

Anything that has a label on it that says "resident" is junk mail. Don't do it!

These people have never indicated they are interested in your products or services, nor have you qualified them as good targets for your offerings.

The Secret To Selecting A Good List

With direct mail, you're given the opportunity to use laser-beam, pinpoint accuracy to specifically target your message. And thanks to the growing direct marketing industry, privacy is dead in America.

If you told me your ideal customer is a woman age 45-55, who drives a late model luxury car, who reads *Architectural Digest*, who has 2 pets and just got divorced – I can get you that list. It might not be that big of a list, but it is available. Now you probably don't need to be as specific as this but you can.

By carefully selecting your list you can eliminate virtually all advertising waste.

This is practically impossible using mass media like Radio, TV, newspaper or magazine advertising. Maybe you own a Pet Food Store, the problem is everybody, including non-pet owners will read the newspaper and watch TV. So that means you're paying for a lot of wasted advertising.

But not with direct mail!

Because now you have the ability to only select a list of pet owners in your area — and you won't waste a single dime on people who don't have pets in the house.

If you want a laugh, try getting your newspaper to agree to only deliver the newspaper to pet owners. See what they say.

What Kind of Lists Are There?

1. There are two major types of lists available. The first kind of list is simply compiled information, taken from directories, phone books, motor vehicle records, etc. These lists are called **compiled lists**, big

surprise, huh?

2. The second type (and often more valuable) is called a **direct response list**. These are lists of people who have bought or responded to direct marketing. The reason this is usually a better list is because these people have actually done something to get on this list. People's past actions are usually a very good indicator of future actions.

We'll cover both types of lists started with compiled lists...

Working With Compiled Lists

Probably the most common way of using a compiled list is to buy a geographic list, like all the residents around a 5 mile radius of your office. Usually this will not yield the greatest results.

Another way is to segment a compiled list is by demographics (that's the fancy term for age, sex, income, whatever). This is a little better way to target. For example you could specify you only want females, age 50-65, who earn \$75k and above.

But there is an even better way is to combine them using "**Geo/Demo**" characteristics.

You can pick certain geographic areas and certain demographic characteristics that you desire. Think of your ideal prospect, the more you know about them the better targeted lists you can purchase.

For most people a good starting point is to comb through your customer records to find common characteristics, like region, age, etc. Or if you sell business to business then you should try to look for common industries or SIC (Standard Industrial Classification) codes that a majority of your business comes from.

Your goal is try to clone your best customers!

Cloning Your Best Customers Using A Customer Survey

You may have heard that 80% of your profits come from 20% of your clients, the Pareto principle. So you need a way to get more of those ideal clients. And the best way to do that is by selecting the top 20% and finding out what they all share in common (demographics and psychographic identifiers).

When looking for your top 20% clients look for high marks in categories like:

- Total dollars spent
- Frequency of visits/orders
- Not being a "pain in the butt"

Once you have your list together you should select out a sample group.

Just pick out every 10th name or 30th name, whatever. You don't need to send your survey to everyone to get accurate results for the whole population (that's the term for the entire group being sampled).

As you put together your survey you should look over the next two categories of questions (demo-

graphics and psychographics) and use the questions that fit for you.

Demographic Questions

(Consumer)

- Age
- Sex
- Marital Status
- Home Owner
- Children
- Education Level
- Occupation
- Income

(Business)

- Type of business
- Position
- Number of Employees
- Total Sales Amount

Knowing these answers will help you select the best possible mailing lists to use.

Next, you'll want to know answers to a few of these questions:

Psychographic/Behavioral Questions:

- What did you like most about _____?
- What did you dislike most about _____?
- How can improvements be made?
- What is your biggest problem/frustration with <<your industry/profession>>?
- Why did you choose <<Your Company>>?
- What other services or products do you think we should offer?
- What magazines do you read regularly?
- What credit card do you normally use?

Knowing this vital information will help you make the most compelling offers in your sales letters.

Here's How To Get Your Survey Results

There are 3 ways you can get your answers.

1. Written survey - you will mail your clients a copy along with a cover letter, praising them for being your best customers and asking for their help. This is probably the slowest method — but also the cheapest.
2. Telephone survey - you will have a staff member call up and ask your clients the questions.
3. On-site/In-office survey - You have an opportunity to not even spend a stamp or a phone call by

getting clients to fill out your survey when you see them or when they come in for their visits.

If you can offer a free gift your results will increase. Also if mailing, enclose a postage-paid return envelope. Make it easy for clients to send back their comments.

Analyzing The Results

Bottom line, once you have your results you want to use them. So look for significant similarities and commonalities in over 20% of the respondents.

For Consumers:

What's the most common age group?

How about income levels?

Are they divorced or married?

Is there one magazine many of them read? (You can rent their subscriber list.)

For Business to Business:

How many employees?

What's their annual sales volume?

Once you know this important information you can use it to hone in on your best prospects by selecting the right lists from a list broker.

Working With A List Broker?

A list broker's job is match your ideal prospect with available lists on the market (either compiled or direct response). Look in your yellow pages under the heading "mailing lists" for a person called a list broker.

A list broker is really a middleman who simply rents lists (typically for one-time use) of names to mailers. Don't worry, list brokers get paid a commission from the list owner so you pay the same amount regardless if you buy from the list owner or the list broker.

The list broker, if they're good, will be able to give you valuable advice about which lists are working and which offers are working. The broker only gets paid once you rent a list so you don't pay for their valuable research.

When you call you just let the broker know which "selects" you want (that is the term for segments, like: women aged 35-55 with a household income of \$75K and live within 15 miles of my business). Remember, these are the common elements we should have discovered from our customer survey.

Important: Most brokers will only rent you a minimum of 3,000 or 5,000 names. However you don't have to mail all of them until you test your letter. Keep in mind your cost for postage and printing will usually be much more than the list rental so test small. Also your broker will keep track of the list you rented so you can do a "continuation" (take a bigger chunk of the same list minus the people that responded).

Another scenario that may come up is that your particular selects only turns up a small amount of available names, perhaps 1,000 (far less than the minimum). If this happens, instead of having to pay for the 3,000 or 5,000 minimum, you ask the broker if you can rent them those same names 3 times. They still make the same profit and then you can legally mail these same people 3 times (we'll cover why this is important later on with sequential mailings).

A rented list is usually rented for one-time use. So unless you've made arrangements like the above ahead of time there will be some problems. Brokers will "seed" their list with fake names so they can verify exactly who is mailing their lists.

But once a prospect contacts you or responds in anyway, you own that name. So you are free to mail them as often as you want.

Okay, now let's talk about the next type of list...

Direct Response Lists

In some cases it will make more sense for you to buy a mail order list. The people on this list have bought something from direct response methods (mail, print ads, infomercials, etc.).

This kind of list is the most specific you can get. To get an idea of what I'm talking about go down to your local Library and ask the librarian for the SRDS (The Standard Rate and Data Services) Direct Mail List Source Directory, usually in the reference section. Or you can get more information on <http://www.srds.com>.

The SRDS is a huge, 4" thick reference book with nearly every public list available for rental — it's the bible for direct mailers.

Just glancing through this book you can find lists of buyers of almost anything that has some affinity to what you're selling. The best part about these lists is that you know these people have a high interest in whatever they bought. So if you're an Accountant, you could rent a list of people who bought tax planning information by mail. Or maybe you're a dentist, what better list could you find for a teeth whitening offer than someone who just bought a tooth whitening product from an infomercial?

What you want is a "starving crowd," somebody who has expressed an interest in looking better. Somebody who has paid money. And that's exactly who you can find using direct response lists.

This information alone will be of immense value to you. But wait, there are a few pitfalls — so let's cover them before you go running off to the library. Direct response names are more expensive (usually 2,3, or 5 times more than compiled lists). You also need to do a lot more homework on direct response lists than compiled lists.

When you speak to your list broker (before or after you check the SRDS) you tell him as much as you can about what services or product you want to market and they will come back to you with recommended lists.

You then ask the broker for the **“data card,”** they’ll expect that. On the data card you will find how the list was collected, a description of the list, number of people on the list, and the list owner, among other things.

Don’t take anything written about the data card as fact. It’s just the owner’s ideal representation of the list in the best possible manner.

What you need to do is call the list broker or the list owner and ask to see a sample of the mailing piece or ad (whatever) from where the list originated. This way you can see for yourself to what these people responded to.

Also, you want to get names of mailers who have rented this list in the last 6 months — and continued renting that list. This is called a **“continuation report”**. Most times your broker should be able to give this you.

3 Guidelines To Selecting Direct Response Lists

1. Recency

When selecting lists look for people who have just recently bought. The more recent the better. That’s why when you rent your list you want the **“hot line”** names. Hot line names are typically people who bought within the last 6 weeks or a month. These are usually people that are the most eager and hottest for your offer.

2. Similarity

The more closely related the list is to what you are selling the greater results you’ll get. So if you’re selling fishing lures and you find a list of people who just bought fishing rods within the last 30 days — you’re on the right track.

3. Similar Price Range

A buyer who bought something for \$3.00 is obviously not as qualified as somebody who bought something for hundreds of dollars (if that’s what your price point is). The closer the amount to your price point the better.

Be careful, you only want **buyers** — some list brokers may try to rent you the **inquirers**. If your offer is doing great with buyers, then you can move down to inquirers.

But there’s still one list we haven’t covered...

The Absolute Hottest (And Most Neglected) List Of All

There's one more list that almost everyone forgets. It's literally a gold-mine lying at your feet. And that's your own list!

If you have not put all your customer's names and addresses into a database you're overlooking an incredible source of added business. This list will be the most powerful list and responsive list you can use for any offers because these people already trust you and like doing business with you.

This is critically important. Especially if you're in a business that typically doesn't keep their customer names and addresses because you're missing an incredible amount of money. Maybe you're a retailer or a restaurant owner — make it a habit for your staff to collect customer names! It is absolutely critical! I cannot stress this enough.

When's the last time you got a personal letter from your favorite restaurant inviting you back? I would have to bet never!

Using your house list is like having an unfair advantage over every one of your competitors.

Think about this fact: According to a Fortune Magazine survey it is 5 x as costly to acquire a new customer as it is to sell something to an existing customer. Even though it may be more exciting to focus on new business, it's important to squeeze every bit of profit out of your own customer list. (There's a whole chapter devoted to your working your customer list so we'll cover it all in much more detail later on.)

Chapter Three: The Copy and Creative

The next part in having a successful sales letter is getting your copy and creative right. You're lucky because you're getting all the letters handed to you on a silver platter so you're saving yourself hours of agonizing over a blank sheet of paper.

But even though you do have all these letters already made, it's important to understand what makes copy compelling if in the future you want to try your hand at writing other sales letters.

The Formula For Writing A Winning Letter (Say Hello To AIDA)

If you are familiar with the sales process, you may have run into the AIDA formula.

'A' stands for ATTENTION

'I' Stands for INTEREST

'D' Stands for DESIRE

'A' Stands for ACTION

This is a structure to a top-producing letter (or ad).

1. The Attention portion of the formula is your headline. If your headline does not capture attention you are done before you even begin.
2. The Interest of the reader must be furthered once you have their attention. The best way to do this is with compelling benefits that answer, "What's in it for me?"
3. Moving on to Desire. You need to create a strong desire for your prospects to call you. One way to do this is by introducing a free bonus or some other appealing fact. Also, this is the section where you will want to include testimonials.
4. Finally, you want to move that prospect to Action. Your entire letter is wasted unless your reader takes action. So you need to ignite that action (call your office, come-in, order, etc.). Many times you can increase action by inserting a deadline or a discount for quick action.

How To Create Direct Mail So Damn Good That Prospective Customers Are Practically Forced To Call You

The first thing you need to do before you can create powerful direct mail (same thing applies for ads, Internet sites, etc.) is to grab your prospect's attention. Your direct mail piece is an intrusion. I can tell you there is nobody anxiously awaiting your mailing piece (except maybe you).

When prospects get your mailing you've got to break the conversation going on inside their head at that time. Every minute of the day there is something on your prospect's mind.

Here's what's going on in their heads when looking over their mail:

"Bill...another bill...another bill...gee, when's my phone bill due?"...

"Oh yeah, I need stamps to mail it out, better go the Post Office."...

"I need to go to the Supermarket and pick-up a salad for dinner tonight."...

"How am I going to fit into my swimsuit next week?"...

"Oh, a Sharper Image catalog I'll set that aside for later."...

"Junk mail...junk...junk...wait a minute...what's this? A plain envelope with my name on it and only a street address....hmmm....what could this be?"

And on and on...

Since there is something going on in everyone's head you need to do two things:

1) Break their preoccupation

2) Enter the conversation that's already going on inside their head.

Let me explain.

To break someone's preoccupation you need a strong attention-getting headline that says **"Hey, this is for you!"** A headline works for sales letters.

We'll talk a lot more about headlines in a minute.

But for now here's what Robert Collier, one of greatest direct mail copywriters of all time, said about writing sales letters:

"The reader of this letter wants certain things. The desire for them is, consciously or unconsciously, the dominant idea in his mind all the time. You want him to do a certain definite thing for you. How can you tie this up to the thing he wants, in such a way that the doing of it will bring him a step nearer to his goal?"

Think about that statement for a moment. It's pretty profound and doesn't just apply to sales letters.

So if you only think about getting a prospective customer's attention — that's easy. If I wrote a headline in

huge 48 pt. type that screams: **“SEX”** would you look?

Yeah, I bet you would. But then what if the letter began “Now, that I’ve got your attention I want to talk to you about your furnace....” What would you think of a letter like that? I’m sure you’d feel duped, deceived and hoodwinked. And once you found out you’ve been tricked you’d stop reading immediately.

Therefore just getting attention is not the answer.

There are lots of ways to gain attention, but attention is not the end-all, be-all to effective advertising. What you need to do is flag down a prospective customer by linking their desires, wants and interests to what’s inside your headline.

So before I tell you my secrets for creating headlines let me give you the thoughts from guys a whole lot smarter than me about headlines:

David Ogilvy says, *“On the average, five times as many people read the headlines as read the body copy. It follows that, unless your headline sells your product, you have wasted 90% of your money.”*

And Claude Hopkins relays the importance of a headline, *“The salesman is there to demand attention. He cannot well be ignored. The advertisement can be ignored. But the salesman wastes much of his time on prospects whom he never can hope to interest...The advertisement is read only by interested people who, by their own volition, study what we have to say. The purpose of a headline is to pick out people you can interest.”*

John Caples has these words of advice, *“If you have a good headline, you have a good ad. Any competent writer can write the copy. If you have a poor headline, you are licked before you start. Your copy will not be read...Spend hours writing headlines - or days if necessary.”*

I don’t think these masters would have placed such an importance on headlines if it didn’t really matter. In fact, John Caples says that he’s seen one ad pull 19 1/2 times better than another one simply by changing the headline. I believe it. In my own personal tests the best I got is about 2 1/2 times — but that’s still pretty damn good. So for spending the same amount you can more than double your response — not too bad.

Now, when coming up with powerful headlines you want to be able to answer the questions nearly everyone has on their mind whenever they read your ad. Here are the questions you need to zero in on:

So What?

Who Cares?

What’s In It For Me?

Why Are You Bothering Me?

If you have good answers to these 4 critical questions then you're well on your way to success.

Headlines For Letters?

Yep, headlines for letters. Successful letters have headlines.

They can be type-set in a big, bold type before the salutation, while the rest of the letter is in a courier type face (important tip: always make your letters in courier type face. Courier may be hokey or seem outdated but Courier gives the subconscious impression of a personal letter - like this paragraph).

Your headline can also be put in what's called a Johnson Box - like this:

```
*****
*      Attention Getting      *
*      Headline Here         *
*                               *
*****
```

Or the first paragraph or first sentence can essentially be your headline.

Here's What Your Headlines Should Do:

1. Identify your ideal prospect and speak only to them.

Your headline needs to grab the person you want to attract and single them out. If you want business owners, your headline should begin with "*Business Owners! Discover How to Make Your Computers Work Harder and Faster!*"

Do you see how this qualifies exactly who you are looking for. You have targeted business owners looking to make their computers work faster and harder. You can easily target any profile you wish just by building-in these screening devices in the headline.

The more narrow the criteria — the less the quantity of responses you'll get but the quality should be higher.

2. Offer the biggest promise or self-serving benefit to the reader.

Answer the question everyone has on their mind, "What's in it for me?" You answer that question and your ideal prospect will stand up and take notice.

This brings us back to the same question everyone is constantly asking. Everyone is busy, so get to the point with the biggest benefit right away.

3. Your headline should make the reader inclined to keep reading.

Curiosity is the most powerful human emotion. However you don't want your headline just to be some trick to get people to read. If you can combine curiosity with self-serving benefits then you have a real winner.

But don't be like some creative types, never use double meanings or some obscure reference in your headline. People are too busy to pick up on those, it's much easier to turn the page. Humorous or cute headlines are most certainly a major waste of money.

4. Offer news if possible.

News is always a good attention-getter. Everybody likes to stay current. So announcements are almost always sure-fire. You can capitalize on new developments, improvements, new procedures, etc.

If you try hard enough you can usually come-up with a news angle.

According to David Ogilvy, *"On the average, ads with news are recalled by 22% more people than ads without news. If you are lucky enough to have some news to tell...State it loud and clear in the headline."*

5. Try to suggest there is an easy and quick way to get the result advertised.

A quick and easy way is nearly irresistible, but be careful to make the claim believable.

Keep in mind your headline is the ad for the ad.

Headline Appeals That Last Forever

John Caples, in his book "How to Make Your Advertising Pay" listed the 26 age-old sales appeals that continue to be successful. Here's what people want:

Protect health

Be a leader

Reduce fat

Have a happy marriage

Improve appearance

Care of children

Get ahead in business

Improve education

Make money

Be creative

Save money

Avoid worry

Win money

Avoid drudgery

Cash in on bargains

Avoid embarrassment

Gain social advancement

Avoid discomfort

Win friends

Avoid boredom

Influence people

Enjoy comfort

Win praise from others

Enjoy leisure

Gain prestige

Attain security in old age

Of course not all of these appeals will apply to your business but many can if you take the time to figure out how to apply that appeal.

How To Create ‘Killer’ Headlines

Certain combinations of words continue to make the most effective headlines. Probably the same words you hear everyday.

In fact the most powerful words used in winning mail-order ads (the hardest kind of advertising) were the words, “you”, “how”, and “new”.

Not far behind was “How To”.

If you ever get stuck for a headline, a classic which almost never fails to work is “How To”. (It’s a shop-worn classic, but it still works like incredibly well.)

Here are some of the other proven, headline words. Start using these words in your letters to make your headlines really sizzle:

Amazing

Bargain

Astonishing

Announcing

New

Secrets Of

How To

You

Introducing

Life

Hate

Love

Just

Only

The Truth Of

How Much

How Would

Which

Advice To

At Last

Breakthrough

Discover

Sale

Yes

Free

Protect

Here

Do You

Now

Annoying

This

Why

Facts You

You can combine some of these together to create excellent headlines, like this:

“At Last! New Breakthrough Internet Marketing System Discovered”

or

“How To Protect Your Computer From Fatal Errors - The Facts You Must Know!”

Now you’ve got the headline, let’s move on to the body of the letter...

Tips For Better Writing

Never mind what you learned in English 101. By frustrating your English teachers you’ll make your CPA very happy.

1. Write just like you talk. Use plain, easy to understand English. Nobody cares if you can use xenophobia and ostentatious in a sentence. Write almost like you’re talking to a buddy over a beer. So that means use contractions. Be friendly and personable in your writing.

2. Put passion into your letter. Since you won’t have the luxury of seeing your prospect eye-to-eye to gauge their reactions you need to put extra passion into your message. Even if you think you are overdoing it when you write, your letter will end understated when it gets read. Get enthusiastic!

3. Write to one person. Try to think of the ideal prospect as you are writing and make the message just for them. Even if your letter will go out to thousands of people -- every person will read it one at a time. Use “you” and “your” liberally. Focus on them not yourself.

4. Never end a page at the end of a sentence. Give readers incentive to turn the page and keep reading. Sometimes you may need to fiddle with margins to get this effect.

5. Keep your sentences and paragraphs short. Keep your sentences and paragraphs short and simple. Period. Sentences can even be one word like that last one. And paragraphs should be no more than 5 or 6 lines. You want your writing to look easy to read with a lot of white space. Make it inviting. Long blocks of words are scary. Paragraph breaks do not need to be determined by content.

6. Indent your paragraphs. This makes it easier to read and draws the eye into the paragraph

7. Use plenty of compelling subheads. Subheads should be like mini-headlines. Use them to break up large bodies of text and to bring people back into the body of the letter. Also subheads should give a complete selling message by themselves. That way people who scan the letter can even be sold.

8. Use graphics. To make long letters look easier to read and draw attention to your message, these type of graphics work best:

A) Bullets: •

B) Numbering: 1, 2, 3, etc.

C) Underlining

D) ALL CAPS

E) **Bolding**

F) *Italicizing*

G) *Simulated handwriting in the margins of the letter or in the PS.*

I) Boxes

J) Yellow highlighter. Your printer can use yellow ink to make it look like someone highlighted a portion of the letter.

9. Eliminate excess wording. Simplify. Convey your message in a clear and concise manner — but remember that doesn't mean keep it short.

10. Use action verbs whenever possible. If you see too many “as”, “is”, “was” or “were” replace them. Sentences using action verbs are more powerful.

Here's the rule I try to follow: The purpose of your first sentence is to make people want to read the second sentence. And the purpose of the second sentence is to make people read the third sentence, etc. Keep that simple fact in mind whenever writing your letter.

A simple test for writing good copy is to read it out loud. Because the person reading your letter (or ad) will be reading to themselves in their mind. By reading your work out loud you'll discover all the trouble spots and places where somebody could stumble.

Another simple test is to have someone else read it to you. Preferably someone who knows nothing about what you are selling (if you have a 12 year old boy or girl this is a perfect job for them).

When writing your message you want it clear enough so any 6th grader could understand it. Now you probably think your prospects are a lot smarter than 6th graders but nobody has time anymore to sit down and figure out what you're trying to say — so keep your writing simple and straightforward.

Now, on to the body of the letter...

The Problem-Agitation-Solution Formula

An easy formula to use is called “problem-agitation-solution.” This is a great way to get your prospective customers all emotionally charged-up to do something about their problem.

First you should understand people will act to avoid pain as much as possible. That's why this works

so well.

1. To begin with, you must define your prospect's pain is:

Since I do a lot of work with cosmetic surgeons, let me give you an example from that profession. Their prospective patient's pain buttons could be: Looking older than they feel by losing their hair. Or maybe looking older because of wrinkles and lines on their face. Or having a bulge that never goes away no matter how much exercise or dieting they suffer through.

2. The next step is to agitate the problem, really stir up their emotions and get them to realize nothing they are doing will work to solve their problem.

Here's how I accomplish this for that target group: *"You can exercise on the stair master till you're blue in the face and you can starve yourself on the latest grapefruit diet but you still won't get rid of your 'trouble spots'!*

3. And then finally you offer the solution to their problem. You are their white knight coming to the rescue to vanish their troubles.

This really works and the best copywriters in America all use this formula.

Signature

Believe it or not a change in ink color has been shown to improve results when sending out direct mail. If possible you should always use the color "process or reflex blue" when having your signature printed on a letter. Your printer will know what color blue this is. Or if you're signing your letters by hand use a blue felt-tip pen.

Also practice your signature so it looks bold and powerful. Don't let look weak, like you're apologizing for bothering them.

The P.S.

Don't forget your P.S. in any letter. The P.S. is the second most read part of the letter, after the headline. So it makes sense to spend some time and come up with a compelling P.S. Think of the P.S. as your second headline.

You can use it to reinforce a key selling point or tell people not to miss out by a certain expiration date. Don't let a letter leave your office without a P.S.

Chapter Four: The Irresistible Offer

There's another secret to making direct mail pay off and it's putting an irresistible offer in your letter. An offer that's so good people would be foolish to not take you up on it.

Brainstorm to come up with the most potent and irresistible offer you can. If you have trouble, just remember everyone likes something free!

The more irresistible the better.

You want your offer to be something people would be crazy to pass up.

Here's an example from a very successful ad that used to run for Bob Stupak's Vegas World hotel. Listen to this deal and see if you'd wouldn't act on this if you were an occasional gambler:

“Act now, to receive a virtually free Las Vegas vacation. For \$198 per person or \$396 per couple I will:

- 1) Put you up in a luxurious mini suite in an exciting Las Vegas hotel right on the famous strip.*
- 2) I will give you free tickets to a show with name entertainers.*
- 3) I will put a chilled bottle of champagne in your room for free.*
- 4) I'll let you drink as much as want for free, whether you're at the gaming tables playing slots or in one of the lounges.*
- 5) I'll hand you \$1,000 of my money to gamble with for free.*
- 6) I'll let you keep all your winnings.*
- 7) I'll guarantee you'll win a color TV, VCR or a faux diamond ring.*

Obviously I'm not going to give this incredible deal to everybody in the whole world. There can only be (small number) of these vacation packages available. First come, first served.”

If that's not an irresistible offer, I don't what is. The closer you get to something like this the more clients will be falling over themselves to do business with you. By the way this concept took a dying hotel on the wrong side of the 'strip', where you had to watch your wallet at every turn, into a super money maker.

Does this give you a few ideas?

Try a specific low-priced (but high value) introductory offer. Or what I do in one of my other businesses is offer information. I give away a free report with a very exciting headline.

You could do the exact same thing. Reports are a perfect lead generator because they have high perceived value, they showcase your expertise and yet they only cost you pennies.

If you were a computer training service you could put out a report entitled “10 Ways to Make Your Employees More Productive”. Then you'd give out valuable advice and the tenth way would be to hire your company for training. If you're a dentist maybe your report is titled: “7 Ways To Have A Dazzling Bright Smile”.

Creating a report like this would take about 1 or 2 hours. You could easily come up with the information from your own experience.

One more thing: Do you see how the title of your report is really a headline? The title is absolutely crucial because a dumb or witty title will decrease your response. Also, who do you think will request your free report? Only people who are interested your topic. Viola!

Make Prospects Take Action Now

Human nature is to procrastinate and delay any action. So you've got to make them take action and respond to your offer right now!

Think of your prospective client as a big sloth-like, jellyfish creature. One of my mentors, Jeff Paul, likes to say to think of Homer Simpson lying on the couch. He wants to grab his beer resting on his belly, but it's too much effort. "*Dooph!*"

That's why you need to lead your interested prospect by the hand and tell them exactly what to do.

Like this copy for a veterinarian: "*Here's what you need to do to uncover the secrets to keeping your cat healthy and happy for years and years. Just call (123) 123-4567 right now and ask for extension 200 to get your free report, The 7 Jealously Guarded Secrets to Your Cat's Health. Hurry because quantities are limited. Or you can come into our office at 1234 Main Street, right across from the Post Office and ask Mary Ann for a free copy. The office is open Monday through Friday, 8 a.m. to 5 p.m.*"

Do you see how this is more specific than just putting your phone number in the letter and leaving it up to the prospect to act. You have to make it absolutely clear what prospects need to do in order to get the benefits and results you have shown them.

It is your duty to make sure people who have read through your letter will take the next step. Don't hide the solution you promised in your letter. Come out and tell these prospects exactly what to do.

Expiration Dates Increase Response

Another very effective method for getting action now is a specific expiration date. The more believable you make it the better. So try to stay away from arbitrary dates like December 31st. This will sound made up. Now if you said the deadline is December 22, this will be more believable.

Or better still is if you have a reason for your deadline.

Here's the explanation of the deadline I used when selling an overstock of power medical tables for a client:

"...you should know that the manufacturer's promotion of these power tables end June 30th. And any unsold inventory I have could be sold to another dealer at wholesale cost. But instead of doing that I would rather sell you the table at a wholesale price and gain your goodwill..."

Then later on I hit them with the deadline and scarcity:

“Why you must act before July 15th. First, I doubt if these tables will still be around until July 15th because the first 2 doctors that put their deposits down for these tables will take them. And when they’re gone this offer expires.

“But even if they are still here (highly unlikely at this bargain price) this offer has to expire anyway because we will be shipping these tables to other dealers in the area.”

And the P.S. reinforced the scarcity even more guaranteeing action.

“P.S. Hurry! This letter is being sent to 1,283 local doctors and this offer is strictly limited to the first 2 people who respond.”

This worked extremely well to create immediate action and profitably sell off the excess inventory this firm had remaining.

Another action device is to set a limit to the amount of people who can get your offer. Make it good only for the first 50 people. Or another excellent tactic is using scarcity and give specific numbers. Mention that you only have 29 sets in stock and when they’re gone — that’s it. This will quickly produce a sell out for you. (This is the same type of psychology used in the overstock letter templates.)

Creating A Compelling Reason Why

Do you remember the stupid beer commercial that asked “Why asked why?” Well, completely unknown to the ad agency, they were close to hitting onto a breakthrough marketing concept. Telling people the reason why you are doing something is one of the most powerful influencers of human behavior.

Robert Cialdini, Ph.D. in his book “Influence: The Psychology of Persuasion” talks about an experiment by a psychologist from Harvard, who concluded people like to have a reasons for what they do. This experiment consisted of people waiting in line to use the copy machine and having someone ask to get ahead in line.

The first excuse used was “Excuse me, I have five pages. May I use the Xerox machine because I’m in a rush?” This request-plus-reason was successful 94% of the time. However when the experimenter made a request only: “Excuse me, I have five pages. May I use the Xerox machine?” This request was only granted 60% of the time.

Okay now for the shocker. It might seem the difference between those two requests was the additional information of “because I’m in a rush.” But that’s not the case. The only word that triggers a magic response is “**because**”.

Here’s the clincher: In a third experiment the experimenter asks “Excuse me, I have five pages. May I use the Xerox machine because I have to make some copies?” There’s no reason mentioned just the words “because”.

This time 93% of the people said yes simply due to the word **'BECAUSE'**!

This is an incredibly powerful concept for you to apply in your business. Let's say you have a slow time of year and you want to keep your staff busy, since you've got to pay them anyway. Well, write a letter and tell them that. Tell them why you're throwing in an extra free bonus, an extra session, a special discount. Let them in on the reason why and they'll buy more often from you.

Maxwell Sackheim, originator of the book-of-the-month concept, says this *"Whenever you make a claim or special offer in your advertising, come up with an honest reason-why, and then state it sincerely. You'll sell many more products this way."*

He would create successful ads with headlines like **"How Can This Incredible Offer Be Made?"** or **"Is This Offer Too Good To Be True?"** People were curious and then solid reason-why answers sold them on the product.

This is one of my favorite concepts. Using this secret weapon for a medical equipment client of mine, produced a massive 1,073% return on investment simply using reason-why copy. The premise was how can we sell a product for the incredibly low price of only \$ 477? And then the ad went on to explain how the manufacturer wanted to gain market share and get nurses and doctors accustomed to using their product. It was a huge winner.

I promise if you give people a good, believable reason-why they will buy!

Chapter Five:

Using Your Overlooked Assets

One of the biggest mistakes business owners make is failing to capture the names of prospects and customers.

I can't over emphasize how important your house mailing list is. It's truly an incredible source of overlooked profits for almost every business. I have never seen a company or practice that uses their customer/client/patient list as effectively or as fully as they could.

So in this section, we're going to talk about getting your database up if you don't have one yet and also how to successfully use it to extract more money with every mailing.

Holding Names Hostage In Your Computer

You must create an easy to implement "name capture" system into your business.

And there are lots of easy ways to get this information.

1. Have a prize drawing! Everybody loves to win something for free. But don't forget that everyone can be a 2nd place winner in your contest. And the prize is a discount off your product or service. (Make sure you see the sample letter provided for you.)
2. If you take personal checks write down the customer's information right off the check.
3. Just ask. If you've ever shopped at Radio Shack they make it a point to capture all your information right at the point of sale. They ask you your phone number, name, address, etc. while you are paying. (Too bad they don't do anything useful with this information like send out personalized offers.)

You can even create internal contests with your employees. Give out a reward of a quarter or 50 cents for every name that's captured. Don't overlook the importance of a good customer list.

Creating Your Database

There are many database programs available. Just choose one that lets you customize fields (spots which hold data) and provides flexibility in importing/exporting data, easy searching ability, and mail merge.

Be sure to capture all the data that would be helpful to you later on when you'll be making offers.

First_Name

Last_Name

Company Name: (if business to business)

Address

City

State
Zip
Phone:
Fax:
Email:

Date of last purchase:
Shoe/Dress/Suite Size: (if you're a retailer)
Birthday: (this one really important)
Code: (I'll explain this in a moment)
Comments/Preferences, etc.

Segmenting Your Database

To get the most out of your database you should be able to sort it into segments. Here's what I mean. Maybe you're an Accountant, you should have code for clients who do tax returns with you, another for those who do planning, one for business clients, one code for regular clients, etc.

So in the customer code field, you've set-up the following:

T = Tax Client
P = Planning Client
B = Business Client
I = Individual Client

Now maybe you want to make a special offer to all your tax clients and introduce them to your planning services. It's as simple as letting your computer find everyone who has 'T' in their code but no 'P'.

Then you'll send off a simple letter (like the template of introducing a new product/service) just to those clients who haven't used you for planning.

Simple, right?

This is the best way to use your own database. You'll find lots and lots of ways to keep using your database. Here are a few more:

Birthday and Special Events

Everybody loves to be remembered on their birthday. I'd bet you're no different. Usually the only people that give you birthday cards are your parents, your spouse or your sibling (of the opposite sex). That's about it.

And this isn't just for companies selling to consumers, business-to-business companies can use this information also. Harvey Mackay in his book, "Swim with the Sharks Without Being Eaten Alive," asks if there is any coincidence the Mackay Envelope Company (Harvey's company) gets some of their biggest orders from customers when sales reps call on the day of their birthday.

Just the fact that you remember means quite a lot to your customers. And your birthday letter doesn't have to be some money waster either. It can be a money maker if you make a generous offer for them to come in for free ___(fill-in-the-blank)__. Or a discount towards a purchase. (However, a free gift is better — and you can find low cost gifts by looking in your yellow pages under “Advertising Specialties”.)

If you're a financial, medical or dental practice you should already have this critical information in your files, it's just a matter of using it. Now, if you're another type of business you should start actively asking for this info. Just the month and the day is all you need. Most people are happy to give to this you. Not only birthdays, but you can keep track of Anniversaries and other special events.

Just send out the letter like the instant sales letter template found in the *Retail/Restaurant Folder* for birthday/anniversary promotion. It's a very simple concept but it yields incredible profits.

Using Preferences and Personal Details From Your Database

Another incredibly powerful concept is using personalized data you collected and then making offers based on your customer preferences. Let me share with you a real world example from a retailer to explain what I mean.

In Denver, Colorado a men's retailer called *Grassfield's* makes use of direct mail and their database to create over \$1.4 million in annual sales without spending a cent on newspaper, TV or radio. It's all through simple letters.

The company records every customer's suit size (among other things) and then they'll send out a simple letter like this:

Dear Bill,

This could be your lucky month.

From time to time, we experience an overstock in a particular suit size and this time it's 46 regular. Since you wear this size, I'd like to offer you a special incentive.

I'll deduct \$100 from any suit you buy before December 21.

And if we have a Hugo Boss or Warren K. Cook, a Hilton or Hickey Freeman suit in stock when you come in, I'll give you \$200 off its regular price. That means you can choose from every 46 regular in our inventory and save up to \$200.

Just ask for me when you come in and I'll make sure you leave here looking and feeling great.

Cordially,

<<Sales Rep Name>>

P.S. The Store is open Sundays from noon to 4:00 during the entire month of December.

This letter was only cost \$550 to be mailed to 1,164 customers.

And the results?

It brought back a \$43,307 from this one promotion (source: USPS's Direct Mail By The Numbers). That's a gigantic \$78 return for every dollar spent. Not a bad return on investment — just by asking your existing customers to buy again.

One of the special “tricks” they used in this letter was mail merge. They merged the customer's first name (one database field) and also the customer's suit size (another database field). This is very simple to do with today's word processing programs.

Just look up the words “merge” or “mail merge” in your word processing program's help index. So the letter would look like this when originally setting it up:

Dear <<First Name>>

This could be your lucky month.

From time to time, we experience an overstock in a particular suit size and this time it's <<Suit Size>>. Since you wear this size, I'd like to offer you a special incentive....

And creating a personalized promotion to your own house list is just that easy.

Keep Mailing Your Customer List With Reasons To Buy

You should try to contact your current customers at least once-a-month. A statistic from the mail order industry says that a customer loses about 5%-10% of their value each month they are neglected. So after a year without contact you might as well be mailing the white pages.

Plus, this doesn't even take into account the fact that about 20% of the population move every year.

Gathering Testimonials From Happy Customers

Testimonials are worth their weight in gold — literally.

You know that people are more and more skeptical of everything and everyone today. I don't know of any better way to gain confidence and trust than by using testimonials. Anything you or I say about ourselves and our company is always discounted. But when somebody else trumpets your services and products it becomes much more believable.

That's why it's critical to start a process of gathering testimonials. And lucky for you you've already been given an easy-to-use template that's been proven to bring back testimonials.

Just look in your folder for the Testimonial Request Letter and send it out.

And the more places you put your testimonials the better. Honestly, you can never use testimonials too much. If you ever watch infomercials (these are the long-form commercials that look like a TV show) you'll notice that the good infomercials keep piling on testimonial after testimonial.

Because it really doesn't matter what you or I say, it's what somebody else says about us that is important.

So put a book of testimonials in your waiting room. Include them in your sales letters. Include them in your quotations. Frame letters from clients up on your walls.

Put testimonials in your ads, Val-Pak® coupons, yellow pages ad, brochure, sales letters, etc. etc.

You want people to be so overwhelmed by testimonials that there is no possible way prospects could make a mistake because so many other people use you and talk about how great your services/products are.

But try to stay away from testimonials like this:

"Dr. Williams is the best veterinarian I've ever taken my cat Fluffy to."

B.K.

Chicago

That's okay, but what you're really shooting for is something like this if you're a veterinarian:

"I've taken my dog Rover to practically every veterinarian in the city and nobody could figure how to make him stop itching himself. Different ointments and medications only worked for a short time. I was skeptical that any doctor could help my dog, but when I came to Dr. Williams, he instantly recognized the problem and now Rover hasn't scratched himself in over a year. Thanks for your help."

Adam K. Sandler, Beverly Hills, CA

Owner of 5 year old German Shepherd "Rover"

That's much more powerful.

Also try to get people to allow you to list their full name and address if possible. Initials bring up doubt in people's mind that you've just made up the testimonials. But real names and specifics give testimonials credibility.

Bring Back Your "Old" Forgotten Customers?

You've spent an enormous amount of money, time, resources, etc. to acquire customers in the first place so let's recoup your investment.

First, you'll need to put together a list of everyone who hasn't bought from you for 1 year, 2 years, 3 years, etc. whatever you think is a reasonable amount of time. I suggest 1 year because they'll still remem-

ber you and your list will be more current. Then as you see results with this list you move on to 2 year old customers and continue through until the letter stops being profitable.

Claude Hopkins (author of *Scientific Advertising* and one of the most brilliant ad men ever) said, *“The right offer should be so attractive that only a lunatic would say ‘no’.”*

I agree.

And the most compelling and irresistible offer is something for FREE!

Free is the best offer you can make. I suggest you use something with a high perceived value but very little hard cost to you. A free report, free nominal service, consultation, etc.

A very smart thing to do is set an expiration date and also limit the time they can come in for these free services. That way you have a very structured offer. Also, don't send too many at once because I guarantee you'll be swamped with business. So try out 100 or 200 at a time and see how it goes.

You'll find templates in your specific folder for this powerful letter, called the **Reactivation Letter**. In fact, this is probably the first place I look whenever I need to add immediate profits.

You know the truth is, most business owners never realize their most lucrative asset is their customer list. You should always, always make a back-up of your customer list and keep in a safe spot.

Your customer list is your most important off the books asset. I'll tell you one thing if my entire business burned down — I wouldn't have any problem getting everything back just using my little Zip Disk filled with my customer database. Be sure to give your customer list the respect it deserves because it's a goldmine waiting to be discovered.

Chapter Six:

Getting Your Message Delivered

Believe it or not, one of your major considerations needs to be how to get your message delivered.

What good is a letter if it never gets opened? There could a \$100.00 dollar bill inside and the prospect would never know.

Getting you mailing delivered is not a mild concern. The Post Office freely admits that 20%-30% of all bulk mail (meaning: junk mail) gets thrown out for various reasons. There have been horror stories of vacant buildings being completely filled-up with mail by renegade postal workers.

Your mail man's mail sack gets pretty heavy so what kind of mail do you think he wouldn't dare deliver? That's right — bulk mail, the kind with an indicia (bulk mail permit) or something marked for "resident." He knows you are not expecting it — and if it never makes it to "resident" it won't matter because nobody will complain.

So, our first step is getting the Post Office to respect and deliver our mail. And here's how we do that:

1. Use A Live Stamp

Use a real, live, honest to goodness stamp. The kind you got to lick with the best adhesive known to man; spit. (Actually, you're lucky now because the post office has all kinds of self-adhesive stamps.)

Do not use any meters and no indicia.

2. Handwritten Return Address

In the upper left-hand side of your envelope you simply handwrite your return address. Only the street address, Your City and the Zip. No fancy logos and no company name (until they know you — and don't tell me everyone knows you in your town, except if you live in Mayberry).

A secret is to having somebody handwrite your return address on a plain piece of paper. Then give it your printer and have them print envelopes with your return address using that piece of paper.

Another variation is to use a typewritten return address. But a handwritten one will work better — it makes people say, "What the hell is this?" Then you've won the battle.

3. Handwritten Address

The person to whom your are sending the letter gets their name hand addressed or impact-printed on. No labels. Labels scream "Junk Mail!"

If your staff is overwhelmed with addressing letters, hire a high school student part-time or have local homemakers address the envelopes for some extra money.

Or imprinting on envelopes is fine also.

The key here is make it look like a letter from Mom

The closer you come to making it look like a letter from Mom the more likely the Post Office will deliver it and even more important the more likely your prospect will open it.

One of the top direct marketers, Gary Halbert, has a famous theory called the 'A' pile, 'B' pile. He says everyone sorts their mail over a trash can and they divide up their mail into two piles (A pile, B pile).

Into the 'A' pile go bills, subscriptions you pay for, and personal correspondence and into the B pile goes everything else (all the junk). The B pile is much more likely to get tossed in the circular file right away or they put it aside to be read later (maybe).

You want to make sure you get your letter into the 'A' pile!

Please note: If you're sending out a letter to your customer base then it's definitely okay to use your company's envelopes and you can even use labels (though I still suggest handwritten addresses or direct imprinting).

Chapter Seven: The Secret To Double-Digit Returns

Here's an important lesson. Let's say you only have enough money to send out a one-shot mailing to a list of 6,000 prospects or you can send a mailing 3x to 2,000 of those prospects — what are you better off doing?

Beyond a doubt you'll see much greater success from using a series of letters.

Here's why: A recent study conducted by Sales and Marketing Executives International concluded that 81% of major sales are closed after the fifth contact.

That's right, Eighty-one percent!

So if you're not making that kind of effort, it's safe to say you're missing out on lots of revenue you should be getting simply because of lack of persistence.

Let me give you an example from my business that sells specialized marketing information to cosmetic surgeons. I sell a marketing manual to help doctors attract more cosmetic patients and I consistently get an astounding 11%-15% response rate to my sales letter. So what's my secret?

The secret is constantly following-up.

Once a prospect has raised their hand and said they are interested I send them the first sales letter and info packet. Now if 3 weeks go by and I still haven't received an order — off goes their 2nd notice. Then if they still don't order after another 10 days, they get their 3rd and final notice.

Here are the actual numbers: From this first letter I only get about 5% - 6% response. And the 2nd and 3rd mailing get the another 5%-7% response.

So if I stopped at just one mailing I would be leaving more than half of my profit on the table. Did you catch that? I'd be losing more than half of my revenue only because I didn't follow-up. And I'd bet it's the same for you but you just don't know it.

Most people that try direct mail only use a one-shot mailing. It is much more difficult to make a one-shot mailing work, especially to a cold list. That's why there is a 2nd notice instant sales letter template for attracting new clients. It's important that you use this 2nd letter. And in fact, it's not unusual to get a greater response on your second letter. You should send out your second notice about 2-3 weeks after the first sales letter has gone out.

There are a lot of people who wanted to respond but just never got around to it for whatever reason. Somehow your letter gets tossed aside or under their ever growing stack of mail, bills, etc. So when your second notice comes reminding them of an impending expiration date — it will jog their memory and get the action you wanted.

Chapter Eight:

How to Use Testing For Breakthrough Marketing Results

John Wannamaker (and then later P.T. Barnum and William Wrigley), said that 50% of his advertising was being wasted — but he didn't know which 50%. Now by using direct marketing and testing you'll know exactly and eliminate conjecture and supposition.

Do you realize it costs you the same amount of money to send a letter that produces 2 customers as one that drives in 20 customers. So that difference is in your sales letter and using effective testing.

Testing will help you:

- 1. Save yourself a bunch of money.**
- 2. Improve any results you're currently getting.**
- 3. Stop guessing about what works.**

I'd say those are some pretty good reasons to learn all about testing and how to apply it to your business.

Instead of sending out to your entire list, you should send your letter to small portion of that list to analyze the results by carefully tracking (we'll talk about this in a moment).

That also means you can't fall in love with your letter. If you get emotionally attached to your creation you can't rationally look at your test results.

What Makes Your Test Successful?

Let's talk about successful vs. unsuccessful tests for a second. Everybody is hung up on percentages and number of responses. I look at bottom line net dollars.

What if you send out 5,000 letters and you only get a 1/2% (0.05) response. You might be inclined to tell yourself that this letter really stunk. Not so fast. Take a look:

$5,000 \times .005\% = 25$ people responded.

Now, let's say only 10 of those people actually bought something. And if your average sale is \$500.00, you've come up with \$5,000.00 in revenue.

Take a look: $10 \text{ people} \times \$500.00 = \$5,000.00$ in revenue. Your cost for sending out those 5000 letters was about 50 cents a letter. So your total cost was \$2,500.00. Subtract out any supplies and other expenses related to these sales and you might end up with \$1,500.00 net. Not too shabby.

I don't know about you, but if I could invest \$2,500 somewhere and get back \$1,500 right away,

I'd be making that investment as much as I could. You see, that's the real way you should look at the success or failure of a mailing.

When you go to the bank to deposit your money they don't ask you whether you got half a percent, 20 percent or 70 percent response to your marketing. Bottomline is all that counts.

But that's not all, if you understand that the first purchase a customer makes with you is typically not his only one, you can multiply your profits many times over on the "back end" with the repeat business. Plus, one you start using the referral stimulating letters — the amount a customer is worth to you increases even more.

Let me explain a concept that may open your eyes.

Understanding and Profiting From Customer Lifetime Value (CLV)

A customer/patient/client's lifetime value is the amount of profit you will make from when they first favor you with their business to their last transaction. It's extremely important to grasp this concept.

Here's what you need to know:

- 1) Figure how much is the average transaction value.**
- 2) How many times per year does the average customer buy from your business.**
- 3) How many years do they stay with you.**
- 4) What is your average profit margin on each transaction.**

Your best estimates or guesses are fine for right now.

Here's an example: Let's say the average new client coming into your business gives you an average \$150 on the first visit. They come back one more time over the course of the year spending an average of \$75. And they remain an active client for three years. Figure your profit margin is at 40%.

So your customer lifetime profit value will be $\$150 + \$75 \times 3 \times 40\% = \270.00

Which means you can spend up to \$270 to bring in new clients and still break even.

But here's how it gets even better. Not only will you make immense profits from each client, but their profit value can be multiplied if you figure their potential for referring more clients to you.

This figure is harder to calculate. But just factor that if you nurture your clients properly some of them will give you referrals. But even better you can program clients with a referral stimulation letter you've been provided.

And what's more, you will learn how to increase the average transaction, the number of times a client returns and how many years they remain an active client. All these things will positively affect your bottom line.

How High Is High?

Let's keep going...

Since you are interested in continuous improvement, you will want to keep testing by changing one variable in your sales letter to see if you can improve response.

And you *will* be surprised by the results. A recent test I did showed a major difference in results just by changing the headline. I took my list and divided it into 3 equal groups and each of those groups received the same piece except I changed the headline slightly. Would you believe one of the three pieces had a 200% difference over the other two? So that means if I just guessed and picked the one I thought would work best, I'd be achieving less than 50% of the potential response.

By employing testing, every marketing method you do will work many times more than it would without testing. To start testing you'll need to find your "**control**", this is the letter or approach that has consistently proven to be the best so far.

And you want to keep testing against your control to see if you can beat it to establish a new control.

Testing For Maximum Results

The golden rule of testing is: TEST ONLY ONE ELEMENT AT A TIME!

If you're changing the headline don't fool with the offer. If you change the body copy don't change the headline.

It's very easy one you learn about direct marketing to go off into a frenzy and try to test everything at once. Restrain yourself. Remember you've been in business this many years without using these principles — so you can take your time while testing.

You will find that as you change different elements you will get different results. And it could be a minute difference.

Here are a few examples of what simply a change in headline can do:

- A. **"If you are a careful driver you can save money on car insurance"** vs.
- B. **"How to turn your careful driving into money"**

Headline A outpulled the other by 50%.

- A. **"Good news for men who want attractive, well-groomed hair"** vs.
- B. **"Will your scalp stand the "fingernail test"?"**

Headline B brought in 56% more responses.

- A. **"Moisturized Shave Cream"** v.
- B. **"Push-Button Shave Cream"**

Headline B outperformed A by 82%

A. “Tension Headache” v.

B. “When Doctors Have Headaches What Do They Do?”

Headline B drew 71% more responses than A

A. “How To Keep Your Hairdo Prettier Longer” v.

B. “Tired of Sticky Hair Sprays?”

B pulled a full 79% better.

Could you have picked the winners from that group before they were tested? If not, then you know that’s why guessing is so dangerous.

These are just a few examples of the dramatic difference one headline can have over another. But what else should you test?

What To Test?

Test the big things that matter:

1. **Headline**
2. **Opening Sentence or Paragraph**
3. **Your P.S.**
4. **Your Prices**
5. **Your Free Bonuses**
6. **Your Close**
7. **Your Offer**

Split Testing

Essentially you will take your list and divide it up into 2 equal segments. Then you will mail out letter ‘A’ to the first group and letter ‘B’ to the second group simultaneously.

Once you start testing you WILL find differences — I guarantee it.

Keep Doing What Works

Never, ever change what is working unless you find something that works better. Don’t make the mistake of dropping it arbitrarily in favor of something new. You should continue mailing your winning letter until something beats it. Only then do you switch. Don’t let your spouse, office manager, or anyone else besides the market influence your decision. In fact, there was a famous ad for a grammar course that ran for 30+ years and it still worked.

This is a simple concept, but crucial to your success. As soon as a letter starts working, the first thing everybody wants to do is change it. That is the dumbest mistake you could make.

Remember you are not advertising and promoting to a standing army, you are marketing to a moving parade of people. And your letter that pulled in prospects last month will keep pulling in prospects again this month. Because people's needs and wants keep changing. And your marketing message is like a good radar. It keeps sweeping to find hot prospects inside its range.

So How Do You Know What Works?

Any process you engage in can be quantified and measured. Which means it can be improved. You will need to code every sales letter going out and record the results and analyze them. Keep doing what works and change what is not working.

One of the best benefits of using direct mail is the way you can track and trace exactly how much business you are getting from any letter.

So how do we track our letters?

Easy. You'll want to assign unique priority codes, extension numbers or fake employee names for each promotion. Each letter you send should have a unique code. Then you will be able to credit that letter with the inquiry or sale. So you know what works and what does not.

Many times I'll use a priority code at the top of the letter. When prospects call in your staff should be trained to ask for the priority code. Or you can use extension numbers like this: Call 301-555-1234 xF00. This way you know this code (the extension #) stands for an offer you made F (February) 00 (2000).

Or if you do face-to-face business, an easy way is require people to bring the letter with them/or present it to your staff in order to get the special offer.

Tracking is critical or else you'll still be flying blind.

In your internal tracking sheets you'll want to record the day of the week a letter went out, quantity mailed, list used, and other important information. Plus include a copy of the actual letter.

Working Your Numbers

In order to measure which letter is working better than the other, you've got to do your numbers. And it's not too hard. Let's say you're doing a lead generating letter — then the first figure you find is your cost per lead.

Here's how to do it: Simply take all your leads and divide by your entire mailing cost (printing, postage, list rental, etc.).

For example, you paid \$2,500 for the mailing to 5000 people and you get 50 people to call. That turns out to be a cost per lead of \$ 50.00 ($\$5,000/50 = \50). Now, just like a percentage this number doesn't really mean anything until you start comparing against other letters.

Next take all your variable expenses (printing, postage, fulfillment, etc) and multiply that by your

number of leads. Maybe it costs you \$6.00 for each lead for a follow-up package.

So in this case it's $50 \times \$6.00 = \300.00 .

Take this expense and add it your letter cost ($\$300 + \$2,500 = \$2,800$). Divide this number by your leads to get **total cost per lead**. In this example your total cost per lead is $\$2,800$ divided by 50 leads = $\$56.00$.

But lead cost is only your first measure of how your campaign is going. You also need to know to know how much it costs you to make a sale.

So in this example if only 10 out of the 50 prospects bought — you would have a **cost per sale** of $\$2,800$ divided by 10 sales = $\$280$.

This way you can analyze one approach against another, figuring the true cost. But don't forget about Customer Lifetime Value. Some companies like the music clubs and book clubs will actually **lose** money on their initial customer acquisition efforts.

Do you really think they make money giving away 7 CDs for a \$1.00? But they're not stupid they know that the customer lifetime value way exceeds the amount they initially spend to get that customer.

Chapter Nine:

Action Steps to Maximizing Your Profits

This chapter is short because there's not much left to do now except take action. Let's recap, you've found out all about the 3 components of successful direct mail: How to utilize your house list most effectively, how to get your message delivered and most importantly, how to track and test.

So now here are the quickest and fastest ways to get up and running:

1. *Create Your Customer Database*

2. *Start Internal*

A. Reactivate Old Customers

B. Gather testimonials

C. Proactively Stimulate Referrals

D. Keep Making Special Offers To House List (birthday, overstock, introduce new products/services, special event, etc.)

3. *Go External*

A. Create Qualified Leads or Ask For Initial Orders

B. Follow-up With 2nd Notice

C. Make New Customers Continue To Buy From You

4. *Do It Over Again and Again*

That's it. There's nothing too complicated or difficult that you can't start right away with your own house list. I hope to hear all about your successes using the Instant Sales Letter Templates and following the advice in this manual.

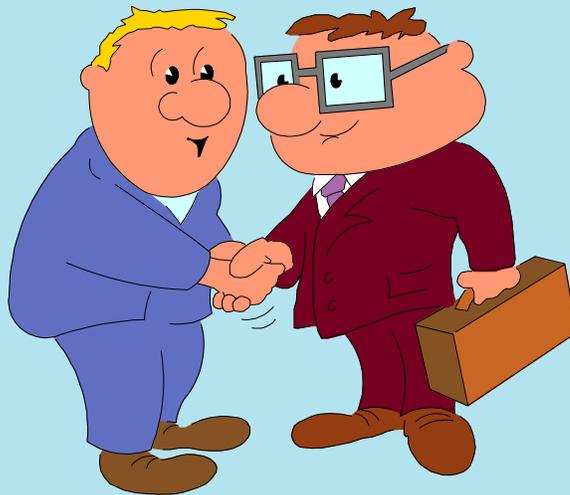
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Special Bonus
Section:
Creating Joint
Ventures For
Maximum Profits



The Power of Endorsements and Joint Ventures

Using endorsements is one of my absolute favorite marketing strategies. You're playing off the assets of another company that has already spent enormous amounts of time and money gaining their client's trust and goodwill.

This technique will blow your mind with simplicity and the powerful results it produces for you.

By using a simple letter from another business (all provided for you) you can harness incredible profits. And the best part about this whole concept is that not one business owner in a 100 will ever know how to use start making the enormous power of endorsements work.

Let me start by telling you a personal example:

One of the businesses I own provides specialized marketing information for cosmetic surgeons. When I first got started I looked around for other companies and individuals that had a great deal of influence and "pull."

One endorser I found is a doctor in California who produces his own set of "How to" videos on cosmetic procedures. This is a perfect complementary match for my marketing system. So after establishing a relationship with this doctor and his staff, I managed to get the special report selling my program to be placed in his outgoing packages with the videos. This ends up bringing in clients to me who probably would never find me, and also it gives me the implied stamp of approval of this doctor.

For almost zero risk I've been able to generate thousands and thousands of dollars in additional profits.

Here are a few possibilities to get you thinking:

- **A carpet cleaner could joint venture with a carpet retailer.**
- **A car detailer could joint venture with a car dealership.**
- **A veterinarian with a pet store.**
- **A health spa with a naturopath.**
- **A nail salon with a hair salon.**
- **A real estate agent with an interior designer.**
- **A home improvement company with a pool builder.**
- **A travel agent with a retail clothing store.**
- **A cosmetic surgeon with a cosmetic dentist.**
- **A business consultant with an office supply store.**
- **A bakery with a bridal consultant.**
- **A CPA with a doctor.**
- **A florist with a mortician.**

Think About Who Has More To Gain Than You Do

Here's what I always try to think of when I'm considering joint venture partners – "Who has more to gain from seeing this prospect become a customer than I do?" Let me give you an example to illustrate this:

One joint venture deal I've done is with a company that sells equipment to doctors for skin particle resurfacing. These machines run about \$15,000, so they have a lot to gain if they can increase their sales. So I approached them and did a deal where they would give away one of my practice marketing audiotapes to interested prospects and customers. This way, the manufacturer is providing a valuable bonus and it's free advertising and promotion for me. Plus, even better than that, they order the audiotape directly from my tape duplicator so I don't have any hassles.

Think of other ways to apply this. Let's say one of your biggest suppliers stands to get a 50% increase in sales if you can start 100 more customers on your product. So, you should approach your supplier with proven results and ask them to help you. A lot of manufacturers give co-op money to their distributors so be sure to ask. I know in the medical equipment company I worked for, we would have the manufacturers pay 50% - 100% of our advertising. Be sure to ask.

Now, what you want to do is brainstorm who has your targeted customer (or prospect) before, during or after the time they'd become your customer.

Right now my wedding is about 6 months away, so let me give you an example based on this. Let's say my business is a bridal shop called Yanik's World of Wacky Wedding Gowns and I sell wedding gowns (of course). So I'm going to sit down and brainstorm who might have access to a potential customer before they need me.

So let's think what's the first step before a wedding?

Easy! The guy is going to buy an engagement ring (ouch!).

Now, I'd go out and introduce myself (via mail with the letters I'll give you) to the owners of several jewelry stores that I know heavily promote diamonds. So when the sucker, er...gentleman buys a ring, I'd work out a deal where the jewelry shop owner would send out a letter congratulating the customer on his engagement and offering a discount for dresses to his fiancée from my shop.

Now, if you left it up to the jewelry shop owner he'd never get around to doing this, so I do all the hard work for him. I hand him a prewritten letter for his signature. And where are you going to find a letter like this? Well, wouldn't you know it – I've included a sample for you also.

Are you thinking: why would this jewelry shop owner want to send out a letter promoting my bridal shop? Good question. The answer is simple – it's in his best interest because I'll be paying him a percentage of my new business. Don't worry, I'll explain all of this a moment. So let's keep going with this example.

What's the next step in a bride-to-be's life before the wedding dress?

Well, it'd probably be to book a reception spot. And since I'm on top of things I already know the top 10 reception spots and I'd try to work a deal with them also. (This may be a little harder with big hotels – but smaller establishments should be no problem if you explain the benefits to them.)

So now once the happy couple contacts the reception spot – what do you think they'll get in their mailbox? That's right! An endorsement letter from the reception area telling how unusual and unique my wacky wedding dresses are and giving away a discount.

Okay, now we are flooded with blushing brides buying loads and loads of gowns – now what? Well, if my bridal shop was like 99% of them out there, I'd have forgotten all about these brides and moved on to new customers. Maybe, just maybe, the customer would get a postcard or something else mentioning discounts on bride's maid dresses. But probably not.

But, we're not like anyone else anymore.

So after a happy customer has just purchased a dress from me, she'll obviously get a thank you note. But then after that is where the joint venture marketing magic comes in.

After the dress our bride's (or groom's) next step is to think about flowers, invitations, wedding cakes, the photographer, honeymoon, etc. And since we're so smart now – we're going to go make reverse-endorsement deals with several of these vendors. Now instead of the letter coming from another company recommending Yanik's World of Wacky Bridal Gowns it's going to be going out on our letterhead endorsing another business (Yes, more examples are provided.)

Our customers will get letters recommending the most delicious bakery for exquisite wedding cakes, a florist with the freshest, most beautiful flowers, the best photographer, etc. etc.

And wouldn't you know it – we get a % of every customer we refer to these 'endorseses'. So now that one time customer all of a sudden becomes much more profitable to us.

Do you get the drift?

All you've got to do is sit down and think about which vendors, services or products your customers would use before they come and what they do afterwards. That's it!

An easy way to do this, is to think about who else targets the same type of customers you do?

Then jot down a quick list of generic businesses and professions. So for the bridal shop my list looks like this:

- **Jewelers**
- **Hotels and other reception areas**
- **Florists**
- **Wedding Planners**
- **Invitation vendors**
- **Bakeries**

- **Travel agencies**
- **Limousine services**
- **Photographers**
- **Videographers**

Now after your list is done turn, to the yellow pages and get actual business names and phone numbers. While you are getting more comfortable working endorsements you should approach smaller companies first.

Or even better you probably already know several vendors who you refer back and forth between each other. Introduce them to this concept and watch their face light up.

Basically there are two options when creating endorsement deals:

Option 1: You are giving away a free product/service to the endorser's customers.

Here's what you've got to reassure the endorser of:

- 1. Everything you provide will give incredible goodwill by sending a free gift or offering a discount to their clients and customers.**
- 2. Your business is absolutely non-competitive.**
- 3. You will give complete editorial approval of anything you write.**
- 4. You will pay for all postage and printing.**

Setting up The Deal

When setting up these endorsements it is best to speak in person. You can follow up with a phone after your joint venture introduction letter (see the example) has gone out or wait for their call.

What if they still don't want to do it just for the goodwill? Depending on how valuable you think their customer list will be, you have several more options to try.

1. Offer to contribute to their favorite charity, maybe \$100 or \$200.

2. Pay them cash for using their list.

The going rate for list rental is usually about \$25 to \$100 per thousand depending on how valuable the names are

3. Offer to reciprocate

- **You can offer to do a mailing to your customer list that endorses them.**
- **Or put their flyer in as an insert in your newsletter**

4. Barter your services

You have an excellent opportunity to exchange your services for whatever you want.

It makes your endorser more credible because they (or their spouse) has used your services and now can talk about it first hand in the endorsement letter (see the sample).

Option 2: You are offering a discount or special deal on your product or service to customers of your endorser.

In this instance, you'll want to offer the endorser a piece of the action. Then, aside from the previous points you'll want to cover – you also need to cover: Accounting!

If you're offering the endorser a profit share then it's critical to assure them of a fool-proof way to track the business originating from them. The way I've done it with my own Joint Venture deals is to have the endorser have all orders come in to them. Then once the orders are in – they'll send it to me for fulfillment. That way everyone has a record of the order and an accurate count.

The Method To Your Madness If You're Giving Away A Product Or Service

Giving prospective customers a free service/product does a few things for your business:

1. You get people to give you a 'try'. It's important that you make it easy for people to sample your product and services. One of the wisest investments you can make is actually giving away a sampling of your services or product (as long as it delivers everything it promises).
2. If you have a lot of backend sales potential and high repeat business, then getting as many people as possible to start using your product or service is vitally important. Take a look at America Online. AOL will give away 100, 200 or even 500 free hours of Internet service. That's how they've grown to be the largest Internet Service Provider. Once people become AOL users it's just easier to keep using AOL so they lock-in \$19.95/month forever!
3. Using packaging and up-sells you can see an immediate profit from customers coming in to redeem their free services.
4. You also add more qualified names to your mailing list. These are all people who are interested in your services. Then you can continually work these prospects through your direct mail efforts.

Reverse Endorse

I mentioned this briefly a little earlier when giving the Bridal Shop example. Another way to increase your profits with very little work is to reverse endorse. You turn the tables and become the endorser for someone else's service or products.

This is a great way to harness the incredible goodwill you've got built up in your customer list.

Remember your clients trust you and your opinion so when you say use "so and so" for this service most of them will. Explain this to your "endorsee" and you should have no problem getting the bulk of the profits from that transaction.

Okay, let's go back to my Bridal Shop example:

I could send out a simple letter to my customers letting them know what a wonderful service Bob the photographer offers and how other people rave about his great service. Then I make a preferential deal to my customers for their wedding photo album. Now everyone is happy. I've helped my customers with the next step in their lives, Bob got another customer, and I made a couple shekels on the referral.

Plus, if I make Bob pay for the stamps and printing (which he should or at least split with me) I'm making money out of thin air. This is additional profit you never would have seen and it's really so simple to do.

Don't Think These Ideas Won't Work Until You Try Them

I suggest mulling over and thinking about this special section. Reread it several times to grasp how simple, but powerful this technique really is. Please give it a try!

Important Note: All of the sample joint venture letters are in the appropriate folders. You get sample letter templates for approaching the endorser and sample endorsement letters. Be sure to study this section before using the letters for maximum results.
