



**THE ULTIMATE INTERNET  
ENTREPRENEUR  
WORKBOOK**

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## A PERSONAL MESSAGE FROM DEREK...

Dear Friend,

I'm excited to welcome you to *The Ultimate Internet Entrepreneur Cheat Notes*. As you're about to see, digging into this package is a big step towards creating — or furthering — your own business success story!

This guide — which is specially designed to serve as a complete companion to the audio CDs — offers you a fantastic collection of ideas, tips, and resources taken *directly* from a discussion captured between copywriting and marketing guru Dan Kennedy and renowned Internet marketing expert Corey Rudl. You don't want to miss a single moment of this information-packed session!

*The Ultimate Internet Entrepreneur* is one of the most groundbreaking products we've ever released. We've brought together two brilliant marketers, each from a different side of the marketing fence — online *and* offline — and sat them down together to discuss exactly what it takes to get ahead in marketing right now — and for years to come!

Dan Kennedy is a legend in the marketing industry, and brings incredible experience from 30 years of creating offline campaigns for major corporations like Weight Watchers and Guthy-Renker. He also does one-on-one sessions with entrepreneurs — but only if they can afford his \$10,000 a day fee! Dan is known for his no-nonsense approach to both selling and wealth-building. If it's been done in offline marketing, Dan knows about it — and can probably tell you how to do it better!

The late Corey Rudl founded the Internet Marketing Center almost a decade ago, with nothing but a few bucks and his own hard work to keep it growing! That same company now has more than 100 employees, has made over \$40 million in online sales, and has developed an incredible lineup of information and software products designed specifically for Web entrepreneurs. Corey was also in tremendous demand as a conference and seminar speaker, and charged almost \$2,800 an hour for private consultations and mentoring.

Together, they will cover a lot of territory, including --

- Why openness to change is essential
- Which offline marketing techniques can be transferred online
- Why developing a “backend” in your product line is essential to survival
- Why maximizing customer value is so important
- Why it's essential to avoid getting “hung up” on media
- How to build a lasting relationship with your customers that creates income *and* equity

You won't find these ideas — from two “millionaire makers” with incredible success in multiple media — anywhere else.

We've set up each page to give you room to jot down your own notes, as well as highlight key ideas that we're sure you won't want to forget.

This is a resource you're going to want to return to *again and again* — I wouldn't be surprised if you end up writing something new down every time you listen to the CD.

It took Corey and Dan nearly 40 *years* combined to come up with this much know-how and expertise! It might take you a while to work through it all!

Again, I want to thank you for taking part in this amazing opportunity. Good luck to you as you build your business — we're happy to be with you every step of the way!

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Gehl". The signature is fluid and cursive, with the first letter 'D' being particularly large and stylized.

Derek Gehl  
CEO, The Internet Marketing Center

## INTERVIEW BETWEEN DAN KENNEDY AND COREY RUDL...

Corey: Dan, thanks for coming on board today.

Dan: Glad to be here.

Corey: Well, before we start here — for those hearing this discussion and not familiar with yourself or myself —

Dan: How could that be?

Corey: Yeah, I know.

Dan: That's pitiful.

Corey: Between the two of us, we must be known by all the offline and online world! But give us a little bit of your background, and I'll go through a little bit of background about myself, just so everybody has the whole picture.

Dan: Well, I started in direct response marketing — now, I don't really care to count years, but the official benchmark *is* 29 years ago — and information marketing literally at the same time, and over the years I've used just about every type of media, and sold products at virtually every price point known to man — from cheap to outrageously expensive! And, as you know, there are now 18 information marketers in my Platinum group, who I work with in a coaching environment, and a number of private clients. I've come to the Internet, as you also know, with some personal reluctance and skepticism but have it as an important tool in the tool box these days. And actually, probably \$8 to \$10 million dollars worth of my products and services were sold online last year, and the number for all my clients combined would be in the triple \$100 million-plus range. I'm happy to be here talking and comparing notes with you about where we're at in Internet marketing, and where we think it's going.

Corey: Yeah, I totally agree. I think Dan's being a little

- Dan Kennedy has been a marketing guru for 29 years and counting...
- He sold up to \$10 million dollars worth of product online indirectly *just last year*
- Dan's clients went on to sell over \$300 million online!
- If someone's tried it, Dan remembers it!
- He has expertise in almost every form of media imaginable

### IMPORTANT NOTE

WATCH THE RIGHT-HAND COLUMN FOR NOTES ON KEY POINTS AND EXAMPLES WORTH A SECOND LOOK!

modest, too. I should say that this man knows more about what's happened in the past, and in every different promotion, marketing angle, salescopy angle, and product that's been sold offline in TV, radio, magazines, and through direct mail — the list goes on and on! If you ask him about a promotion of some kind — if it was a winner from 15 years ago, and has somehow tied in, or spun off into a sales process or methodology that is in use today. He's just really a wealth of knowledge! I think we're really lucky to have him on the line today to discuss some of these things, and to help us realize how long this has been going on for, and how the offline world has really mutated online — how so many things are similar, and how a lot of stuff that you're doing, Dan, applies online just as well as it does offline.

As for as myself, I'd been in business offline since in my late teens, and then I wrote a car secrets book – well, I'm through with writing because I wrote a car secrets book that didn't do so well. One of my friends came to me and said, "Why don't you put it on the Internet?" — back in late '94 or early '95 — and I said, "What's the Internet?" so he said, "Come on, and I'll show you."

He plugged his 9700 baud modem that chugged along at just creeping speeds and typed "cars" into Yahoo! — 10 sites popped up. There wasn't 10,000 — *just 10 sites* popped up.

Dan: How many would there be today?

Corey: There's got to be....

Dan: Well, you're still in that category!

Corey: Yeah! One of the things we teach is niche business, and how to put them on automatic pilot. I haven't even looked at that business because it's been on automatic pilot for so long! I couldn't tell you, but it's got to be in the midst of hundreds of thousands — if not millions — of "car secrets" out there.

- Ten years ago, the Internet was barely a consideration for most businesses
- Yahoo! only had ten car sites listed when Corey was starting out!
- Niche businesses are the best way to go online
- Putting your business on autopilot is a huge step toward making it a success

Dan: Yeah, that's what I would have thought.

Corey: You can see that there are over 100 million web sites online. There's got to be at least a couple hundred thousand car-related ones, if not a few million.

Dan: Well, the first television infomercial I ever worked on, there were only three shows running.

Corey: Wow, that's unbelievable! Now there's *thousands* that get tested. That's unreal.

So, I took my business online. I started with a couple hundred bucks, and realized that I made a couple of thousand *very quickly*. I took all the stuff that Dan was doing in the offline world — some of the methodology and some of the processes — and twisted and turned them to make them work online. I used technology to my advantage by taking reseller programs and turning them into affiliate programs, and buying reprint rights and turning *them* into affiliate programs. At the end of the day, we tried different things, and within a couple of years, we had over a million visits to our web site! People started asking me to teach them how to do the same thing using all these unique, unconventional guerrilla marketing techniques, and stuff you see today, we actually invented back in '95. Now we've done over \$40 million in product sales, received over tens of millions of visitors to our web sites over the last few years – and it just keeps going up and up, no matter what happens.

So let's talk about how you've been skeptical to convert to the online world. I think people are going to want to know more about that – how that happened for you.

Dan: Well, I think, as with anybody else, it's very uncomfortable to have to keep repeating a learning curve, and going back to square one. I was reluctant, and will be likely be reluctant for the next thing that comes along, too. I also think the older somebody gets, the less

- Corey took his offline business online and quickly realized the Internet's potential. His businesses have made \$40 million in product sales and have received tens of millions of visitors in the last few years!
- You can take offline techniques, and apply them online to discover new successes

enthusiastic they are about embracing the next new media that requires a curve. The break point in my father's business that took us from enormous prosperity to virtual *poverty* in a blink of an eye was his refusal to accept and embrace a new type of technology in his industry. I saw it firsthand, so I've always been very conscious of it since. While I would never call myself an early adopter, I'm very aware of the danger of not opening the door to the next new possibility that comes along.

I had a lot of doubts early on, and I think you would agree that, at that point, the proliferation of "get rich on the Internet" stuff that was being promoted, hyped, talked about, and sold was grossly exaggerative in 18 different directions.

Corey: Of course it was.

Dan: The "all you've got to do is be up there, and millions and millions and millions of people will find you!" stuff.

My early perceptions were colored by that. I had a lot of clients in the old 900 number industry, and the hype when the Internet came along was very, very similar to the hype that had existed then. It took me a little while — I think it took a lot of people a little while — to sort this thing out, and for it to mature into the very, very useful media that it is today. I think a lot of mail order people clearly saw what you — because you had print background — saw; that much of what was being done early on by what I'll affectionately call "the geeks"...

Corey: I'm piled into that pile, aren't I?

Dan: ... was technology-sound, but not marketing-sound. As it matured, and people started to figure that out, we moved beyond pretty sites into functional sites, and the thing really began to work. I made an awful lot of my money in the first half of my adult career by offering risk-free fax for phone broadcasting. I once figured out

- Dan is aware of the importance of being open to new technologies — even if it makes him uncomfortable
- Having seen the drastic effect that it had on his father's business, he realized he had to be open to changes in business
- Be willing to embrace the possibilities of almost any media

that if we would have had broadcast fax and knew then what we know now – and, of course, now it’s been taken away – but from 1983 to 1987, I would have made at least another \$11 million dollars. I’ve not gone back and tried to run the same calculation with the Internet, but it would probably add another \$10 or \$20 million to it.

Of course, you’ve done the full loop now, and are doing more offline stuff than you’ve ever done.

Corey: Yep.

Dan: One thing about direct mail is that it’s expensive — and it was all we had. So every lead, every sale, every communication — the ability to do multiple steps in sequence — was expensive and severely restricted by budget. The Internet definitely changes that game *dramatically*.

Corey: In direct mail, because everything is so expensive, you learn how to maximize, and get every dollar out of that customer, and get more lifetime value — which is a great thing to bring online. When things get cheap, you get lazy. You don’t realize that there’s so much more money on the table that you can obtain from that customer. You just have to *ask for it*.

Dan: You and I have talked about that at length. In your world, the Internet world, necessity has not been the mother of customer value maximization — whereas for those of us who were only using direct mail, that necessity was a specter standing over our shoulder all the time! And you’re right — the luxury of the Internet has resulted in tons and tons of money being left on the table.

Corey: At the beginning of the Internet, you saw people making web sites that were not very pretty, but they worked.

- Sequential offers are extremely expensive to mail offline
- Direct mailers have to maximize every move because of the costs
- Online marketing can be cheaper so it’s easy to get lazy and “leave money on the table”
- Maximizing the “lifetime value” of a customer should always be your primary goal
- Offline marketers have a lot to teach online marketers — but online marketers need to pay attention!

Then when the whole “dot com” thing came along, everybody started getting pretty and overzealous — everything was big and bold. Then the guerrilla marketers came out of the woodwork — “Wait a second — nobody’s making any money online! It’s all based on branding and ‘airy’ business models that have no real customers, no real service, and no real business!” Then they realized, “Hey — wait a second! There’s a great opportunity here!” Things got back to the basics. As with direct mail, things were not looking pretty, but they had great copy, and they worked and made money. Those people also came in and stopped saying, “I’m not going to accept the \$100 sale per customer! I want the \$1,000 or the \$10,000 sale!” They started working the backend *like they were in direct marketing*. All those people from the direct marketing world were coming online to embrace technology and realized that nobody online was using the same steps. Now it’s starting to happen, and those people are raking in the cash. Everyone else is thinking that cheap technology is great because it’s still making them the bottom line — but *the real players* are making *incredible bottom line numbers* because they are using the same stuff they were trained to in direct mail.

Dan: It was pretty obvious early on that there were only a handful of people — like you — who understood that you put a salesletter online, not a brochure.

Corey: Right.

Dan: One of the analogies for me was the infomercial business. In the early days of the infomercial business, after Reagan deregulated the airways, you could shoot a show — with a flashlight and a camera! — of a guy doing a seminar-style presentation, go buy half an hour of television for a few hundred bucks, slap it on the air, and bring in thousands and thousands of dollars. There were some early players who literally made *millions*

- There is much more money to be made online than most online marketers realize
- Many online businesses failed in the beginning because they focused too much on branding and had weak business models
- If you are willing to apply direct marketing strategies to the Internet, there is still a ton of money to be made
- Backend marketing — selling other products to customers who have already bought from you — is underused by online businesses
- Online guerrilla marketers use offline techniques — like great salescopy and working the backend — to make huge amounts of money

with no back end — just a front-end sale, and that was that!

Then everything changed dramatically — for several reasons — to the point where there were 50, 60, or 70 functioning infomercial companies to *five*. Today, the industry is all about the back end — the major players who take the infomercial-created customer and apply every other kind of marketing to them, both online and offline, in order to maintain their value. I think the same sort of transition has occurred on the Internet. It now requires a greater level of sophistication to make money online than it once did. It's obvious that, like all other media including direct mail, doing it well is not a simple matter. It's complicated and complex — and that's good, because it allows a person with discipline and the determination to get it right to really *prosper*.

Corey: Yes, I think there are a couple of really good lessons to be learned from our conversation — and that's that there is an incredible amount of money left on the table — that if you are a savvy marketer you have an opportunity, because it's still such a new medium, to take that money and run with it. If you are that person, the world is yours — for lack of a better term.

Dan: I can give you a profound example. For the past two years, I've worked with two clients who sell a financial information product online. Basically, they're both selling "How to Get Rich by Investing in X" products, and one of them does all of his marketing online and delivers an electronic product — even his backend is electronic. He has never sent a piece of snail mail to a customer! The other one has a much more sophisticated business, though the actual web sites and core product are so alike, they're almost interchangeable! The difference is that the other client also does *offline advertising driving traffic online*. He delivers product as an electronic or hard copy, and does a considerable

- Much like with infomercials, early adopters of online marketing made millions before competition and industry regulations made it more challenging.
- Because the Internet is still such a new medium, there's still tons of opportunity for savvy marketers to make money

amount of offline and online backend marketing to those customers.

In one six-month period of time, they both generated essentially the same number of customers, but the one with the more sophisticated model ultimately had a net of almost \$2 million more than the other.

Corey: I'm going to comment on something here — you may agree or disagree with this, but here's how I would approach this personally. I love the Internet for its quick testing capability and the very low cost of advertising online. You do your model there first, you tweak it, you do your sales process and pricing, and then you get your back end and your marketing model done. You finally get a working model that *makes money*, and then you don't stop there — you get offline and reproduce that model, knowing that it's a winning model already, rather than having to go out and test offline and spend more money. Now you have a whole new revenue stream you never had before!

Dan: You know I agree more than I disagree. The only caveat I'd add to it is that results with one media are indicative but not predictive of results with another media.

Corey: Agreed.

Dan: I have seen cases where something will work on television and it won't work in print or vice versa, or it will work in print and it won't work online or vice versa — usually because of economics. The thing that I'm in total agreement with you about is actually the thing that made most of my disinterest in the Internet go away. It is maybe the best testing device that exists at the moment, and it will be hard to beat, too, because of all of the different things that it allows you to do quickly — and actually know something that same day! You're seeing right now, in a direct mail project you're doing that I helped with a little bit, just how much more

- Test online — it's less expensive than offline testing, and it's quicker and more versatile
- Test online (offer, price, guarantee, headline, benefits, etc.) then take your winners and test them offline — you'll have an increased chance of success
- The testing capacity of the Internet was what won Dan over in the end
- The Internet is the best testing device that exists right now

difficult it is to run a matrix of 20 variables in a direct mail test than it is to test those same 20 changes on a web site.

Corey: I think this is a great time to bring up a comment about that — we can go out to an e-mail list — say our in-house opt-in e-mail list — with a promotion we’re going to have. We might have four or five different notification letters that go out by e-mail that are tested with different headlines or angles or pictures or bonuses or payment methods — that kind of thing. We can literally test as many as 15 different variables all at the same time, mail out that night, and the next morning by noon know exactly which promotions are the most successful, which headline works the best, which angle or pitch or sales process works the best, which price works the best, etc. We can then take that information, roll it out to our *entire list*, and make a pile of money — *knowing* we’re making the maximum amount possible. You can’t do that in direct mail —

Dan: You can, but it takes you six to eight weeks!

Corey: You have to wait six to eight weeks for what you could do online in 24 hours. On the downside — and we’ve talked about this, Dan — is the fact that the competition is so fierce that the longevity of the e-mail portion — or how quickly your competitors can rip you off, for lack of a better term — is shorter online. Offline, your direct mail piece can be running for years with the same variables and your competitors never even know about it. It’s good forever, but you’ve taken a lot more time and money to get it rolling.

Dan: If you are able to perfect something in the online environment you definitely want to make an attempt to modify it and make it work offline. In many, many cases the online campaign is a very perishable commodity, whereas a good direct mail package can live for years — even for decades — and support

- Testing online, you can get accurate results fast — often in less than 24 hours — provided you can drive a reasonable amount of traffic to your offer
- Testing results for direct mail can take up to eight weeks to process
- E-mail promotions are easiest to “rip-off” or duplicate
- The shelf life of an e-mail promotion is limited, whereas direct mail can be profitable for much longer

somebody in style for their entire life.

I've had ones and I have clients who've had ones that are worth millions of dollars a year. It's one of the seven great equities in a business that are worth millions of dollars a year — and they never make a change in it! One client has been mailing exactly the same salesletter that I wrote in 1983; over the years, we've changed exactly three sentences and raised the price point. Other than that, this package has not changed, and it moves through the same rented list four to five times a year. Rod markets a direct mail booklet to the auto repair industry that touches the same prospects once every 90 days, and he hasn't changed anything but the color of the cover in two or three years. You'd never see that in the online world. The other issue is not just moving from one distribution channel to the other, but integrating the online and offline worlds.

Corey: Well, that's exactly what we're doing. We've perfected this model online for ourselves in a variety of businesses, and are now starting to move into the offline world. We're realizing that we have these working models that have a good shot at success offline. We're willing to spend the money to do that, but I wasn't willing to spend the money offline to test it because magazine prices, newspaper prices, and direct mail prices make it so costly — you can lose your shirt pretty darn quick if you don't have the kind of marketing savvy that an advanced marketer would have by learning through your stuff or my stuff

Dan: The first full page magazine ads I wrote for a client with an information product were in 1975, and to give them a decent test, not knowing anything about their validity, cost \$120,000 worth of media.

Corey: Wow.

- Because direct mail is an older medium that's no longer evolving quickly, a direct mail campaign can continue to work for *years* with few (if any) changes
- Online marketing changes frequently because of the changeable nature of the online environment — a new medium evolves quickly
- Moving your marketing from one distribution channel to another is not the answer; integration of multiple channels is the way to go
- A good model online has a good chance of working offline, and vice versa

Dan: We had no idea whether that copy was going to produce an order or not. Today, you could just test that online. I think we tested three variables, each of which cost us \$30,000. You'd be able to test those variables with a blast to your opt-in list, or buying some traffic. There are so many different ways that I know to test that on the Internet before we ever go to print; that in and of itself is a fabulous virtue of the online world.

Corey: For little, or in some cases no, caution for going on your own opt-in list.

Dan: As an aside, by the way, you are — out of everybody I know doing much of anything online — the best tester. A lot of people are very lazy about this, whereas you're very aggressive, and you're the best at it of anybody that I know.

Corey: Thank you.

Dan: In direct mail, the best example is probably MBNA: the credit card company. They run some 300,000 different tests a year on direct mail!

It's like an R&D budget for an industrial company. For a direct response company, the R&D budget is the test budget. A lot of people are very lazy about it. You get kudos for trying to take a winning model from online to offline. There is more equity in the offline success because it's not as perishable. If someone is thinking of building a direct marketing business that they might someday sell, there's a lot more equity in offline success than there is in online success.

Corey: I couldn't agree more. Actually I'm of a mind to jump back and explain to some of the listeners here some of the stuff we didn't really talk about in the beginning. Some people see infomercials on television about how they can go get a product, sell it all over the Internet, and make a ton of money. Or about how someone is

- Testing is absolutely key — and testing is most easily done online
- Dan sees testing as the strongest capability of the online marketer
- Your R&D budget should always include marketing promotion testing
- Offline equity may be more enduring than online equity

selling a “great” opportunity for \$29.95 — or even \$100 — in which they resell a package and make a ton of money. Back in the day when I started, there wasn’t a lot of this “get rich quick” Internet activity going on. When I started selling *Car Secrets*, which is the book I started out with, there weren’t a lot of other experts online. All the Internet experts, generally speaking, were people that talked theory when they hadn’t really researched what worked and didn’t work online, and then wrote a book on it without ever really owning a successful business — let alone a *successful* online business.

One thing I should really point out is — and I think this applies somewhat to direct mail, but 100% applies online — is that you don’t want to buy any kind of business opportunity that has you selling *one* product or service — package A or package B, and you keep the markup, or whatever the pitch might be. At the end of the day online, you’re competing in a global market. If they’re selling this thing to 1,000 people or 5,000 people, then conversely, you now have 1,000 competitors or 5,000 competitors.

In our business at the Internet Marketing Center, we teach people how to start to real businesses on the Internet. We don’t give you a canned business in a box — here’s a product, here’s a sales letter, go sell it — we teach you how to use your interests and hobbies to find a niche market that is starving for a product. They want something *so* badly, and your job is just to *give it to them*. Find the problem they’re having, and then find a product or service that solves that problem!

In almost every single one of our success stories, our students specialized in going after a niche, and taking that market — that small little market that nobody cares about, and nobody thinks you ever could make money at — and making a pile of money with it because you’re the only one dealing with a crowd that’s absolutely starving for something. I can go on about stories of

- “Businesses in a box” are destined to fail, because your competitor pool is too large
- Start a *real* business
- Finding a niche market is your best chance at success
- Find a group of people who have a problem that needs a solution, or a neglected group in need of attention
- The bulk of the Internet Marketing Center’s success stories come from niche marketing wizards!

people selling soap from home, or selling only truck bed covers or even this guy that sells piano lessons. One of my best stories is about a guy that sells tools that make the little wire jewelry things you see at Venice Beach, or Mexico. Not the actual wire jewelry, but the tools *that make* the wire jewelry. What a bizarre nichified business *that is*. He makes *\$90,000 a month* online by going after this niche. He owns it, because nobody else does it. I have another guy that teaches people how to play piano — not everybody, because that’s too wide of market. He only teaches people how to play piano that *want to do it by ear* — not read the music off a piece of paper, but hear it on the radio or at church, and remember it and be able to play it later on. It gets even better because he only teaches people how to play gospel music — he’s just branched into Jazz now. This shows an example of going after a business that is nichified — something nobody else has, or has very few competitors. You shouldn’t go out there and buy a business in a box with a product to sell that is being sold to 10,000 other people because now you’re buying a product that has 10,000 competitors online. It’s easy to find web sites online that are competing with you in the same market space. Offline, you can at least buy different lists or different advertising space in newspapers. Online, anybody can put up a web site and compete against you.

Dan: We share a devoutly religious feeling for niching, and for the front end of a business being based on a unique, proprietary product that you create and own. From a marketing standpoint, you want to remember that the vast majority of people want to be sold a magic bean. But you *personally* want to remember that smart people don’t believe in magic beans. I’m often dismayed by a conversation that occurred about a week ago with a very wealthy dentist who has decided to join us in the information business. He’s in the throes of creating his web site, his online marketing, his direct mail campaign, and his seminar, and has announced a very modest goal

- Preston Reuther of Wire-Sculpture.com is an IMC success story! He sells the tools for making wire sculpture jewelry from his web site to customers all over the world. He now generates more than \$90,000 a month from his business!
- Create your own product; then you own it, and you control it
- Jermaine Griggs of HearAndPlay.com is yet another IMC success story! He transformed his own knowledge of how to play piano into a 300-page course, which he sells to his niche market — people who want to learn to play piano by ear! He’s grown his business to more than \$500,000 per year!
- Dan steers people away from “magic bean” solutions

of doing \$20 million in business the first year! And I asked him some questions about how he has prepared for this. Does he own any of your materials? What seminars has he been to? How many dental web sites has he visited and bought something from — just to see what happens next? Of course, he's done no preparation. I then said, "In your best year as a dentist, how much did you make?"

"Well, the practice grossed a million dollars."

"So you want a business now to do 20 times what you've done in your other business? In your other business you went to school for eight years, you spent over \$200,000 getting through school, you spent easily another \$100,000 equipping your office, and for this you've read an eBook? Do you think something is out of whack here, Doc?"

He's the guy who would buy the magic bean in a box, and then think that that's all he has to do! If you want to make serious money in a serious business then you need to acquire some skills and some knowledge; people need to get that. The "everything in a package, here's the product to sell, here's the site to put up, here's the catalog" — I mean that can be a way to pique your interest in an industry, but it's no way to build a business. It comes back to Earl Nightingale, one of the early voices of self-improvement in this country. Earl constantly said, "Give a man a fish you feed him for a day, teach a man to fish you feed him for life." Get someone something to do that's all prepackaged, and at best, you're going to feed yourself for a day or a week or a month. Learn the fundamentals of direct marketing and information marketing, and you can feed yourself for life because you can keep reinventing and expanding your business over and over again. How many income producing online businesses have you had up and running at once?

- Learn the fundamentals of direct marketing and information marketing, and you can keep reinventing and expanding your business over and over again
- If you don't educate yourself, you won't get far
- Always be seeking more information and more strategies — you never know what might work, and where you might find it!
- Duplicate others' successes — learn from the best, and model your efforts after what has worked for them
- Train yourself to endure, not to enjoy short-term success

Corey: Over 10, at least.

Dan: This is all about getting skills and fundamental knowledge, and then truly *applying* them. I share in your warning about prepackaged products. A further warning would be to sort out the real experts from the faux experts. Is the only thing they've ever done sell "How to make money on the Internet" information, or have they at least in the past operated other businesses *using* the Internet that are not just selling *how to make money* on the Internet. *You* come from a *real* background offline, selling *real* products.

Corey: I couldn't agree more. I should, at this point, mention some numbers to give people an idea of the kind of dollars that are available by nichifying a market. The piano guy that *only* teaches people how to play piano by ear, and *only* the gospel and jazz music? He makes \$0.5 million a year! We have another client who teaches people to make their own fireworks, and he made \$1.6 million last year. The girl selling soap from her home makes \$160,000 a year!

Don't try to compete against the Amazon.coms of the world. You want to go after the little guy or little market that nobody cares about — the hunters, the skiers, the fishermen, or whatever — and find a product that they are absolutely starving for. There's *so much* money in it.

Dan: One of the things that I think people are often confused about — and I've really hammered my clients with this point — is that the Internet is no more a business than infomercials are a business; it's a media. Some people thought they were in the infomercial business!

Corey: Right.

Dan: They quickly found out that there's no real sustainable business there. Real business involves acquiring customers with that media, and then serving those

- Don't trust marketers who've never sold anything but marketing strategies!
- Ellen Cagnassola of SweetSoaps.com is an IMC success story! She sells natural glycerin soap and bath products that she personally handcrafts.
- Don't even try and compete with Amazon.com — you don't have the infrastructure
- Don't go after the big markets like "books" or "pets" — go after the smaller, defined markets like parrot owners or parrot books
- The Internet is not a business, it's a medium
- To be a success, you need a business plan, and you need to be willing to try more than one media or strategy

customers repeatedly. And I think the same thing is true in the direct mail business — but it's just a media, too. You really need a good business plan for acquiring, serving, and capitalizing on customers, and not get caught up in "I'm only going to use this *one thing*, and I'm only going to sell this *one way*."

Corey: If you take that a bit further, you need to realize that some of the most obscure niches themselves that would never work as a business offline work well online because those groups now congregate online globally. If you're looking for tulip growers, you can never identify that market very easily offline. How are you going to find the tulip growers in, say, LA? You have to advertise to everyone, and hope to grab a couple of those tulip people. Online, however, they congregate in forums, web sites, and e-mail lists that are *just* tulip growers. Now you can sell a product to these people that they're starving for globally, and have a viable business that you could never have offline. So it is a media, but there are things that you can do with this media that you cannot do with other media.

Dan: You're right: one of the major things is to find people, or be found by people. I own a bunch of racehorses, and earlier today I was being interviewed by one of the trade journals. One of the real problems in that industry for years in terms of attracting fans, meeting customers, growing and nurturing those relationships, and selling information to them is that in thoroughbred racing — the kind you see in the Kentucky Derby — there's only *one* national publication. It's called the *Daily Racing Form*, and it's sold at every thoroughbred track in the country — not to mention every casino in Las Vegas and Atlantic City! Essentially, that leaves you with one place, and one place only, to advertise. Consequently, of course, the advertising, based on supply and demand, is a little expensive. In the harness racing world, where I live, the equivalent of the Kentucky Derby is called the Hamiltonian — for us, there is no national publication of

- The media is a way to acquire more customers, but your business *needs* to be your first concern
- Niche marketing is easier online than offline — people with well-defined interests and problems congregate in forums, web sites, and e-mail lists... making it easy for you to find them!
- The Internet has allowed unusual communities to form into viable markets

any kind. There's never been an effective way to reach out to these people, and now, with the Internet, you can — every track has a web site! You can actually open wagering accounts and bet online — there's a whole community of fans online who go there to look for information. This media is the first viable media that is dramatically changing the way that you can market to, and make money with those niches. It also allows you to take something generic, and turn it into a niche — your piano lesson fellow is a “generic to niche” player. He's niched piano lessons down to two categories, and probably will continue to do so with additional categories.

One of the things that makes that strategy work so well is that a tighter “message to market” management — that thing that produces a “Wow, that's for me!” reaction, supports higher price points and higher response percentages — really allows a business to operate at a much higher level of profitability than a generic business. And online — although there is no offline media purely targeted at left-handed women golfers — you could probably Google “left-handed women golfers” and there's places where they could go.

Corey: I should mention that we haven't talked about how to find a niche. People see this business opportunity where they could get the whole “business in a box” — it gives them the product, and off they go — but if you start talking about how to find a niche, they don't know where to start. I'll jump in and give the quick, 30-second version of it. I'll try to talk faster. Friends say I talk fast enough as it is!

Dan: Don't get up to your seminar-room speed! You know somebody's going to have to edit this and add breaths!

Corey: Right — it just all blurs together in one big breath, or one big sentence! One of the most important steps you can take is to find a niche and find a market that wants

- The Internet offers market spaces that can't be found anywhere else.
- For example, an offline local store catering to left-handed women golfers might do poorly — but online, it's easier to find this small but targeted niche!

something, or has a problem that you can solve — you have an instantaneously successful business, because they're starving for it! You're feeding the meat to the hungry wolves! We go into detail in our course — just go to MarketingTips.com, and there's a course there called *Insider Secrets to Marketing Your Business on the Internet* — about how to actually find these niche markets. It can also show you how to find, if you have an existing product right now and you want to find new niches to start marketing to online, specific inch-wide, mile-deep types of niches that are starving for what you have to sell. We help you find those things using keyword searches to see if they have a viable market that's worth your time. We go through the whole process in the “Insider Secrets” course, so go check it out there if you want detailed information.

For those that want the short version: you list five to ten of your hobbies, interests, past careers, current careers, whatever it may be — things that get you excited, or things that you like and know something about, or *want* to know more about — and you type them into search engines, along with different key phrases that could be associated with them. If you're into aviation, but you're specifically into planes that fly higher than 50,000 feet, you might type in “aviation high fliers”, “stratosphere”, or “aeronautics”. You then see what search results come up, click on those first ten or so web sites that appear, and start surfing around and looking for what's going on in that market space.

Is there a problem to be solved? Are people dying for something they need? Are there a lot of questions going on in forums that point to a problem that they'd like to have solved? There are a zillion things it could be — but you're *always* looking for something that you can solve. Maybe a common thread that comes up that would be a desirable market for you to get into! Find a problem they're having, and then, if you can, come up with a solution for that problem. Then you have a

- *The Insider Secrets to Marketing Your Business on the Internet* provides detailed instruction on how to find niche markets online — and figure out whether or not they're viable
- Take stock of your interests and passions, and discover what niche markets you might already be tapping into
- Use search engines to learn about potential markets and how people are finding them
- Build a product to solve a problem!

business that you *know* is viable. There's a little more to it: going and finding out how big that market is, how often that key words are being searched in search engines, etc. We teach that stuff in the "Insider Secrets" course. That should give you a ballpark idea.

Dan: Since you brought it up, I'd like to spend a couple more minutes on it because you're right, this is the most common place that people go astray early, and many are very unwilling to hear this particular piece of advice! It usually takes really beating them up with it to get it through somebody's head, and a lot of it does have to do with this confusion about *business* versus *media*. Before you decide what media or what media mix is going to support your business, the very first and most important thing to think about is the *market*. You know, I say the important word to hear is *the who*, long before we think about *the what*. Quite often, people are "off to the races" in developing products, and picking and developing media before they have the faintest idea who might want it, or be willing to pay for it, or how much they might be willing to pay for it, or how many of them there are, or what media they are most responsive to, etc. *Nobody* stops to think about these things, and they often wind up having built a product for which there is no definable, affordably-reachable market. Then they wind up with a garage full of stuff!

Corey: Or you get the person that thinks that their product should be owned by every single person in the world — that everybody needs their product.

Dan: Well yeah, that's fatal. We just had that at the seminar you just spoke at. We had a guy ask a question while Jeff Paul and I were on stage. I believe the guy is still mad at both of us, and he probably — if God forbid, he should ever hear this — will be mad all over again. He's got a set of video games that he has produced and has been successfully selling to nursing homes, hospitals, and caregivers about everything you need to

- Before you develop a product, or even decide what media you'll use to sell it, you need to define your market — *Who* are they? And *where* do they congregate?
- Look around online, through forums and discussion boards to learn about concerns that aren't being addressed
- Before you decide what media or what media mix is going to support your business, the most important thing to think about is the *market*
- Don't end up with a ton of product that you can't liquidate — get something you can sell to a market you already know exists!

know about long-term care and having a family member in a nursing home. He's planning on selling these videos directly to consumers, and he was asking how should he best go about doing that — of course, he's already developing his web site, and on and on. The piece of news he doesn't want to hear is that he shouldn't be selling it to consumers.

My question for him was this: How many people do you think are getting up in the morning, and on their top ten list of things that they desperately want to know about today is what goes on inside a nursing home and what twelve things they need to know before they buy insurance? There aren't too many people getting up excited about that. *You* get up in the morning excited about racing cars, and *I* get up in the morning excited about racing horses, and somebody else gets up in the morning excited about playing golf, and somebody else gets up in the morning already excited about figuring out a way to advertise their business better, etc., etc.

You're far better off tapping into that existing excitement than you are trying to sell a product you've already built with no market in mind — now you're just going in search of a market to force it down their throats. Very, very few people — especially once they get emotionally married to a product idea — are willing to hear this. If they get emotionally married to a media, then they are unwilling to hear that what they plan to do, and the way they plan to do it, really doesn't fit the media.

Corey: I couldn't agree more. We have a program — we only let people in the door once in a blue moon, it's a very, very closed door — with a group of people that we work with one on one and coach in their businesses. The funny thing about this is it emphasizes what you've just been talking about: The majority of those people that come in, come in with a product idea that they have, or

- If you are too emotionally attached to your product, you won't accept that there is no market for it
- Always remember the need → solution → product continuum
- Tap into “excitements” that you know exist — don't try to generate new ones
- If you aren't willing to be realistic about your product's chances of success, you are probably not flexible enough to succeed

they've been told that will work, or they think that will work, or that they've been sold as part of a business in a box package, and we spend most of our time trying to convince them that the business or product idea that they're *so* married to and *so* excited about is not going to fly. And we have to prove it to them online through actual black and white numbers, showing them that there is not a big enough market, that they will not make money, and if they want to continue to work with us on this thing — so we can teach you the process of how a business works online, and how to get things rolling, and get your web site up, and affiliate programs, and e-mail, and all that good stuff — then you have to sign off on a letter that says that we've told them that the business will not work, and that we're going through the process of teaching them so that they can learn how to do these things, not because we think their business is going to be successful. In our opinion, it won't be. Our job is to convince people that are so sold on this product that it's *not* going to work online. The hardest thing is getting that across to them, because they're so married to it that they can't let go of it; they think it's their only hope and dream, and they've been envisioning and dreaming up how grandiose and rich a lifestyle they'll be able to live by taking this thing online, and making a million bucks.

Dan: It gets down to the distinction between being an entrepreneur, and being a business owner, or an author, or an inventor. There is a profound difference. If one of your objectives is to make a great deal of money, then you've got to graduate to an entrepreneur level of thinking. And what that is about is deciding that you're in the *money business*. You're not necessarily in the pet products business — no matter how much you love pets — and you're not necessarily in the Internet business, or the direct mail business or whatever — you're in the money business. So whatever makes the most money effectively and efficiently for you — that's what you do,

- The Internet Marketing Center's *Advanced Mentoring Program* can help you develop your business realistically from Step One (for more information about the program or to be put on the waiting list, please call 1-800-595-9855)
- You need to be in the money business before you are in any other kind of business!
- To make a great deal of money, you need to graduate to the entrepreneur level of thinking — you need to decide you're in the money business

and you go in search of that.

Almost everybody starts backwards. They start with the thing, and then they start with the media, instead of starting with the “who.” What do they already wake up in the morning desiring? What horrible problem can they solve? And one of the great things about the information business in general, and certainly the online aspect specifically, is that it’s very easy for you and I to “build to suit.” We don’t have to build “spec” houses, and then trot people through them who don’t like pink marble after we’ve gone and put pink marble in the bathroom. It’s very easy for us to gather information about a particular group of people and what it is that they most want, and then build to suit. That’s what I try to get every information marketer to do: focus on a market, and its desires and interests and pains first — before you do anything else.

Corey: You basically just defined the hardest thing that everybody goes through; people listening to this tape need to understand that if you’re a true entrepreneur, you need to be willing to let go — let go of the “idea.” Focus on what has the most potential for you, not what you’ve been dreaming about, or working yourself up about, or convincing yourself about. Do what is proven to work; go and look at the numbers, make sure that you’re in a viable market space, and make sure you have the market space beforehand if you don’t already have a product. The most common question I get is — which I’m sure you get too, Dan — “What’s the best product or service to sell on line?”

By asking that, you just made the first and by far your biggest mistake by deciding on trying to find a product before you find the market.

Dan: It’s what I call the magic bean question.

Corey: Yep.

- Don’t start your business backwards — begin with the “who” before deciding “what”
- Be willing to let go of the idea that isn’t making you money
- Focus on the idea that will produce the most for you
- Never ask, “What is the best product or service to sell online?”
- You need to learn not to ask “magic bean” questions

Dan: Smart people grow up and don't ask magic bean questions anymore; they ask more interesting, provocative, and useful questions. You used a term that I would wager most people don't understand, and I think you should define it: "market space." I think within the online context, a whole bunch of people would be confused by that term because they think that there is unlimited space available on the Internet. But you mean it in a specific way, and it's a useful thing for people to understand. When you're about to do something new, you're in the process of evaluating market space. Let's explain it.

Corey: Market space is basically the area in which your group of buyers — the people who are hungry for your product — is located. It's *not* the whole Internet. In the case of the guy with the piano lessons, it's not the whole Internet that wants his product; it's not even the people that want to learn how to play piano. In his case, it's only the small little niche of people that want to learn to play piano by listening to music — and gospel music, at that. It's a tiny space of people that congregate together, whether that be through a forum, or a web site, or through a search engine referral. It's the specific group of people who have reason to buy your product. People with desire or hunger to get what you have: *that* is your market space.

Dan: We created a very successful seminar and publishing business in the 80s within the chiropractic and dental professions. At that time, things that were needed to build a practice — the advertising and marketing materials that were being sold at that point — were either very expensive multi-year consulting programs that cost upwards of \$30,000 to \$40,000 dollars, or books for \$10 or \$20; there was nothing in between. There was what I call a "market gap." There was this gap that no one else occupied that was very easy to step into and make a great deal of money; I think people

- Defining your market space is your first important move
- Market space is the area in which those people who are hungry for your product are located. It is not the whole Internet!
- Understand that your market is *not* the whole Internet — it's a specific group of people
- Learn to spot market gaps

need to think in those terms. In this market that I want to enter, where's the gap? Where's the unserved or under-served space that I can occupy?

I'll often – and it's a befuddling question to people who are ready to launch or start something in a particular business or a market — literally say, “What's your reason for being there? What's your reason for being allowed to take up space, time, and air?” If the answer is “Because I want to,” then that's a *baby's* reason for getting a *cookie*, not a mature adult's reason for doing anything. “Because you want to” is a *very* poor reason to enter a business or market. You need a reason for your existence; in one way, shape or form you need to be serving a market in a way that no one else — or hardly anybody else — is serving that same group of people. If you find at that point that you have an enormous advantage, then online, offline — by *every conceivable media* — you have an advantage. Without it, you're always operating at an enormous disadvantage.

Corey: I couldn't agree more. We should probably move along; there are a couple of other things we definitely want to talk about today. We've spoken a little bit about some of the big things that you believe and that you teach your clients about the Internet. You've talked about it not being a business, but a media. Let's talk about some other big points that you make about the Internet.

Dan: There are three others in addition to the ones we've named. One is that it's very rare for a new media to eliminate an old media; most people think that's going to happen, so they focus only on the new thing. When television came along, everybody thought that the movie was dead; of course, television helped the movie industry, it didn't hurt it. And then when cable television came along everybody thought network TV was dead, which is not the case at all — their market

- Unserved or under-served spaces are exceptional opportunities
- “Because you want to!” is not a good enough reason to launch a business
- Desire is not enough — that's “a baby's reason for wanting a cookie”
- It is VERY rare for a new media to eliminate an old media
- The television industry didn't kill the movie industry
- The cable industry didn't kill the television industry

share is smaller, but network television is still extremely profitable. Movies on cable and the ability to rent movies in the store; again, everybody thought “uh oh, movie theatres are dead...” Movie theatre attendance is better than it’s ever been. The advent of faxing at one point was described as the death of mail and FedEx, and of course neither of those things has been true. With the exception of something like the 8 track tape, which did finally die, for the most part, the Internet hasn’t killed newspapers, and the Internet hasn’t killed direct mail; in fact there was more commercial direct mail last year than in any previous year. It hasn’t even killed the catalog industry, though you could put every catalog online for a whole lot less money than you can mail them, obviously.

I tell clients never to think in terms of moving “from this, to this.” In the catalog industry, by the way, a number of companies made that mistake and literally vacated print in order to become online marketers. They’ve either expired or they retrenched for a variety of reasons. I don’t think you can view media in these sequential terms. I think you view fresh media as a new and additional opportunity and find ways to integrate every media that you can, every way that you can, into a marketing business. I don’t think you let the low cost-per-lead replace the high cost-per-lead; I think you dial across the average. I think your real strength — your ability to sustain yourself over time — comes from an integrated approach rather than a sequential approach.

Corey: I would tend to even agree on the micro level, too. Online, for example, we’ve seen a progression of things. Let’s use what’s happened with e-mail lately. E-mail has, generally speaking, become a little less effective sometimes — in some cases a lot less effective — for a variety of reasons, including mail not getting through because of spam filtering and real-time blocking lists. People are just getting such a quantity of mail that they

- The video rental industry didn’t kill movie theatre attendance rates
- The fax industry didn’t kill direct mail or FedEx
- The Internet has not eliminated any of these industries!
- E-mail used to be the “big new thing.” Now that e-mail is a more mainstream marketing medium, it’s still effective, but you need to be more educated about industry regulations as well as what’s currently working and what’s not.
- E-mail inboxes are so crowded nowadays, it’s hard to make your product stand out

start deleting stuff — they’ve mistaken your opt-in mail for spam, and then they delete it by accident. There are a zillion reasons why they’re not reading their mail, or they go through a lot of mail more quickly. They get so much of it that we’re starting to market to the desktop where we can push through messages — whether they be newsletters or free things like tips and so on, right down to sales messages — to the desktop, so that when they turn their computer on, before they even log on to their web site, before they even go check their e-mail box, there’s an instant messenger icon in the right-hand corner of the computer that comes on and says that there’s a message from the Internet Marketing Center, or maybe even from Dan Kennedy! We’re using that as a new tool to communicate, to monetize, to profit from because it’s new, it’s interesting, and it’s very effective.

This does not mean that e-mail is not effective. It does not mean that we’re completely abandoning e-mail. It’s just become a bit more difficult to achieve the same kind of profitability we used to with e-mail. As long as you’re on the cutting edge, as long as you’re doing new things to advance forward, we’ve found that our e-mail response rates are still very, very good compared to all of our competitors — they’re dropping 50 percent or more — but we’re staying on the cutting edge by making sure we have good subject lines, that we get past the RBL and filtering lists, that we’re whitelisted with all the major ISPs out there, and that we’re still writing good copy, and using personalization, as well as using other more advanced technology tricks to stay effective and remain at our same profitability level.

At the same time, we’re using this new media of the desktop messenger. We call it direct-to-desktop marketing — they install this on their computer, and we talk to them through a private communication channel, bypassing e-mail, bypassing Web traffic and driving all the customers’ attention, as if you were there talking to

- The advent of spam has meant that legitimate e-mail marketers (who send opt-in e-mail only) have been forced to work harder to get their messages opened
- Direct-to-desktop marketing bypasses all the “clutter” that companies face when trying to market via e-mail — you can send messages, straight to your clients’ computer desktops, without using e-mail (for more information, see [www.MarketingTips.com/desktop](http://www.MarketingTips.com/desktop))

them, without the clutter of e-mail and everything else that's going on, on the computer.

We're using it as an addition to e-mail, not a replacement. I think that goes along with what you're saying, too; everything should be used as an addition. Use dollar-cost averaging, and make sure you're using all the medias and all the different techniques and channels to make money, rather than just getting stuck in the new thing and abandoning all the old technology.

Dan: I've watched you do that direct-to-desktop thing, but certainly you haven't walked away from e-mail. You're still as aggressive with your e-mail marketing as you have ever been.

Corey: Yes.

Dan: Again, this is the difference between sequential thinking and the "idea of the month club." If you're part of a sales force, a guy comes to town, runs a seminar and tells everybody about the multiple-choice close, and suddenly everybody stops doing everything except the multiple-choice close. The next month, a guy comes through town and says, "Well, you know, man, if you wear a red bandana around your neck, that changes everything." And pretty soon, everybody's got a red bandana and has stopped doing everything but wearing a red bandana. That's no way to approach business. It's tempting, but it's magic bean thinking.

And, oh boy, you know, direct-to-desktop, well — there's the magic bean that I've been waiting for! Really, you want to keep accumulating media and accumulating tools.

Corey: You want to add new stuff to your arsenal, and add more pieces to your business to make it more profitable: bigger and better. You also make it more diverse, so that you're not susceptible to attack, or a new rule, or

- Diversify your marketing so you're never at risk of losing everything should legislation impact one of the media you're using
- Use dollar-cost averaging and make sure you're using all the different media and techniques to make money — don't get stuck just using the *new* thing
- Use new technologies in conjunction with old ones to maximize your impact
- If there is an opportunity for, or method of, communication that you can use, you should be using it!
- Don't get caught up in "idea of the month" hype

something that just doesn't work any more. Use all the medias you can to continue your business.

Dan: Well, that's a biggie. That's another thing that I hit my clients over the head with all the time. Often it's an unwelcome "Chicken Little" or "The sky is falling!" admonition that people don't like to hear. But I teach in business that the worst number you can possibly have is "one." It doesn't really matter what that one is: one product, one service, one client or account providing a disproportionate share of your revenue; one market, one great employee rather than two doing the same job, or one medium, because these things can leave you vulnerable to a sudden earthquake that wipes out your entire business.

And people have very shortened views of history. You know, one of the ways I can tell I'm getting old is that, for quite a number of years, any time you made a hotel reservation, a car rental reservation, or bought anything during telephone call with my name, you immediately heard, "Oh, you wanted D. Kennedy?"

And the reference was to John F. Kennedy, Robert Kennedy, Jacqueline Kennedy. And not only haven't I heard that question in about 10 years, but now the question is, "How do you spell Kennedy?"

A lot of people have a very short history, but history tells us that media disruptions are quite normal in the infomercial business. There were infomercials, and then there weren't, and then there were again, but there was a period of time where they were outlawed. Somebody who was depending on that as their sole type of media went to sleep one night doing fine and woke up in the morning to find their business non-existent. And we very recently had the same experience with broadcast fax. It's still a viable media in situations where you have relationship and permission, and in fact, with a

- If you don't diversify, your business can be left vulnerable to changes in technology and regulations
- Media disruptions frequently occur in the information business
- "Earthquake-proof" your business
- As many channels as possible, as many ways as possible, as many markets as possible — as effectively as possible!
- Your business can be wiped out overnight if you are over-dependent on a certain variety of media

number of my clients, and in our businesses, we do more of it than we've ever done.

But for the purposes of cold prospecting, or for the purposes of marketing to people with whom you have no relationship, it basically went away; it became illegal. There were companies, including a couple of clients of mine, who were 80% to 90% reliant on broadcast fax for the front end of their business. In a span of less than 30 days, they went from fat and happy to being traumatized.

I'm sure you saw this maybe more so than I did, but people who were 80%, 90% dependent on e-mail are probably now suffering in the current environment you've described, where the clutter and the screening and spam filters have all converged and dropped response.

I beat people up about this all the time: you do not want to be overly dependent on any one thing for the creation of your business, for the communication with the customers that you have, or for the internal operation of your business. At that point, your business is really just an illusion — it's incredibly fragile.

These kinds of disruptions are things that people tend to deny as a possibility until they've experienced it. Hardly anybody buys burglar alarms until either they or a neighbor have been burgled. Hardly anybody buys fire alarms until their house or a neighbor's house has burnt down. It's easy to deny the very possibility of it occurring. You stay in business — and I would hope many people would want to over decades, not years — for 20 or 30 years as I have, and you are going to see these sorts of sudden traumatic disruptions to media, to methods of marketing, and to the way you do business.

I have several clients right now who market financial

- Fax broadcasters disappeared overnight when their business became “opt-in” only
- E-mail marketers were hit hard by spamming regulations
- Your customer service relationship is too important to depend on one form of communication alone
- The example of in-home visitation marketers is important

services to seniors via in-home appointments. And California, in a very short span of time with very little warning, has passed a law that now requires that if you are going to go visit a senior in their home as a salesperson, you have to allow enough time for that senior to be sent a letter that says, “Harry Schwartz is coming to your home at this particular time, and let it be clear and not misunderstood: Harry Schwartz is coming to sell you something.” Then it must describe exactly what Harry is coming to sell and make it very clear that his afternoon or evening with you is a sales presentation.

Needless to say, this has had a chilling effect on appointments being kept, and with very little notice, has changed the entire business. I’ve been at this for 29 years, and in my own businesses, and in client’s businesses, I’ve seen sudden traumatic disruptions again and again thanks to regulatory bodies and laws, changes in technology, and changes in what the public will allow, tolerate, and permit.

Lots of companies were reliant on telemarketing, and in the space of a very short period of time, had that taken away from them; they didn’t believe it was going to happen. So this is extremely important if you intend to stay around for a while: Within each media you use, you want to be agile as new opportunities present themselves, and use as many avenues available to you as possible. You want to be in a position both on a micro and macro level where any one given thing could disappear tomorrow, and it wouldn’t be a burp or an earthquake; a great deal of business people don’t get that.

Corey: I think you’ve made a phenomenal point that everybody listening should really take to heart and given lots of hard examples, too. Over the last 20 years, this has happened in almost every media you can think of from TV right down to in-home appointments and fax — the

- California law requires all sales calls to be clearly identified as sales calls
- Traumatic disruptions can occur as the result of changes in regulations
- Changes in public acceptance levels can affect how people respond to your marketing techniques
- You want to be ready, on a macro and micro level, for any business disruptions to occur

list goes on, and it's going to continue – e-mail, too. You've made a point of saying this to me in the past, and I can't agree more that it's just a matter of time before it gets more and more regulated. It's begun already, and it's going to get worse and worse. So the time to take action and make sure you're diversified into multiple channels is now, so that it's just a blip on the screen if a new regulation comes in or a new technology changes things.

Dan: I'll tell you something else about that — sort of an aside. It's not on our checklist of things that we intended to spend a lot of time on, but it goes back to figuring out where your equity is in your business. The actual ownership of the customer, with whom you have a great relationship and express permission to communicate with them by every imaginable means — that's a critically important asset, and if you don't have it, that's a real liability. As recently as two years ago, you couldn't have convinced very many people in business — certainly several of my larger corporate clients who relied on telemarketing a lot — that there would actually one day be a federal “do not call” list to which people add themselves in enormous numbers and literally prohibit you from calling them — unless you had their express permission to do so.

People laughed at the idea that this would ever occur, and it is now, of course, a part of our lives. There's a profound possibility in the future of a “do not mail” list; that's actually been proposed by Congressman Schumer of New York. And, by extension, for there to be a “do not e-mail” list, and I imagine eventually a “do not direct-to-desktop” list. You know that these are very popular things to politicize; it's always good as a politician to be a crusading consumer protectionist. The reality is that these things can occur, and the only asset that they will not disrupt or destroy is the herd of customers with whom you have a great relationship: you

- Permission-based marketing is your best hope of maintaining customer communications
- One of the greatest assets of your business is this permission to contact your customers
- If you have “ownership” of your customer, you can contact them in a direct, effective manner
- Always anticipate disruptions in your ability to communicate with your customers, even if potential problems don't seem like significant threats
- No one anticipated the “Do Not Call” list, and a “Do Not Mail” list has already been proposed!
- Online marketers should always use “opt-in” strategies so that a “do not e-mail” list won't apply to them

have their trust, have them wanting to hear from you, and have them on file giving you permission to communicate with them by every means imaginable. As you very well know, one of my pet peeves with people who do a lot of their marketing on the Internet is that they never make any attempt to collect hard addresses — only e-mail addresses.

I recognize it is a relatively unwelcome piece of advice to a lot of people who view it as suppressing response, and who do a great job at making money with e-mail. But if that's the only means of contact you have with your 200,000 customers, and next month Congress decides that it would be a real cool idea to say you can't contact them that way any more, then where are you?

Corey: Let's take a moment here and talk about the differences in the offline world versus the online world in your opinion.

Dan: I think you would agree that the differences are sort of nuances, and a lot smaller than most people who live only in one environment or the other would think. Is that fair?

Corey: Yes, that's very fair.

Dan: I think they're much more the same than they are different, as incidentally is every other medium. In the small business "bricks and mortar" environment — where somebody has a store or shop or service business that operates on a local level — for the entire time I've been in direct response there has been an ingrained idea that the Yellow Pages is a different media where different rules apply. You could often get a small business owner to do some effective direct mail, or a pretty good direct response newspaper ad. Now you could probably even get them to do a good direct response web site. But they would dig their heels in

- Do not collect only your customers' e-mail addresses — get their postal addresses too
- The differences between online marketing and offline marketing are not as great as you may think
- If something works well, and works reliably in one form of media, it will work well in other forms, too
- Be willing to try your most effective strategies in more than one type of media environment
- Don't get caught in the trap of thinking that every form of media is a completely new puzzle to solve
- What works in a normal ad would still work in a Yellow Pages Ad!

about using those same strategies with a Yellow Pages ad.

Whereas you can get them to understand that an ad should have a headline if it's in a newspaper or magazine, in the Yellow Pages they revert back to making the headline the name of their business, or the cross streets. This hasn't changed, and it hasn't changed in the entire time I've been in this field. Business people just insist that different rules apply to that media, when in fact they do not. What makes a good Yellow Pages ad makes a good newspaper ad, and vice versa.

I think the same thing is true here in a big general statement: the principles, the fundamentals, the key factors that make direct response work and take a person from square A on the game board of looking for information about "X," to having an interest in "X," to expressing interest in "X," or what Jim Sugarman calls a greased chute to the point of taking action — those principles and fundamentals do not change from media to media. The differences that seem important to me, some are pros and some are cons — one is what we talked about before — the speed, simplicity, and flexibility of testing that no other media gives us; I think that's a huge advantage that we get from being online.

The biggest disadvantage that I see — and I very recently measured it and documented it for a client, and I'd actually be curious about not only whether you agree or disagree, but your overall thoughts on this — it just seems to me that the value of the customer who is acquired online, communicated with online, and nurtured online is less than a customer acquired by other means. Now to be fair, the costs of customer acquisition are generally a lot lower too, so it's not that the math doesn't work, but the math does seem different. I think there's a customer value difference.

- The basic principles of marketing never change
- The value of the offline customer is generally higher than the value of the online customer
- But costs of acquiring and following up with an online versus an offline customer are also lower

Corey: Generally speaking, I would definitely tend to agree, especially if we're comparing an Internet customer against the direct mail customer. Some of the stuff that we've gone through personally — not to mention our clientele base seeing this, and I'm sure you've seen it too — is that, overall, the direct mail customer seems to be the most valuable customer. You've mentioned this to me many a time over any other media you've seen, and we are still seeing that over even the Internet customer. And, yes, I mean, you're right; there are some profitability differences at the end of the day. For example, lifetime value of a customer maybe — I'm just going to pull numbers out of the sky here, but a lifetime customer value may be \$1,000 for a direct mail customer, whereas it might only be \$600 to \$800 for an Internet customer of the same product and same business. But the profitability may be similar depending on the cost of acquisition; it may be very expensive to obtain a customer via direct mail and very inexpensive online. But yes, you're right. Overall, the value of the customer and what product they'll buy is lower, not to mention the fact that you're consistently fighting the idea that everything is free online.

Dan: I've just got to ask you — do you think that's one of the big reasons that there is a still a “free” culture?

Corey: Yes, definitely: it's a continuing battle. We teach our clients that — unless you're one of the very rare cases where you have a Web store that sells CDs and gifts where people go to shop specifically online — if you're in a niche market, you don't want to give away right away that you're selling anything. Your job is to convince them that you have information that's going to help them with a problem. If they have arthritis pain, you're going to show them different techniques to solve arthritis pain. If they're surfing online to find information about how to not to get ripped off when they go buy their car this weekend, then your job is to

- People come online looking for information, and they don't anticipate having to pay for it!
- The Internet has built up a “free culture”
- If you're in a niche market, avoid giving off the impression you are selling right off the bat when you are marketing online
- Offer solutions to problems, not products

show them that you have information on your web site that tells them how to do this.

Then your job is to provide them with information that either costs money to buy — an e-book, a hard copy book, a course, tapes or whatever — or that you have some kind of a product — like a little wristband for arthritis — that solves that problem. Whether it's a product or service that you have to sell, your job is to convince them that their problem is going to be solved only if they pay for the solution; that they're not going to find this information for free online because the solution is unique or different.

Dan: It does seem to vary between different demographics and industries, but the most interesting thing I'm seeing lately is that opportunities to do offline advertising to drive traffic online are finally becoming real and affordable. In many of those cases, the customer driven with offline advertising to the online source to take the next step is proving even more valuable than customers generated in any other way.

And I think that this may even be a shift that has occurred. One of my calls earlier today was with a client who is in the real estate industry and trains realtors as well, but operates his own real estate business. He's one of the top realtors in North America. He does millions and millions and millions of dollars in home sales, and his offline to online prospect is the best prospect of any he has: better than those who are totally generated offline and go to a telephone, better than those who are generated solely online.

I have another client that sells particular types of information to a particular niche, and by far his best customer is generated by a magazine ad, but driven online to take the next steps. Are you seeing anything similar? Do you have any theories as to why that is? Is there any way to capitalize on it?

- Convince the customer their problem won't be solved unless they acquire your product
- Offline advertising driving customers to web sites is becoming more and more affordable

Corey: We haven't seen this as much — because, of course, we're not involved in the offline world and pushing people online as much as you are — so I haven't seen this trend yet. But if you're seeing a trend, knowing the kind of businesses and the vast variety of different businesses that you deal with, then it probably is a trend that's happening.

Obviously, everything I'm going to comment on here is very, very vague speculation at this point until we start digging into the numbers, but something that comes to mind would be that the worlds are blending so much these days that you have the offline customer going online and not expecting to get anything for free because their mindset is already in the offline world. They've been brought from an offline marketing piece with the same sensibility they would have been sold with offline, so going online to make the purchase is no different to them than filling in a fax form or filling out an order form on a page and mailing it in — it's the same thing to them. It's not like the customer that goes online to search for information.

Dan: That makes a great deal of sense.

Corey: Yes.

Dan: The advantage, of course, is that we can drive them there, and then deliver to them a great deal more information than we could otherwise.

Corey: Yes, agreed — and for a lot lower cost, because you can drive video, audio, and a ton of other things there once they get to that actual order process.

Dan: Yes, I have a client that's essentially in the back pain business. He sells ultimately a very expensive service, and he's even successfully using television to drive customers online for the next steps, and those patients are proving to be enormously valuable, more so than the

- The free culture isn't a factor if customers come online prepared to buy!
- The transaction is entered into willingly from the first "click"
- Bringing the offline customer online is an effective way to deliver to them more information for less cost
- Video and audio are available online as marketing tools at a low cost not possible in any offline media
- A multimedia sales process is more engaging than a simple newspaper or magazine ad
- You can offer more information online than you can anywhere else — space is unlimited!

ones we've been getting by any other means. It just further begs the whole essence of integration — of using and merging both worlds intentionally and deliberately rather than playing in just one or the other.

Corey: I couldn't agree more. Let's look at some other things. What are some other differences you see in the offline world versus the online world?

Historically, I think we've seen — and maybe too easily accepted — that there's a significant price difference in terms of how much you can charge for "X" if you are selling it online, versus selling it offline. And I don't know; maybe that was valid at some point. I'm certainly seeing notable exceptions in a number of our clients' businesses where they're able to press price points online to, as Star Trek said, "Where no man has gone before."

Maybe it illustrates the entrepreneurial principle that you have to constantly keep checking and not base action on your assumptions. What was actually, factually true about business last week, last month, or last year may no longer be true. Often we assume that we know about our market and if it was true, so it must always be true — and the world doesn't work that way.

What are you seeing in terms of price points? Is it still a price-suppressed environment?

Dan: Generally it is; however, I think that's not based on the Internet, but rather based on the savvy of the marketer. If you're a very good marketer and you can build credibility and rapport with a potential customer online to generate belief, perception, and value in a product — that it's worth "X" numbers of times higher than the competitors — that's definitely a positive, just as in direct mail. I think in offline work you're forced to have the prices higher. You have no choice — everybody has

- The cost and speed of Internet access has affected the kind of information you can offer the bulk of buyers: high speed access is cheaper than *ever before!*
- The market is constantly changing; what was true yesterday might not be true tomorrow
- Offline marketing requires higher product price points — you have to cover your marketing costs before you can create a profit!

to have that higher price just to pay for the marketing.

But online the barrier of entry is lower, so people come in and have lower-priced products, just because it costs them very little to get on and compete in the market space. If you're a savvy marketer, you can definitely get price points that are higher. We're seeing that trend move a little bit. We're probably setting some of that trend!

People said that you couldn't sell things online that were thousands of dollars. We're selling \$8,000 to \$10,000 products and services now, all online, all from an e-mail. People are selling \$5,000 hot tubs online — the list goes on and on, and all these high-priced products are being sold.

So more people are becoming comfortable with the Internet. More savvy marketers are getting on board to create that credibility, that rapport, and that value in their product. Yes, we're seeing that trend turn for sure.

Dan: Yes, it may have been as you said earlier in the call: some of it wasn't so much the media, or the culture, or the customer — it was the raciness of the marketer, because the costs of doing business were so low that they priced cheap for no good reason.

Corey: I would tend to agree with that. Some of the things that we've been seeing that are different between the online world and the offline world — well, now we're actually coming from the two different sides and meeting in the center. You're coming from the offline world, online, and we're coming from an online world and moving offline. Just some bullet points I'd like to mention: One is long copy. Long copy is almost about the same online, though there are some differences. Some things you can do differently in different technology and make things work, while some things don't work. Generally

- Higher-priced items are now commonly available online. Cars are now available online!
- Savvy marketers can use higher price points
- Some marketers under-price their products because the medium is so inexpensive
- Never discount the effectiveness of long copy — it's a misconception that one, long web page will sell LESS than multiple short webpages. More clicks always translates into fewer sales.

speaking, the long copy rule still works online in the same way as it does offline. That is one of the hardest things to convince people to do. I have a 13-page long salesletter for a \$29 book on my CarSecrets.com site. People can't believe that. But we've tried everything else, and long copy always ends up pulling the short stuff, time and time again.

Dan: Yes — I have a client with a 56-page offline letter that has simply replicated it online, and it works great.

Corey: Of course, the testing — as you mentioned, having everything able to be tested, and the results determined within 24 hours or less, rather than taking 6 weeks offline or more — has become really advantageous at certain points in advancing marketing efforts. Now that we're seeing high-speed connections in more than 50% of homes, we're now integrating video and audio in the marketing for very little cost, or no cost at all, where we couldn't do it before.

It's the same thing as putting tapes into the direct mail, or video tapes, CDs or DVDs into a direct mail piece. They can now do that online at a very low cost.

Dan: You'll be excited to hear that the sites for my new books that come out on the first of the year are going to have streaming video.

Corey: I'm shocked.

Dan: How about that, huh?

Corey: I've got to write this down somewhere. All that from just a few years ago, when you had a crank handle on your computer!

Dan: That's correct! There is still an operating handle on the computer, just in case it doesn't fire up from the other power source.

- Both Corey and Dan's sites now feature streaming video!
- Hosting audio and video clips online is cheaper and quicker than offline distribution
- Much like offline direct marketers put cassette tapes, CDs, videos, and DVDs in their mailers, you can add audio and video to your web site!

Corey: One of the things that I think is very different between the online and offline markets is that it's so much easier to find a market space; anyone out there can find and research a space, find out how many people are within that space and how big it is, and then communicate with that space. It's so easy online, whereas it's more difficult and time-consuming offline. You also have new markets now congregating online that you could never find offline. They're not big enough to go offline; they'd cost too much to get to. But online, you have people that are congregating in one spot from all over the world at one web site, or one e-mail list, or one forum.

We have clients that are making money selling e-books on Asian Beetles. I mean it's the most bizarre, unique, small-niche market that anybody could think of; you couldn't do it offline, but online you can make a couple grand a month. It gives you the ability to make those matrixes work in a way that you couldn't offline.

That allows you to do what we teach as multiple streams of income: have small niche businesses that may only make a \$1,000, \$5,000, \$10,000 a month — but have 10 of them. Go after markets that are not going to have any competition. They're very small, you can control them, and they are very viral and passionate. You can market to them once, and then they go viral and the message carries itself; you can then walk away from it and automate the business. That gives you a unique opportunity that you probably couldn't have before in direct mail, because it would cost you a lot of money, or be very difficult.

Dan: My curiosity is aroused. What is this passion with Asian beetles? Do they grow them to eat them, or are they pets, or...?

Corey: It's like a collection; people interested in collecting

- Pursue multiple streams of income — even if you have 10 businesses that make only \$1,000 per month each, that's still \$120,000 per year!
- Online, you can automate each business and move on to the next one!

Asian beetles, knowing about Asian beetles, all the different species, and all this kind of stuff that just blew me away. There are lists that are miles long of weird, bizarre topics.

Dan: And this should be encouraging news...

Corey: So, that being said, this is an incredible opportunity for people to go after market space that nobody wants and make a ton of money doing it. If you offer a lot of new opportunities for people to make money, there's no competition.

Let's go into a little more detail about mixing the offline and the online world together.

Dan: First of all, one of the things that I started getting involved in first, and that I do with virtually every client I work with now, is online lead generation and offline pursuit. That's in normal businesses, brick and mortar businesses, businesses like real estate sales all the way to the information business. A lot of my clients, if not the majority, generate a substantial number of their leads from online leads — both from what I call manual labour intensive methods, like chat rooms and forum groups, to buying ads, buying traffic, and then marketing to those leads via direct mail, teleseminar and telemarketing. I have a client — a franchisor who puts people into franchise businesses — and over fifty percent of his leads occur from online sources. They get both online follow up and a fairly elaborate offline package with invitations to teleseminars, etc. For anybody who is doing lead generation in other media — be it direct mail, print, newspaper, magazine, telemarketing if they're still doing it, television — this is really a very, very fertile place to be doing it.

There are places online where little 8-word, 9-word, 10-word ads are producing at a cost per lead that are a tiny

- Chat rooms and forums are great places to “drum up” attention for offline businesses
- Online ads and traffic generators are effective ways of gaining attention for offline campaigns
- Even small ads on web sites can be incredibly effective tools, if the site receives a large amount of traffic

fraction of what they would cost to place in offline media, and yet they are converting as good or better than the offline leads. This has been really exciting for us. There's one site that is a political news site — I won't give out its name, because the primary client using it would pitch a fit. But I now know of three clients, one of whom is selling health and fitness products, another selling "how to meet women" products, and another who is selling information about how to get into or expand businesses; all three of them are paying for advertising on this site, and a thousand dollars worth of lead generation expense is producing between 20 and 40 thousand dollars in revenue. Of course, you want to do that as many times a day as you can!

Corey: Right! I spin this off a different way. You've talked a lot about going with online lead generation and offline pursuit. For us, being an online business, and for those people that are listening that have existing online businesses that are profitable, there's no reason why we can't move offline to, one, market to our customers, and two, actually get new lead generation. People that have Internet businesses can still connect with people when their e-mail addresses go bad — they change their e-mail address, or whatever — by taking the direct mail addresses we have for those people and direct mailing them pieces to keep that communication and that sale going.

Dan: At the same time I'm putting streaming video on a web site, you're discovering postage rolls that have little sticky stuff on the back of them.

Corey: Yeah, isn't it ironic?

Dan: Yeah, it is ironic, actually. The other thing that's happening is — and it isn't but a few years ago that I had clients test this and we could not make it make economic sense, and now it does — is the offline

- Online businesses can move offline to market to and communicate with their customers
- Offline communication is a great way to add depth to client relationships
- Small advertising spaces in expensive online media can generate great attention for more comprehensive online presentations.

advertisement in print media that drives traffic online. In some cases, it involves running very small ads in media that is very expensive. The first success I really was privy to about this — actually it was a number of years ago, and then it started to really take hold — I spent a consulting day with a guy who imports and sells hand-crafted iron beds from Argentina. It was a revelation to me, that this is a big romance deal. These gigantic hand-crafted iron beds with flowers on them and drapes from the top of them — this is a big deal. His lead generation is coming from media that was, and is, extremely expensive to buy space in: the *New York Times*, *New York Times Book Review*, *New Yorker Magazine*, *Town and Country*... this is expensive media! He was doing very, very well with tiny one-inch ads that barely said anything, other than directing them to the web site. Then at the web site, to get past the initial barrier and see all of the beds in their environments, they had to provide information. All of his sales were then made online. He was really the earliest one that I saw it working for. Since then, in the category of high-end unique merchandise and professional services, the kind often advertised in very expensive mainstream media, I've now got 11 different clients for whom that is the primary lead generation strategy.

Corey: When you really think about it, this makes a lot of sense. You have a high-end, unique product, and you don't have enough room, and you can't afford to spend the money to tell all about it and give all the explicit details.

Dan: You'd have to run a full-page ad.

Corey: Yeah. You now can do the equivalent of that by pushing it to the online market, and giving them video, audio, more documents, and more information than they could ever read through to get information in detail about it — that makes total sense.

- Offline advertising for your online business can be incredibly simple, and still be effective!
- What would require tremendous advertising space offline can be advertised online much more cost effectively
- Use both online and offline forms of media to generate response in both directions!

Dan: So I would suggest that people that are good at selling online and have some sort of high-end merchandise — where they could not think before about buying this sort of very expensive media — now they can be in those environments, and they can play effectively.

This is something relatively new, but — and these examples are aberrant — I have a client who is doing television and then driving prospects online, and I have another client who is doing radio and driving online, and they're both doing well. So my suspicion — and my hope — is that this is an expanding trend; that this is going to enable a lot of people to go into media that there was no way they could be in before and effectively advertise and stay there.

If you can master the 1-inch ad, the 2-inch ad, or 3-inch ad — pure generation ads — and can work in a lot of big circulation media to pick up your perfect prospect and start driving them to a site, that's a very exciting business formula. I like it so well that I'm about to invest some serious time and money in a business that is literally built to do that in the health category. We're going to be doing some pretty extensive testing where the only mechanism for response from the offline media is going to be, "Go to the site."

Corey: That makes total sense, and I should add something. I started talking about it a little bit before, but there's no reason if you're in online business right now why you can't be using an offline market to attract customers offline, sell them offline, and keep them offline as a whole new distribution and marketing channel for yourself — and not even bring them online. Or, of course, what you're talking about — selling offline and then bringing them into the online market, whether to your web site, or anywhere else.

Dan: One very sort of comical example of that... you're familiar with the tear-sheet mailing?

- Even radio and television spots can be effective tools to generate attention for web sites
- Learn the art of the "pure generation ad." The only message is "Go to the site."
- Placing pure generation ads in particular kinds of publications allows you to attract attention from highly targeted customers
- All traffic is good: shared traffic, generated traffic, or single media traffic. All attention yields money-making possibilities

Corey: Yes.

Dan: If you're not familiar with the term, everybody listening has probably received at least one of these — maybe more. They tend to be on newspaper-grade paper, folded up into an envelope, and made to appear as though it were an article. It's really a sales message, and if you read it in its entirety you gradually get it, but it just looks like an article that has appeared in the newspaper.

Sometimes on the back side of the page they'll print grocery coupons, or a stock report or something, and there might be a little post-it note on it with handwriting on it that will say something like, "In case you missed this" or "Thought you should see this, Jay," because everybody knows Jay. So that's the post-it note or tear-sheet mailing.

A client in a particular professional niche, who sells a fairly high-priced product to members of that same profession, has done very well selling it online by driving customers to his web site. About two months ago, we downloaded the whole web site and deliberately made bad Xerox copies of it, front and back on paper, and stuck a post-it note on it that read, "In case you haven't gone on the Internet to see this, thought you should, Jay," and mailed them like 30 pages or so, corner stapled, in plain white envelopes.

We mailed 5,000 prospects, and we did fabulously well. Like 20 to 1, on the money.

Corey: Wow.

Dan: So it's the tear-sheet mailing, but with the web site.

Corey: What a great spin! That's fantastic; very cool. Why don't we just talk about your business, and clients of yours using the Internet. Let's just start chatting about

- "Tear sheet" mailing — a salesletter formatted to look like a newspaper article on newsprint grade paper
- The new generation of "tear sheet" mailing — print out your web site salescopy and add a post-it note with a personal message from you
- Combining different forms of media in unusual ways can generate great response. Be unexpected!

some of the people that are doing that, and yourself — how you're using it.

Dan: To be fair, of course, I'm not doing any of it personally. I'm still using my computer as a typewriter, and not much more. As a matter of fact, however, one of the impetuses for me to sell the Inner Circle business newsletter and certain membership levels at the time that I did — and to sell it to Bill Glazer — was the recognition that there was a lot of online marketing that should be done, and that could be done, that I did not want to involve myself in on a day-to-day basis, and that it would be better having the ship in the hands of someone who would.

In all of these environments, I get to provide content and play, advise, and come up with strategies, but I never have to endure the pain of implementing them. But with the Glazer-Kennedy Inner Circle business, which publishes my main newsletter and provides membership services, I think one of the most interesting things is the many different ways that we are able to profitably and effectively make use of the 'Net beyond just getting new members. It's used that way very, very successfully, both directly, and through affiliate programs.

We have a basic trial offer of three months free, and, in fact, anybody that wants to see that and/or take advantage of it can do so at DanKennedy.com. Beyond that, one of the things that you'll see if you pay attention to that site, and to our business, is that we provide a lot of member service online that adds value to what we sell offline. With the Gold membership, the newsletter, and the audio material, every month is delivered offline, but there's enormous added value for the member in the archives of past issues, the transcripts of all previous interviews, and an ever-growing collection of my articles, all archived online behind a code-restricted barrier accessible only to Gold subscribers.

- Dan participates online by working in conjunction with web-savvy individuals — even though he doesn't even use e-mail himself!
- Dan provides the creative angles and relies on other people to execute them online!
- Web sites are great places to deliver premium membership services that add value to what you sell
- The availability of storage space online allows for large archival collections of articles, media, and newsletters — all waiting for your customers to enjoy!

Of course, as you know, real estate is unlimited on the Internet, so it really is the only practical way to make all of that available. We, of course, use it for marketing to members; there's the daily tip delivered by e-mail and e-mail campaigns, and Bill has built a very successful online catalog business which is linked from that site. That business earned above a billion dollars in sales in and of itself last year.

It's not just about marketing. It's not just about getting new customers. There's a lot of different ways that we use it in our business. Similarly, the other publishing business that I created but do not run — Kennedy-Lillo Associates — publishes the "No BS Information Marketing Newsletter," just for people like you and me who are in the information business. The vast majority of its new subscriptions are sold online either directly or via affiliates, and if people want to see that, they can see it at [PeteThePrinter.com](http://PeteThePrinter.com). There's even some manual labor being done there: chat room stuff, ads bought on some sites — and it's all working.

The entire collection of publishing businesses that sells me has moved in under five years from being 90% offline to maybe a ratio of 60% online and 40% offline.

Corey: That's a big change in ratios.

Dan: The power of affiliate programs, as you already know, has no equivalent in the offline world. The affiliate programs that are done online did derive, of course, from offline mechanisms, but nothing facilitates them as well as the Internet, where the affiliate can sign up online and get all the marketing stuff they need online; it can all happen automatically, and it's all tracked automatically. That's the most exciting part of the media to me, and we've been very, very successful with marketing through our affiliates.

- Web sites and e-mail campaigns can deliver and direct clients to an amazing variety of content and provide links to other sites and businesses. Anything is possible!
- Marketing and customer lead generation are not the only good business uses of the Internet!
- The power of online affiliate marketing is unmatched in any other media
- Affiliates drive traffic to your web site — but you only pay them a commission when they send you a *paying* customer. It's a no-risk form of advertising — and it's win-win for you *AND* your affiliates!

For example, I can tell you that the Glazer-Kennedy business in one month earlier this year had more new members come in through an affiliate program than I would have generated, say, from speaking in six months, and that was me getting on airplanes, flying around the country doing manual labor work, then doing direct mail follow up, etc., etc. — imagine the cost difference!

It's more than a media, and it's certainly more than a front-end marketing media. I had three books released last year — trade published, meaning on the shelf in bookstores and Amazon.com and B&N.com. We did an enormous amount of online promotion: e-mail campaigns driving to a site for more information and to teleseminars. Nothing was sold on the teleseminars other than that they were about the books, and that campaign was extremely successful. We had about 3,500 people on the teleseminars, the vast majority of which came from e-mail campaigns at very low cost.

Corey: Those are staggering numbers. I think a few people are probably drooling out there. I mean, 3,500 prospective buyers on a call is a lot.

Dan: We maxed it out, so I think we could have had more, and in the first quarter of next year, I have four books hit the bookstores, and two of them are tied to a national contest that will be totally administered online. So for traditional authors, it's the boon of the century because it allows us to do a lot more.

Corey: Those are some good points. I really appreciate talking about how your business is functioning and about some of your clients. Your experiences seem to be mimicking a lot of stuff that we're doing, especially your mention of the importance of affiliates. Affiliates are the life and breadth of our business. They bring in a lot of new customers through the front door at basically no cost to us until we make a sale, and we only pay them a

- Affiliate marketing is extremely cost-effective
- Dan's online promotions for his offline books involved using e-mail to drive prospective buyers to a web site and to teleseminars — an example of a low-cost, successful online promotion!

percentage of profits — it's very low risk, very high value, and a great way to get your business rolling.

Dan: We envy you your affiliate network. How many do you have again, 12 billion... something like that?

Corey: Something like that, yeah. There are too many zeros to count at this point. Let's talk about some specific moneymaking tips and advice. Where would you like to start with that?

Dan: I would make the point that people need to understand that whether they are online, offline, or an integrated combination, that ultimately all businesses have incomes divided into three big categories. There's transactional revenue: I pitch you on something, you buy it, and I make a sale and make money — the vast majority of businesses operate on that level. Then there are the more advanced, and I think more valuable, incomes that move you from transactions to relationships: a renewable kind of revenue where there is a pre-determined resale, and there's an agreed upon renewal point. This is the traditional approach for things like subscriptions.

And then there's continuity revenue, where the customer is charged on a preauthorized basis every month, or every week, or every two months — or whatever the term is — to have some product delivered, or some service performed, or access created. Continuity income is by far the most desirable kind of income anybody can ever create, because subsequent sales have no cost to the seller, and people have to take initiative to stop the process, instead of initiative to repurchase. Most of the clients I work with, in everything from consumables, cosmetics, and weight loss, all the way across to information products — almost everybody has at least some part of their business now designed to create continuity income. Even in businesses where it's difficult to do, we all work very, very hard to make it

- The Internet Marketing Center has a massive affiliate network: more than 70,000 members!
- There are three types of business income
- Transactional revenue is the most simple, common form of revenue: A customer pays for a service, and the relationship ends with the acceptance of payment and delivery of goods
- Renewable revenue comes from a pre-determined resale, with an agree-upon renewal
- Continuity revenue is that which is generated by pre-authorized payments on a scheduled basis for the ongoing exchange of goods or offering of a service

happen. I would just encourage people to figure out that model, to understand that model, and to do their level best to incorporate it into their business.

Corey: I couldn't agree more that getting a customer once, and only doing one transaction is not as smart or as profitable a way of doing business as that in which they renew it, or they pay monthly. The continuity model has definitely become more popular over the last five years; with the Internet, it's so easy to deliver that content, or to charge credit cards automatically. You've got a little automatic pilot program doing it for you! You've definitely got to figure this out and find a way to do continuing business with your people where there'll be continuity, if at all possible.

Dan: If you have an addictive information product or service — newsletters, teleseminars, tape-a-month — or something in the consumables or nutrition area — any kind of ingestible — basically, something that people will be loath to discontinue after two or three months, then that model is really something to look at. Tested against the other options of “paid in advance” or “free trial subscriptions” with no forced continuity — pretty much over every other business model — it's the winner. This model has become the entire front-end for us, with my newsletter being three months free with forced continuity — meaning you've pre-agreed to be charged beginning with the fourth month. Again, as you say, it's ridiculously easy nowadays to implement online.

The other thing that I'm not going to say I invented, but I really brought to the information business, is the ascension model: customers move on a predetermined path from level to level to level, with each level, of course, giving you more money. That model is now in place in at least 80 different niche market information businesses that I've helped launch, or that are platinum

- Continuity income is the kind of income entrepreneurs want to generate — it creates ongoing, low-cost profit
- Why limit your interaction with buyers to a single payment?
- Continuity income is simple and easy to automate
- If you have an “addictive” product or service, you can't afford to ignore the possibilities of this income model!
- Forced continuity is the most aggressive form of renewable income, but it's still easy to collect!
- Dan's business uses the ascension model as its primary way of maintaining ongoing customer relationships

members with us, or that I consult with. It's very, very applicable to both information and non-information businesses, and it's another one that people want to study and be familiar with to see if they can incorporate it into their businesses. You increase every favorable factor in your operation with this model: retention, referrals in businesses where there are referrals, and responsiveness to backend offers. Every factor improves as a customer moves up an ascension ladder, and moves themselves from one level of commitment to you to another, into another, and another.

Corey: I'd like to jump in and explain this in a little more detail for the people that don't understand the concept of ascension levels, because you're the king at this — you do such a good job. It's almost going back to the old rule, or a new, modified version of the old 80/20 rule: 20 percent of your customers are going to give you 80 percent of your business. This model is about pushing these people up the ladder to identify that special 20 percent of customers, and then pushing them through levels of membership, different products, or higher product price points they can buy, levels of loyalty, and so on. You want to keep a good grasp on them, because they're the ones that are going to spend the most money with you and keep the most profitability. Did I say that accurately?

Dan: Yes. There's the practical economic outcome — the practical side of it which you've just described very accurately. It's essentially a way of getting the customers to self-select, and the 80/20 to separate, and the 20 and 5 to separate so that you can communicate with them differently, invest more money in some than in others, and design offers for them. People would be shocked to see the inside numbers on a lot of these niche information businesses. The last one that I worked on with a client, and saw the detailed analysis, was a business that does about \$4 million a year — with about \$3 million net — with about 5,000 active customers.

- Ascension models help customers identify and connect with your organization
- American Express has a famous form of the ascension model with their Gold and Platinum cards
- Ascension models allow you to identify customers that will continue to spend money on your product and carry on a relationship with your business
- The 80/20 rule: 20% of your customers are going to give you 80% of your business!
- Through the ascension model, you can learn who the most valuable customers are
- Niche information businesses can generate amazing income from a small number of loyal buyers

Corey: Those are unheard of numbers.

Dan: But here's the big one: 70 percent of the net comes from fewer than 300 of the 5,000 customers.

Corey: Very intriguing numbers!

Dan: It becomes almost like a sales professional managing 300 accounts. That's how that part of that customer base gets looked at and treated, and they've moved up through this ascension ladder that we've described. There's also the psychological aspect to all of this: they're motivated to move up a formalized ascension ladder on the basis of ego satisfaction, and the pride and the recognition in doing so. We underestimate how important recognition is to participants in any process. Sometimes we think that it's less important to mature adults than children, or to affluent and wealthy people than it is to non-affluent people. But no one is immune to it, everyone seeks it, and everyone responds to it. When you formalize this process and create these named and identified levels —

Corey: Like a gold customer, or a silver customer — it could be for a furniture store with the loyalty program, or for some kind of membership system like you have in your business.

Dan: Absolutely. You could do it for brick and mortar businesses, for restaurants — the casinos have actually kind of mastered it.

Corey: Yes.

Dan: You can certainly do it in a professional practice. We've implemented it in professional practices and as long as you have some kind of forum or medium or mechanism that all the customers regularly see — whether that's a printed newsletter or an online newsletter or a physical location that they're coming in

- Ego satisfaction and prestige play a significant role in ongoing customer buy-in
- Ascension (or membership or premium) programs can be implemented in almost any business environment
- Recognizing your customers in a public and formal way drives buy-in. People want to be appreciated for their involvement!

and out of, where you get to display and give recognition to the people at the highest levels of the ladder — that alone is a motivating factor for people to move themselves up. Their value to you increases far greater exponentially than the annual dues or the primary purchase that they must make to move from level to level.

Corey: In this case it would be just a preferred customer program; it doesn't have to be some kind of a dues-paying membership program.

Dan: No, but it could be based on points, or purchases, or usage of multiple services. You can have preferred, red preferred, blue preferred, white preferred, or have sergeants, generals and colonels — really, there's lots of ways to play the game. American Express was one of the inspirations for me with their gold cards and platinum cards; they're very good at it, and have used that approach for decades.

Corey: I think the lesson to be learned here is that this doesn't apply just to information marketers. Don't take this lightly — you might be resistant to this because it sounds like a lot of work. In a way, getting a model going is some work in the beginning, but the payoffs are massive once you put people through these levels, and they experience ownership at those levels and have a sense of pride. The amount of dollars produced by that customer, and the process of identifying that customer as "preferred" is enormous.

Let's talk about some specifics now. Give me some examples of what you think are good Internet-specific tips and advice.

Dan: You hit earlier on the importance of copy, and the validity of long copy online, as well as offline. I guess I'll just add to that and impress on people that it is still

- "Preferred" customers will increase their buy-in if they feel they are being "taken care of"
- There are a million different ways to set up an ascension program. Personalize it to your product!
- Building ascension models may be labor-intensive in the beginning, but the pay-off is not to be missed!
- Pride is a great buy-in motivation!
- Copy should be one of your primary concerns in any marketing media

about the message once you have figured out your market and chosen your media: Copy is king. This is all about salesmanship, and the better you are at using media as opposed to manual labor to make your sales, the more important it is for you to get good at writing compelling copy. It has long been my contention that anyone can do this; it's not a genetic trait. I'm self-trained, and actually, most of the high-priced, highly paid freelance direct response copywriters are self-trained. Anyone can get this, and anyone can get good at it. The other option, of course, is to hire it out to get it done, but it is one of the highest valued responsibilities you can assume in a business. Fortunately there are mountains and mountains of training materials, as well as great examples, to learn from. I would encourage everybody to make this a priority. If you're going to use media instead of manual labor, then you've got to be a serious student and you've got to get really, really good at long copy.

Corey: When you learn how to become a good salesperson in the real world you need to learn how to write copy; that is your salesman skill. That is your salesmanship. What are some other things that are specific to the Internet?

Dan: I see a lot of people with only one site when maybe they should have two, three, four, or sixteen! I think your piano example earlier is a very good example, because of "message to market match." If I'm totally into gospel, and I go to a site on learning to play gospel songs on the piano, I am infinitely more excited and much more likely to buy and pay a premium price than if I go to a site on how to learn to play the piano and I have to figure out by myself that I'm going to be able to play gospel music — even though the exact same thing is being taught! In many cases, people are lazy about a one-size-fits-all generic site when they should be matching their target markets with multiple sites where 80 or 90 percent of the copy and the message is the

- Copywriting is something that anyone can learn
- Take advantage of the numerous training materials on the subject of writing good copy
- Study the masters of copywriting in both the online and offline worlds — including Dan and Corey!
- Avoid generic, one-size-fits-all copy — make sure it's targeted to your market
- Use multiple sites to address different niches

same, but is tweaked to appear aimed purely at that part of the market.

Corey: You can have one site just for gospel music, one site for jazz music, and extend it to other genres to give it that really tight niche-specific appeal for only those people. Because of that, you'll sell a lot more product; they feel more connected to a person selling specifically to their genre.

Dan: Exactly — you either menu them at the front end of the site, or drive them to separate sites. We've always done this in the offline world, but in the offline world it's complicated, complex, and costly. I have a client who sells a particular business opportunity, and his primary markets are CPAs, accountants, attorneys, rabid golfers, and insurance sales people. In the offline follow-up on these leads, the marketing to these prospects, you could have the four or the five vertical markets with different sales letters. Most of it would be the same, but you'd have to have different sales letters and different testimonial brochures, so the accountants only got the pile of testimonials from other accountants, the lawyers only got the ones from lawyers, etc. And of course, different follow-up pieces, different audio interviews, etc. Think about what I've just described in terms of expense and complexity. You now have a room of stuff, and you've got to make sure that the right one gets sent to the right person, and we can do all that online: Do it once and it's there to run forever, and all we have to do is direct the right prospect to the right site.

I'm working with a client in the nutrition field right now where there will be a site for every condition that that same product deals with. So there's an arthritis site, a cholesterol site, an ache and pain site, a headache site, and the same gunk takes care of all of it, and the same basic story is told throughout all of it. But the person suffering from arthritis is going to be a whole lot more

- Buyers are motivated by copy that speaks directly to their needs, interests, and desires
- Addressing vertical markets is much easier online than offline!
- To maximize sales, use different copy, different benefits, and different testimonials to address different audiences
- People want to see their specific problem or need addressed — don't be afraid of getting too specific!

excited about going to an arthritis site and reading only about how this helps arthritis, than wading through a general site that contains a bunch of information about conditions that they don't have, and are of no interest to them. There are also different kinds of sites as you very well know: the salesletter site, the credibility brochure site, and the catalog site that really is a catalog online. There are reasons to have them all, and I think a lot of marketers are not making anywhere near full utilization of this media by settling for the one-size-fits-all kind of site.

Corey: Yes, I couldn't agree more.

Dan: So, as incredible as it may seem, I'm actually pushing my clients from one web site to eight.

Corey: Yes, and then maybe even mixing it up for different types of formats, rather than just different messages to any one marketer type.

Dan: Yes, absolutely.

Corey: We all believe in the long-copy salesletter format and will keep driving it home, but there may be certain situations where that person's going to have other types of copy. There are certain niches that are just tweaked a little bit. They may even have a brochure that they just put up to leave, and doesn't sell right there, or they may even have a catalog site for different niche markets or different target groups they're going after — it's more rare, but it does happen. Any comments on customer service or testimonials?

Dan: Anybody who is not using testimonials is a fool; you can't overuse them and you want to use them everywhere you can — the more of them the merrier. In the offline world, I mean I have clients who even deliver paperbound ones. I'm just doing one now for a realtor: a 208-page paperbound book that is nothing but

- Try creating different kinds of sites: credibility sites, testimonial sites, multimedia sites
- Dan is pushing his clients to have multiple sites, each with a different purpose
- You can tweak your approach for every customer, while still maintaining a central identity and web location
- Testimonials are a key part of any marketing strategy

testimonials. It is, admittedly, expensive and cumbersome, but you can certainly have a testimonial-only site online. Online, you can sift them and sort them more easily; you can direct a particular type of prospect to a particular type of testimonial, you can have them talk, you can put them on a video... there's so much that you can do with them online.

Corey: This can be used with any business — you should be having testimonials like you said, even if you have a furniture store —

Dan: I don't care if you're a plumber.

Corey: Exactly. They give you more credibility, and people believe them and say hey — it helped this person, and it's going to help me, too — because it helped the other five people who are now proclaiming the greatness of this service or product.

Dan: The principle is very simple: a real customer talking about the outcome they achieved with you is a thousand times more persuasive than you making promises about that outcome, even if you're more eloquent. You want as much of your sales story as you can to be delivered by and/or reinforced by customers. It's an advantage that all media gives us as opposed to face-to-face selling, and certainly one that the Internet gives us. It's also a tool that can be used to collect testimonials: a very effective technique is a testimonial contest that drives people to a place to post them on your behalf.

Corey: Let's just make one last point here, and then we should probably move on to the next topic, but it's very important to realize that testimonials that say "This person was great!" or "This company was great!" are not really as effective as results-oriented testimonials. "This person saved me X number of dollars on this couch..." or "He sold me the best service..." or "They

- You should always use testimonials to reinforce your salescopy
- No matter what you do, your potential customers want to hear that other customers were satisfied. And they want to hear it from people like themselves!
- Even if your customers don't write as well as you might, their words are much more convincing in generating trust in potential buyers
- Try a testimonial contest. Even those that don't win will be usable as web content!
- Results-oriented testimonials are the most effective kind of testimonial

came out and fixed my TV when it was broken, and nobody else would do that.” Whatever your USP is — whatever is special about you and makes you different from your competitors — should be proclaimed by your testimonials and identify you as a results-oriented person. Not this company was great, this product was great, but specifically what they got from it: the feeling they got, the emotion they achieved, how it saved them money, time, reduced the pain... whatever it could have been, that result is very important.

Dan: It’s a very important point, and literally you could teach a three-hour seminar just on testimonials. But you’re right; you want to avoid, as a friend of mine used to call them, the “You were really, really adequate” testimonial that basically says “Hey, they showed up and they did what they were supposed to do, he’s a nice guy.” You absolutely want what you described: outcome testimonials that describe results, with meaningful specifics like pounds lost in a certain period of time, money made, etc. In testimonials, quantity is important *and* quality is important, and there are lots of ways to get that quality.

So many times when I work with a client we identify the 12 or 14 or 16 or 8, primary reasons why somebody would not believe in their proposition or not buy the particular product or service. Then we go in search of testimonials that specifically counter each one of them. Again, the testimonial is telling the sales story. You can even make them searchable by objection! There are a lot of ways that you can use the Internet medium purely to support the “prove your case” part of the marketing story.

Corey: I couldn’t agree more. Do you have any quick comments specific to e-mail? We’ve talked about the Internet, but just maybe one or two quick comments on e-mail alone.

- Make sure your testimonials mention the actual use of — and benefits provided by the use of — your product
- The more specific the testimonial, the more convincing
- Choose testimonials to counteract perceived holes in your unique sales proposition
- Don’t be afraid to send a testimonial back to a customer and ask if they’d mind giving more details — most people are flattered you’d ask and are happy to oblige

Dan: There's one that there's a lot of never-ending debate and controversy about, and actually where, in many situations, I would differ with you to some degree. That is the issue of frequency.

We have people we both know who are very profitably and successfully e-mailing their customer lists or member lists as often as once or twice a day. Many find that level of frequency does not work for them, and through their own experience and testing feel some kind of formula of perhaps once every so many days is the most they can press. The most interesting thing about all that that I've become very aware of is that a lot of it has to do with what you say when you show up in terms of how well you are welcomed and how frequently you are welcomed. The guys that are operating at real high levels of frequency for the most part are all following a particular formula, and I think John Alanis described it best: that really, they're doing talk radio in an e-mail. If you stop to think about it in terms of fans of talk radio — let's say you're a Limbaugh listener, or you're an Al Franken listener if you're a liberal, or you're a Howard Stern listener — these are millions of people who tune in every single day to hear two or three hours of this person. Two or three hours of discussion makes for a long, long e-mail, when you transcribe it to paper. But these people are tuning in every day for this, so obviously their listeners can take a lot of frequency and a lot of quantity — it would be interesting to look into what those personalities do!

Morning television is similar. This morning for example, I had Regis and Kelly on, and Regis's approach hasn't changed in 40 years on television with either his local or national morning shows. What they all basically do is share some personal experience. They have a relationship with their list, and they share some personal experience about what's going on in their life, what *went* on with their life, or something about their

- You can mail to your customers more often if you build a relationship and have points of identification with them
- The candid conversation and interaction of morning show hosts can teach marketers important lessons about creating intimacy and buy-in with customers
- Sharing personal experiences in marketing e-mails buffers your pitch in the same way that television shows buffer commercials!

kid, their dog, or a car wreck, or their frustrations, or who they had dinner with... and then they deliver some meaningful content, followed by the pitch. In television and radio of course the pitch is the commercial.

Corey: There are a few people out there mailing their lists once, sometimes even twice a day, but they have a whole different approach, and they are about creating that relationship. They're telling what they ate for breakfast, or when they ran with the dog, and really creating that connection to get away with the frequency of communication — becoming, for lack of a better term, friends with or just interesting to the reader. They can get away with that. From my point of view, we don't have that type of approach. We offer straight content or straight sales information. We've found that for us, we can get away with mailing once a week and we try to mix it 50/50 between content and sales. One time we may have a sales pitch, and the next time we may have a bunch of content — blending that works best for us. I think the lesson to be learned here is that a lot of different things work, and that you can get away with as many as a couple of times a day in frequency, and that it can work if you have that kind of relationship — your talk radio show analogy of creating a relationship, having stories, creating interest. People come to like you and want to hear about your life rather than just getting content from you.

Dan: You know what the bigger lesson is in what you say? It's that there is more than one way to be right.

Corey: Yeah.

Dan: What everybody needs to do is always be experimenting, and always be pushing the envelope a little bit here, pushing the envelope a little bit there, and finding — you know in every business there's a sweet spot, a frequency of communication sweet spot. You

- If you choose to take a personal tone in your e-mails, make sure all of your marketing collateral uses this tone — your web site, salescopy, newsletter, etc.
- Many different e-mail strategies can work — you have to choose what's right for you!
- Always be willing to push the envelope, take a risk, and test a little more

want to find it, get it, and then periodically just keep testing it again to make sure it hasn't changed.

Corey: I couldn't agree more. We test probably 100 new things every month, of which 95 plus of them fail, but we test small to make sure that those things don't fail or cost too much money, and that the things that do work are fantastic. We roll that to everything we know, and then we expand and grow on that. The things that fail are great; we love to fail every day — that is one more thing we know doesn't work, so we can move in the right direction of what does work.

With that said, what are some of the big picture ideas, maybe even some philosophy? What don't Internet marketers get about making big money?

Dan: I talked about this some just very recently at the same seminar you spoke at so it's really very fresh in my mind. It's something I talk to private clients about, and in the renegade millionaire product and so forth, and that is the difference between income and equity. In most businesses, people are totally focused on income, but you might think of it as present banking and future banking. A guy gets up in the morning, and it doesn't matter much whether he runs a restaurant or whether he sells piano lessons on the Internet. Whatever it is that he's doing, he's really focused on present bank numbers, which are all income. If he runs a restaurant, he's looking at how many meals he served, how many tables were turned per shift, and what the bank deposit looks like.

The trouble with income is that income is only income: it gets spent, and very few people can actually point to a dollar that was income a year ago, and show you where it is. Also, quite frequently, our lifestyle expenditures tend to increase right along with our income. So the same guy gets up, and at the end of the day he takes a

- Failure is the best way to learn what doesn't work!
- Test everything, but test small. Once you know what works, roll it out big!
- Many business owners don't understand that there is a big difference between income and equity
- Being too focused on income often prevents you from building equity!
- You need to be equally concerned about your future bottom line and your current bottom line

look at his income numbers and says, well how did we do today? But what he doesn't look at is his equity numbers, his future banking numbers. Not only do you have to think about how you did today, but how you did today at creating more value in your business so that it will be here and growing months and years from now. Those are equity numbers and most people don't pay attention to them on a day-to-day basis. I always have, and I encourage clients to do that. For example take the guy who's selling the piano lessons online — his income numbers for the day are pretty obvious, and that's the stuff he's going to look at: how many visitors did we get to the site, how many converted, how many customers did we get, and how much money went into the bank through the merchant account.

But the equity numbers in that business would be, for example — how many hard addresses did we capture, not just e-mail addresses? That's real equity, creating and building value in the business that is going to be there in the future. How many people did we get to add optional continuity to their purchases? That's an equity number. The big philosophical picture for people should be to look on both at the same time and to identify what the equity factors are in their business that create value — as well as the income factors that only create income. Be paying attention to them, and working on them simultaneously all the time.

Corey: So what you're talking about here is that making sales and doing your regular thing, and watch that your regular matrix is making income, which equals income at the end of the day. It's money in your pocket, but the other things you should be looking at deeper inside your business — the equity of the business — is the stuff that creates true wealth over long periods of time.

Dan: That's correct — it's the difference between income and wealth.

- You will continue to make money if you continue to focus on how your business can grow — and grow better!
- Income AND equity deserve attention on a daily basis as you analyze the health of your operation
- Not every move you make will help you make money right away — but think long-term
- The equity of your business will be what creates true wealth over time
- Know the difference between simple income and lasting wealth

Corey: That makes total sense. Something that I have referred to in a very similar mechanism: I want to work on my business rather than in my business. If you create a business that you cannot walk away from, then you basically have nothing but a job. You need to be able to work on your business so that you're growing it rather than being caught up in the mundane task of being inside of it all the time. This has been a big revelation for me — even though it's easy to preach it's hard to practice.

Dan: Yes.

Corey: Another big thing for me of course has been modeling success — finding a mentor who is already really successful, whether it be in a completely independent or unrelated industry, and learning from that person to help fast track your success rather than having to reinvent the wheel. Take what they've already done, model it, and invent success yourself.

Any other final points you want to make about philosophy or what Internet marketers aren't getting about making big money online?

Dan: I don't think so, but I would just caution everybody about too narrowly defining whatever it is that they do, and however it is that they do it. You want to be very, very careful about restricting modus operandi at the same time that you set goals and make claims. Bill Rancic — the guy that won *The Apprentice* the first year, and who has been working with Trump — was one of the speakers at one of our events very recently, and he talked about the focus of agility. God knows — in your online world, that goes double. Understand that business is not a static thing and that what works today may not be working tomorrow, and what wasn't working last week might work next week, and that change is constant. We really need to be mentally agile,

- If you cannot walk away from your business and have it keep operating and making money for you, all you have is a job
- Model your success after carefully chosen mentors
- Learn to be agile in your business; understand that changes will come, and bumps in the road are inevitable
- The more balance you have, the better you are able to handle disruptions

and so I tell people — if your business at 36 months is the same as your business is now, you're probably going to be out of business. You've really got to be looking for and alert to embracing modus operandi changes without giving up on, or compromising goals.

Corey: Of course. Well Dan, I definitely want to say thank you so much for sharing with us today. We really appreciate you taking the time; I know that your time is very valuable. I think that you've given some real, great insight in the matrix of not only how offline works with online and vice versa, and the things that are both similar and different between both of them, but also just some really great business advice. And I hope people don't take this lightly, because it is very important. Dan's learned from experience, and has been around multi-million dollar companies all his life. A lot of his clients are very, very wealthy, and you can really learn from them and take it to heart because nobody knows it better than Dan — that's for sure. So Dan, again, thank you so much, we really appreciate your time.

Dan: Thanks, Corey.

- If your business and your market never change, you can be sure your business won't last
- Corey thanks Dan for his wisdom — 29 years of experience can teach you a great deal about the ups and downs of the business world, both off-line and online
- How you handle the ups and downs is what takes you to the top!

# ABOUT THE AUTHORS

## DAN KENNEDY

Dan Kennedy's fame as an entrepreneur, copywriter, and marketer is legendary. Over the past 30 years, he's made hundreds of millions of dollars for his clients, including companies like Weight Watchers, Mass Mutual Insurance, Amway, and Guthy-Renker. He is the author of *The Ultimate Marketing Plan* and the ever-popular "No B.S." series.

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## COREY RUDL

Corey Rudl's achievement as an entrepreneur is one of the greatest marketing success stories in the history of the Internet. He made his first \$25 online way back in the mid-1990s — and then grew that \$25 into more than \$40,000,000 in online sales, with hundreds of thousands of subscribers to his "Marketing Tips" newsletter and over 1.8 million visitors to his web sites each month.

Perhaps his greatest achievement, though, is that he's helped literally tens of thousands of real people make life-changing incomes of \$150,000... \$250,000... \$500,000... \$1,000,000 and MORE with Internet businesses of their very own by providing them with the strategies, tools, and guidance they needed to achieve success.

For more information, visit [www.marketingtips.com](http://www.marketingtips.com).

