

**HOW TO  
CREATE**

**A**

**CROWD**

**EVERY TIME**

A row of black silhouettes of people in business attire, standing in a line. The silhouettes are positioned behind the text 'EVERY TIME' and extend across the width of the page.

# **How to Create a Crowd Every Time!**

## **Discover the Secrets of the Most Powerful Sales & Marketing Techniques Ever Created**

**By Jon Goldman**

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Second Edition

# How to Create a Crowd Every Time!

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Marketing Techniques Ever Created**

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## ***Part 1: The Power of Endorsements***

**I**f you've ever seen a crowd gather, you probably felt an urge to see what was so interesting. It's a natural reaction.

As humans we're affected by those around us. We see it too when we see another person yawn. It influences us in a very controlling way. So much so, that 63% of the people will tend to yawn when seeing another person yawn.

We're even more influenced by those closest to us. We tend to imitate our family, friends and those we admire. When around people of high moral standards, we're apt to behave more ethically. When around wealthy people who invest their money, we tend to do the same.

Perhaps it's the crowd mentality. Research done on a street corner in Manhattan, demonstrated that when one person stood and pointed up to the sky, he was berated by passersby. Car drivers honked and shouted, "Get out of the way you idiot!" When three people stood and pointed, they achieved a certain validity, whereby no one would yell at them. After three people stood and pointed, then five would stand there and start looking. After reaching a critical mass of five to

10 people, the group experience nearly created a traffic jam. Because so many people stopped to look up, the group nearly created gridlock in Manhattan.

You can create also create a crowd around your sales and marketing.

How? Give away things for free and create irresistible offers. Motivate an endorser or person of authority to test your product and recommend it; you'll achieve tremendous leverage. Create a virtual crowd by using large banks of testimonials. Although it takes time to build your testimonial bank, subscribe to the principle that you can never have too many testimonials.

When creating your testimonial bank, try to find as many different types of testimonials that your "hungry fish" audience will relate to. Find some "small fish;" find some "big fish" and find some who are analytical and want just specifics on pricing. Find others who relate to the emotion of your offer. When your "hungry fish" prospects look at your bank of testimonials they can point to one and say, "Oh that's just like me."

I once had someone call me and say, "You know I didn't know that your Lumpy Mail was for us. But when I saw that Dr. Schamroth used your services, I realized that he is a doctor just like me. Then I felt comfortable trying out your program."

**Tip: When creating your testimonial bank, try to find as many different types of testimonials that your "hungry fish" audience will relate to. When your "hungry fish" prospects look at your bank of testimonials they can point to one and say, "Oh that's just like me."**

## **Are third-party endorsements always legal and ethical?**

I'll describe a tear sheet campaign to you and you tell me whether you think it's ethical. A tear sheet is a completely manufactured newspaper article that looks like someone tore it out of the newspaper (or a magazine), attached a sticky note that says, "I thought you would find this interesting – J." and mailed it in a hand-addressed envelope.

Because it works so well and captures so much interest with its third-party endorsement, its legality is called into question.

When you receive a third-party endorsement that is non-biased, you will increase your response rates by nearly four times. A newspaper tear sheet seems to convey that a third party has your best interest in mind. Even though you don't know who this third party is!

You can manufacture this concept, provided that you don't lie about your services. To some, it's simply another form of advertising that has the credibility of a third-party endorsement. However, there are those who say that this is unethical because it's deceptive. It appears as though the clipping is part of a magazine or newspaper and is endorsed by someone you know. The decision of ethics is up to you, but the principle is most instructive: Always try to have third-party endorsements whenever possible.

## ***Part 2: The Power of Positioning is up to You!***

Think about positioning yourself as an expert. The difference between credibility and lack of credibility cannot be underestimated. When you position yourself as an expert, your chances of succeeding in the sale, are 37% greater than not being expert.

Our society, due to its sense of insecurity, has fallen prey to guru worship and our natural inclination to follow others. Therefore, those people who are positioned as experts, are more heeded when they speak.

How can you become an authority? There are one of two ways: You can either be anointed or claim it for yourself. Most business people will never be anointed as *the* authority. Therefore, they must earn authority by claiming it.

**Tip: Position yourself as an expert. When you do, your chances of succeeding in the sale, are 37% greater than not being expert. To earn your position as an expert, you must claim it. Publish your opinions. Take a stand!**

Publish your opinions, take a stand and focus on a particular niche in the market. In doing so, your aptitude to gain credibility will skyrocket. When you are a published author, even of a small report, article or book, your credibility grows dramatically.

Many people who try this approach don't pass the smell test: it feels forced and not real. Here's where you need to exercise internal restraint. By being focused on

a particular market specialty instead of promoting yourself as an expert in all areas, you'll gain standing. Be careful not to throw your own endorsements around too easily, otherwise your approval means less.

In order to maximize your position, you must be information focused, not just product focused. In other words, you must offer helpful information that reaches beyond your particular product. You want to be the guru of the field, not just a product pusher. If you sell your product, it's a smaller piece of the whole solution.

Who are examples of gurus like this who first come to mind? When it comes to weight loss, one guru was Dr. Robert Atkins. He offered a program that focused on an entire solution – as well as food products to aid compliance. When it comes to sex therapy, the first one that comes to mind is Dr. Ruth Westheimer. Her books reinforced her position as an expert.

You can't get endorsements from Consumer Reports. In terms of analyzing products, it is the one publication that holds the most coveted position of all.

It's reputable, non-biased, doesn't take bribes (even in the form of advertising), and is rigorous in their analysis. They get reactions because they tell it as they analyze it. And they are not paid to endorse some companies while discounting others.

**Tip: Maximize your position as an expert by becoming information focused – not just product focused. In other words, you must offer helpful information that reaches beyond your particular product.**

When you think of giant real estate deals and finance, you may think of Donald Trump. Many people like him, many dislike him, but he certainly has mastered the position of guru.

When it comes to management, everyone knows Peter F. Drucker is an international authority. In the world of etiquette, America looks to Emily Post for advice. When it comes to investing and stocks, the second richest man in the world, Warren Buffet, sails above the rest. Each is focused on finding solutions as opposed to selling a specific product. They created for themselves brand names who also sell products and services.

**How can you position yourself or your organization as an expert authority in your market?**

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## ***Part 3: The Power of Risk Reversal***

### **Take the risk out of buying for your prospects**

The more risk that prospects anticipate, the less safe they feel in doing business with you. The less risk they predict, the more safety they feel.

In order to move onto the next stage of business, you must absorb all the risk. You are probably afraid that you're going to get burned and you are probably protesting, "Nothing in life is risk-free! Why should I take on all of the risk?"

You must understand that there are so many barriers of trust between you and your potential customers. Your main goal in risk reversal is to eliminate those barriers. The more hurdles that you remove, the better off you are. You don't ever want to realize in hindsight that a prospect didn't buy from you because he thought he would get burned. The cost of buying seemed greater than the benefit. His uncertainty ruined the sale.

**Tip: For you to move your prospect through your funnel, you must absorb ALL the risk. There are so many barriers of trust between you and your potential customers. Your main goal in risk reversal is to eliminate those barriers.**

### **Why don't they trust you?**

The average person is exposed to more than 3,100 advertising messages a day. We don't have the time to discern a worthwhile message from the blather.

There was once a fellow by the name of Vrest Orton. When he first opened his Vermont Country Store in Weston, a little village in Vermont with a population of only 400, his business performed well thanks to the tourists.

However, he wasn't satisfied, and he was looking to grow his business. Orton called the famous L.L. Bean in Freeport, Maine for advice. L.L. Bean is most famous for its unconditional guarantee. Orton spoke with Mr. Bean himself and was all prepared to hear a discourse on what he needed to do to grow his business. Mr. Bean dropped the bomb. He said, "Just memorize this one sentence, and you can go home. Are you ready? Here it is. Make sure the story isn't better than the store." Make sure that your hype isn't greater than your product.

***“Make sure the story isn't better than the store.”***

**– L.L. Bean**

Let me give you some examples of what I mean by good risk reversal: Guarantees and warranties.

When you offer a great guarantee, two things happen - you increase the quality of what you sell, and you also dramatically attract more people. When you offer a warranty, you offer a long term guarantee that you'll stand by your product.

The warranty is a written promise of repair or replacement in the future. It reduces people's worries about what they're going to buy. It's such good business that numerous (over 50) companies have jumped into the business of simply providing warranties for products that they don't even manufacture. They know one dirty little secret which I'm going to reveal to you now.

### **The dirty little secret of guarantees**

Most people never take you up on your guarantee!

Just like rebates, most people will not file a warranty claim. As a result, warranties are often the most profitable part of the sale because most people will stretch to buy a higher priced product and not even cash in on the guarantee if they aren't pleased. That's just the nature of the transaction. People often forget about their purchases as time wears on and many aren't organized enough to remember where their receipts are or how much time has elapsed since their purchase.

Let me give you an example from one of the all-time marketing greats, Gary Halbert. He was a successful marketing copywriter and practitioner, who later started teaching his marketing wisdom to others. He was very good at writing copy, as his clear, simple, and powerful style, made it engaging to read.

Halbert also worked in the field of direct mail marketing, eventually developing Halbert's, a successful mail order company that sold genealogy materials. In this business, Halbert would confidently use a guarantee that said, “We are so sure that you're going to be satisfied that we won't even cash your check for 30 days until you're certain of your satisfaction!” Unfortunately, most people don't have



the guts to do such a thing. Halbert learned that most people never took him up on the refund anyway.

## Won't you get burned and lose money?

So, the big secret has now been spilled: Most people won't take you up on your guarantee.

So if that's true, how big of a guarantee should you offer? Based on almost all research, the bigger the guarantee, the better. You will make more sales as a result and fewer people will take you up on your guarantee.

It's absolutely counterintuitive. Most people think if you offer a 90-day guarantee instead of a 30-day guarantee, you'll get more refunds. Or, if you offer a one-year guarantee versus a 90-day guarantee you'll get more refunds, but almost all research indicates just the opposite. The longer your guarantee, even up to a lifetime guarantee, the fewer overall refunds you'll have. The upside of creating more buyers far outweigh the refunds you'll make over the lifetime of your business.

**Tip: The bigger your guarantee, the better. You'll make more sales and you'll find very few people who will actually take you up on your guarantee. The upside of creating more buyers far outweigh the refunds you'll make over the lifetime of your business.**

## The Burn Factor

What is the burn factor? Every time that you create a guarantee or risk, you will have a certain percentage of people who'll burn you. They will take you up on your guarantee and even take advantage of your offers for free gifts or services.

However, when you know that in advance, it removes all of the emotional hullabaloo.

You see, when most business owners give a return or a refund, they get upset. They think, "We're doing something wrong." What if the exact opposite were true? The more refunds you get, means the better you are doing ... as long as

you're selling more and doing more business because of your refund. The more aggressively you promote your guarantees and the more you sell, the more refunds and returns you'll get. It's proportional. It's only a management question; there may not be anything to fix. It's like paying rent – it's a cost of doing business.

Once you get over that hump, the returns and refunds won't pack an emotional punch. Continue to work on improving your process and qualify your prospects so that your refund rate will continue to fall, and at the same time, increase your marketing.

**WARNING! Don't look at giving refunds and returns as doing something wrong! It may actually mean you're doing well, because as you sell more you'll get more refunds. Consider it a cost of doing business over the long term.**

### **Doesn't an unconditional guarantee policy invite abuse?**

Sears Craftsman has an unconditional lifetime guarantee. Why do they do that? Because they know that their sales increase by doing it. But won't some people take advantage of an unconditional guarantee? I'll answer that in a moment.

First, think about Land's End, L.L. Bean, Nordstrom. Nordstrom's is famous because its policy is so outrageous that anyone *could* take advantage of them. However, they don't punish many people for the dishonesty of a few.

That's not to say that the returns aren't often frustrating for Nordstrom's sales people. Sometimes you have a customer that will literally borrow a dress for a couple of years and then return it, but the top salespeople know that these returns are just part of the game. They take back the returns with a smile, knowing that maybe those customers will come back. Not only will they come back, they will tell multiple friends about their experience.

Some enterprising Nordstrom people even send thank-you notes to customers who return merchandise, even though they knew that the purchase wasn't actually made there. Wouldn't something like that get your attention? Sure would.

That kind of thinking was exactly what John Nordstrom had in mind when he opened up his store with Carl Wallin. Nordstrom created this generous warranty policy because he dreaded having to deal with obviously outrageous or unreasonable returns. Simply shrugging off the complaints would make the

business more personally enjoyable. So that's how he set up his unconditional guarantee. And as the business prospered, with the next generation of Nordstrom managers, that policy became the benchmark of how they continue to run their business. The Nordstrom's name has since become synonymous with customer service.

Nordstrom also gives its employees a budget to delight people even “without cause or beyond what’s necessary.”

Once, a customer fell in love with a pair of pants that were on sale. However, the store was out of stock in the customer's size and the sales associate wasn't able to find the pants in any of the other Nordstrom's stores either.

Using her ability to use any means possible to make the customer happy (and following their core value of customer satisfaction), the sales associate took petty cash from the department manager, went across the street to a competitor's store, and bought the slacks at full price. When she came back, she sold it to the customer at the discounted price. Do you think that this customer was satisfied?

### **What are you willing to pay (or not pay) to satisfy customers?**

How much should you spend on your risk reductions and guarantees? The Ritz Carlton gives each and every employee \$2,000 worth of discretionary funds that they're allowed to use in order to make their customers happy and solve disputes. Why? Because their mission statement says, “We are ladies and gentlemen serving ladies and gentlemen.” Just imagine, *every* employee is empowered to provide instant resolution to any guest’s problem, without the need to get a supervisor’s approval!

***“One satisfied customer tends to tell one person. One very dissatisfied customer will tell eight people. One very satisfied customer will tell six people about their experience.”***

One satisfied customer tends to tell one person. One very dissatisfied customer will tell eight people. One **very** satisfied customer will tell six people about their experience. So how much did they lose by making the sale?

Lastly, one customer returned a set of tires to Nordstrom, telling the sales rep they were unhappy with the tires. Nordstrom just gave them a full refund... even though they don't sell tires! But I'm mentioning it in this sales and marketing system, so something about it must be working.

Most customers, like most people, are honest and trustworthy. Yes, there are a few that are out to steal something. Expect it, react unemotionally; this is the small percentage of your burn factor. Business will become enjoyable, and the business continues to grow because you're doing the right thing.

### **What are the best guarantee strategies?**

Did you know that according to U.S. law, you have a certain number of days to refund a purchase? Minimum is usually three days. As a seller, you're obligated by law to refund the customer's money if they're not satisfied anyway. So if that's the case, you might as well use it to your advantage.

Here are several types of guarantees you can use.

**Delivered within 30 minutes or it's free.** Speed of delivery is one of the biggest, and most important guarantees you can offer. Domino's Pizza promises its delivery in 30 minutes, or it's free. FedEx guarantees their overnight service with the next morning delivery, or it's free.

A realtor by the name of Thierry Roche promises that if he can't sell your house in the agreed-upon timeframe, he'll buy it from you. Because of this, along with his other risk-reduction and guarantee strategies, his sales outstrip his local competitors. He's also positioning himself as a radio talk show host instead of just being a salesperson. All these positioning strategies reduce the customers' risk and make them feel more comfortable.

**Double your money back.** This is a wonderful strategy. "For every dollar you spend with us, we guarantee that if we don't perform, we'll give you double your money back." Look at what Rory Fatt from Restaurant Marketing Systems says. He promises that he will "double your restaurant's profits in 119 days or less - even in a tough economy! Or get a full refund." Notice how he uses a specific number of days to give his promise teeth and credibility.

**Buy now, pay later.** This is for companies who are bold of heart and confident that their product or service will deliver. Promising not to take any

money right now, but only later based on results, is an audacious move. For example, a gem dealer made the following guarantee: “Anything that you buy from me, you can take anywhere in the world – to another friend, to another expert, or a jeweler. If you're not completely satisfied or if you're disappointed for any reason whatsoever, you can bring it back within a year and get a complete refund.” This one strategy single-handedly beats all their competition hands down.

**Double Guarantee.** Chauncey Hutter of RealTax offers a double guarantee. What's a double guarantee? When selling his information product, he overcomes objections by being straightforward.

He tells his prospects, “Now most people are just flat out skeptical about everything! You probably still are too; if it sounds too good to be true, something's wrong. Right? Isn't that the way we've always been taught? You've probably read through my whole sales letter saying, what's the catch? Am I right? Okay. Now that's why I've decided to ‘change the risk around’ and put all the risk on me! Chauncey at RealTax. You get two guarantees that make your decision absolutely risk-free.”

He then proceeds to describe guarantee number one, which is an unconditional 90-day guarantee for a full refund. Then he offers a second guarantee, which lasts up to one year. This is a conditional guarantee. The condition is, “You must ‘look me in the eyes’ and tell me that you actually tried just one of my strategies and that it didn't work for you. Then I'll give you a full refund, plus I'll give you a crisp \$100 bill just for making the effort to try out my product.” His sales continue to grow dramatically year after year because he takes so much of the risk away.

**Performance Guarantee.** One company I own, Lumpy Mail ([www.lumpymail.com](http://www.lumpymail.com)), offers a 10:1 guarantee. The guarantee promises you will receive a 10 to 1 return on your investment within 90 days of using a Lumpy Mail campaign, or you'll receive a full refund plus \$100 cash. This is better than a risk-free guarantee because it promises the person a specific timeframe and a specific return on investment.

Here's how I sell it: “Look, tell me what other investment you can make where you're guaranteed to make 10 times your investment within 90 days – and if you don't, you'll not only get your principal back, but you also get \$100 cash back? If you can show me anything like that, then I will invest in it myself.”

When you can supply your team with a guarantee like this, it gives them a lot more ammunition to be able to close sales.

### **Stay away from the weasel clause**

One of the most common mistakes in offering guarantees and reducing risk is to include what I call “the weasel clause.”

Most people say, “We guarantee satisfaction.” But that's bogus. It doesn't mean anything to most people because there is no specificity. It just falls off most people like water off a duck's back.

When you make a guarantee or a risk reduction proposal, make sure that it has specificity to it. 100% satisfaction means nothing. And don't be tempted to add weasel clauses such as, “it's only available on the third Tuesday of every month ... do not combine with other purchases, or other coupons ... does not cover wear and tear ... void if previously opened” and so on.

Customers see right through the weasel clauses. They just look at them and say, “By the time this company's done covering its behind... the guarantee doesn't mean anything.”

### **What's better than a risk-free guarantee? I'll tell you ...**

There's one more very powerful risk-reversal technique you should know about. I call it “a better than risk-free guarantee. For example, my company Brand Launcher, promises the following on one of its coaching programs: “If it's not completely clear to you at the end of your time here, that this process isn't worth at least 10 times your investment (and you get to decide how you're going to measure the investments - gross profits, revenues, you be the judge), then we will not only give you a complete refund, but we'll also pay for any travel expenses to compensate you for your time.” That is an example of what's called a better than risk-free guarantee.

On a funny note, Thomas Alexley and William Danko, in their book [The Millionaire Next Door](#), took another approach when trying to interview millionaires, offering them a choice of payment for their time.

The authors assumed the millionaires would prefer to be compensated by giving money to charity, rather than getting some cash themselves. So they would offer

their interviewees a choice between having \$500 donated to their favorite charity or receiving \$100 cash for their time. Nine out of 10 chose the cash for themselves! It seems that for them, charity began at home.

Which of these offers do you think pulled better for a fitness club: a 30-day, 60-day, or 90-day risk-free trial? The answer was surprisingly a 60 day trial; it outsold the 30 or the 90-day. We learned from this that you have to test your offers to find out which one actually pulls best.

This club ultimately conducted one more test whereby they promised in writing, specific improvement. For example, "If you don't lose 22 pounds and sculpt muscle tone within 120 days, we'll give you a complete refund." The promise of a specific offer, in writing, dramatically out-pulled the risk-free guarantees that were generic.

**What guarantee can you offer to reduce the risk from your prospects?**

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**Can you imply a benefit by making your guarantee more specific?**

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### ***Part 3: The Power of Scarcity & Urgency***

Most people, when trying to increase sales, want to create as wide of a net as possible. They think that if they make their offer available to more people for longer amounts of time and offer lower prices, they'll make more sales. This is conventional wisdom however, it's blatantly erroneous.

Let me now share with you the most counter-intuitive principle: The more you limit and restrict access to what you have to sell, the greater your sales will be.

Let me repeat that because it is mind boggling. The more difficult you make it to buy your product or service, and the more you limit its availability, the greater the increase in sales. This is the double-edged sword of scarcity and urgency. Let me give you an example.

In his book, *Influence: The Psychology of Persuasion*, Dr. Robert Cialdini talks about how his brother helped put himself through college using the principle of scarcity. He made a business out of buying used cars from the newspaper.

He would clean the car up, mark up the price a bit and then advertise it in the Sunday newspaper. Since he knew how to construct a good ad, he'd get 20 people calling. Then he did something that was different from everybody else. He scheduled all of the potential buyers to come and have a look at the car *at the same time*. If five people responded to the ad, they were all scheduled to come by at 2:00 in the afternoon. That changed his used car into a collectible, limited edition prize.

**Tip: Use the most counter-intuitive principle to your advantage. The more you limit and restrict access to what you have to sell, the greater your sales will be. In other words, the more difficult you make it to buy your product or service, and the more you limit its availability, the greater the increase in sales. This is the double-edged sword of scarcity and urgency.**

Here's how the change from commodity to collectible worked. Generally the first person would show up and they'd start looking at the car. And they'd do what people always do. They'd look at the blemishes; ask if the price was negotiable;



then they'd get in; close the door; kick the tires, etc. Before long, another person would show up.

When prospective buyer number two would inspect the car, inadvertently sensing a moment of rivalry, the first buyer would say “Just a minute, I was here first.” Cialdini would say to the second buyer, “Excuse me, but this other gentleman was here before you so can I ask you to please stand over there on the other side of the driveway for a few minutes until he's finished looking at the car. If he doesn't decide that he wants it or can't make up his mind then I'll show it to you next.”

This created a completely different environment. He now had two people competing over a scarce resource. The power structure had completely shifted.

This is mind blowing. He was able to actually see the agitation grow in the first buyer's face. In buyer number one's first assessment of the car, he took his time with the pros and cons. Now he's pushed to make a quick decision over a limited resource. Competition had been introduced. He realized that if he didn't take it at the asking price in the next few minutes he could possibly lose it for good. This fear of loss completely dominated his mind. For the most part, the second buyer would be agitated as well.

The combination of rivalry and restricted availability would get buyer number two pacing back and forth, straining to calculate what was desirable in this big, old hunk of metal. On top of that, often a third potential buyer would show up adding more urgency and scarcity to the charged atmosphere.

He created an incredible desire for this used car. There would be so much pressure to buy quickly that either the first one would buy immediately or the second one would buy without much hesitation at all. The car was invariably sold in one day, all from creating a sense of scarcity and urgency.<sup>i</sup>

### **Is it better to have a scarce supply or an abundant supply?**

There was a study done to determine what people felt had more value: something that is in abundant supply or something that is in scarce supply.<sup>ii</sup> Scarcity won out every time.

The researchers gave a person a chocolate chip cookie from one of two jars. The jar either contained 10 cookies or two cookies, but the taste tester didn't know they were the same cookies in each jar. Afterwards, they asked the interviewee

which cookie tasted better. With a clear margin, the cookie from the jar of two was chosen as the better cookie. The more scarce supply of two cookies in the jar captured the imagination more strongly than 10 cookies in a jar. The logic went, if there were only two, they must be more valuable. This can be accomplished artificially through restricting the availability of the product you wish to sell.

The researchers experimented with one further aspect of the test. They rated the cookies under two conditions: (1) constant scarcity of cookies vs. (2) having plenty of cookies and then losing them.

In the test case number one, they gave the interviewees a jar with two cookies in it and in test case number two, they gave the interviewees a jar with eight cookies in it - but right before it was given to them, a person from the experiment team ate six cookies, reducing the number of cookies from eight to two cookies.

***“When a person has something and loses it, she perceives it as a vessel that needs to be refilled. There is a desire to revert to the status quo and keep inventory full.”***

Now the number of cookies in the jars were even: two per jar. However, the cookie that had the higher perceived value came from the jar that lost six cookies prior to the taste test. These cookies were more appreciated. This experiment demonstrates that when a person has something and loses it, she perceives it as a vessel that needs to be refilled. There is a desire to revert to the status quo and keep inventory full.

There was an experiment by a beef import company using the power of scarcity and exclusivity of information with their sales staff. This beef import company sold beef over the phone in a business-to-business environment. The customers were retailers of food and supermarkets. In the experiment, the sales people pitched their product in one of three ways.

- **Scenario #1.** The clients heard a standard sales presentation and were asked to order.
- **Scenario #2.** The customers heard the standard sales presentation and they were told that the supply of imported beef was likely to be scarce in the upcoming months.
- **Scenario #3.** The customers were given the standard sales presentation and were told that beef was going to be in short supply in the coming months. They were also told that the scarcity of beef was insider information given exclusively to them through contacts the company had

developed over the years. The company positioned the information about how upcoming weather patterns were going to limit the beef supply to the general public.

The result: Customers that heard the last sales presentation (with the exclusivity of the product and of the information) had a scarcity double whammy pulled on them. So much so, that they began urging the beef import company owners to pre-order more beef to keep up with all the orders that they were receiving, in particular from the third group.<sup>iii</sup>

The standard sales pitch continued to produce standard results. The standard sales pitch, plus the likeliness of a future impending scarcity of beef, doubled sales. The biggest boost in sales came from the six-fold increase in sales due to the exclusive information about the beef scarcity because of the weather.

### **How do scarcity and urgency work?**

Why does it work to use scarcity and urgency in your message? Because they play on the emotional hot button – fear of loss. Fear of missing out on something is actually a greater motivator than the opportunity to gain something better.

You'll see when things are limited in quantity, such as baseball cards, minted coins, or antiques, the desire for them goes up. This is supply and demand in its intricate dance.

***Scarcity and urgency work in sales and marketing because they play on the emotional hot button, fear of loss.***

One of the most all-time incredible examples of scarcity and urgency is that of an auction. One company which is taking the auction mentality to the highest heights is e-Bay. So much time pressure is exerted as the seconds tick down and people across the globe watch their screens to bid that people get caught up in the excitement and buy something that they wouldn't have otherwise.

One of the tools that e-Bay uses is the ability of the bidder to hide his maximum bid. The bids go up because bidders don't know how high others will go. This sense of scarcity more than quadruples their sales.

When you are selling, you should prepare on having 20% more demand than you have supply for. This shows up often in the airline industry that routinely oversells their limited amounts of seats on airplanes.

When a flight is oversold, the later tickets are sold for much more than the earlier discount ones. By offering a few free rides to a limited number of people who are willing to give up their seats, the airline takes in more cash than simply by selling the exact number of seats and flying some seats empty due to underselling or cancellations.

One of the most powerful ways to create both scarcity and urgency is to limit the amount of time a product or service is available. You can limit it by the number of hours, days or weeks that it's available.

**Warning:** Do not lie. Many marketers, especially on the Internet, pretend as though their product has a limited time availability. When people check on the website the next day and see that it's still obtainable, the company loses all credibility and trust. If you're going to do what's called a "take-away," make sure that you actually follow through with it. Let people know that the discounted price is going to be until a certain date, and actually hike the price after that.

**Tip: One of the most powerful ways to create both scarcity and urgency is to limit the amount of time a product or service is available.**

Think about how you lock-in your mortgage rate. One of the best offers that you can make is to say, "For a limited time (before the price goes up) you can beat the coming price increase by locking in at the lower price." Then be sure to follow up with them with another direct mail letter or e-mail letting them know in fact the price did go up. The next time you make an offer, it will carry much more urgency and bite to it.

If people are given a deadline, they're more likely to respond. Here are two cases that support that premise. Many times, when a person is given a choice between A and B, they're not clear exactly which one to choose. When you as a purchaser are clear about what you're looking for and know exactly what you want, it's much easier to make a choice. However, when you're not clear, the right answer is not necessarily A or B. A new option may appear, and that will delay the decision as you seek more information.

This was proven out by a test with 121 college students. Researchers discovered that 46% of the students, when given choices, decided to wait until they learned more before making a decision.<sup>iv</sup> A confused customer is a cold customer and doesn't make a choice. They choose to wait, as opposed to anything else.

Limit time to produce a speedier response. When a time restriction was created in a separate study for students, the students with the tightest time constriction followed through most frequently.<sup>v</sup> The students were paid a few dollars to complete a questionnaire. They were divided into three groups.

- In group 1, where they were given no deadline, only 25% completed the questionnaire.
- In group 2, where the students were given a three week deadline, 42% completed the questionnaire.
- In group 3, where the students were given only a five day deadline, 60% completed the questionnaire.

The bottom line is that the more flexibility that you give the customer to make a choice, the less likely they are to take action. This is completely counter-intuitive and surprising. Nine out of ten marketers do not limit their availability.

### **Another tip: limit the quantity available**

Use the law of supply and demand to your advantage. By limiting the quantity, you actually increase the desirability.

Every day, stock funds and mutual funds close at a certain point of desirability. Louis Rukeyser once tried to increase the number of subscribers to his investment newsletter. He already had over 500,000 subscriptions, which made his publication the world's largest financial guru letter. But he wanted more.

Marketing expert Gary Bencivenga helped him by showing how he could attract a million subscribers by counter-intuitively limiting subscriptions to only one million.

Gary claimed that having such a cut-off would drive the subscribers through the doors in droves. Gary said, "Lou, I'd be happy to write a direct mail package for

**Tip: Limit the time and availability of a product and you'll see your prospects act more quickly and more decisively. Give them too many choices and they'll get confused. As a result, they'll wait. A confused customer is a cold customer.**

you that strictly limits your readership exclusively to one million investors. We could romance it in this way: Just one million subscribers, a tiny fraction of 1% of the world's investors - will be exclusively entitled to receive my special buy/sell recommendations.” Rukeyser rejected the idea because he didn't want to limit the growth of his newsletter to anyone, even a million. As a result, Rukeyser's subscribers never reached anywhere near that one million mark.

## 4 more terrific ideas to create scarcity

**1. Limit the availability of bonuses.** How can you do that? Offering a gift or take-away can be an extremely effective way to boost the response. People never want something so much than when it might be snatched away from them and may no longer be available. If you create a hard deadline, after which no orders will be accepted, or if you can place the limits on the number of orders that you will fulfill, you can dramatically increase sales.

**2. Offer a “Nifty 50.”** A “Nifty 50” is a free bonus offer whereby you give the free gift to the first 50 people who respond. That way, you can afford to give away an expensive gift (like a pair of nice binoculars), to the first 50 people who buy tickets to the opera. This is sometimes called an early-bird bonus or a “fast 50.” You can also limit the timeframe for the free gift to apply (“Reply by December 15<sup>th</sup> and get a free Mont Blanc pen). A word to the wise: Be careful when you go to print, because a delay at the printer could cause you real problems! Test the amount of days that your offer will be available for (10, 15 or 30 days) to find out which one works best. When in doubt test, test, test.

**3. Limit the number of orders that you'll accept.** Create a waiting list for what you're selling. Broadway tickets to sold-out shows are a highly desirable item. Reservations in trendy restaurants have waiting lists. Heck, even some ritzy pre-schools have waiting lists. Think about the urgency and compulsion many parents have to sign up their kid shortly after birth! Every Christmas there's the “toy in short supply” pandemonium. Consider whether you can create a waiting list for your product or service.

**4. Limit access to your product.** How do you limit access to you or your product? Business coaches and gurus do a great job at this by creating by creating separate levels of their product, (Silver, Gold and Platinum) each one having greater access to the guru. The Silver level member has no direct access and can only listen to the guru in group settings. The Gold member has limited access in smaller groups and pays for more exclusive information that only goes to them.

The highest level of access to the guru is the Platinum level, where members actually have one-on-one meetings in a closed door environment, and get exclusive information and insights directly from the guru. The difference in costs are nearly 100 fold, but because it's so limited, the perceived value is so high.

One coaching company creates a hurdle that, in itself, by limiting access, increases desirability. This company bases inclusion into levels of membership on personal income. There are three categories: \$100,000, \$250,000 and \$500,000 in personal, annual income.

Each of these income levels must be verified with W-2 tax returns or statements from your accountant. Part of the pitch that these organizations use to motivate people is the desire among members to be perceived as wealthy. Members want to be around others who are successful and are willing to pay more for the privilege.

The ironic thing is that as you proceed up, there's no extra value that is given, per se, but each level is charged more for the same service. The advantage of prestige must be worth the money.

### **The more urgency you can create, the better**

How urgent is your offer? More is definitely better. Urgency can override pricing barriers and feasibility considerations.

We've seen in our businesses people making impulse buying decisions on purchases over \$25,000. It's all because the product offered strikes them with a large enough sense of urgency. They feel enough pain that it needs to be healed. And we provide enough credibility, proof of concept and sufficient risk reduction to allow them to make such a purchase.

The law of human nature dictates that people don't have enough time to accomplish everything they need and desire. Therefore, they prioritize and focus on those things which give them the most pleasure and are most urgent.

**Tip: The more urgent you can make your offer, the better. We've seen in our businesses people making impulse buying decisions on purchases over \$25,000. They feel enough pain that it needs to be healed. And we provide enough credibility, proof of concept and sufficient risk reduction to give them an incentive to buy.**

In the field of direct mail, consumers rate everything in terms of three piles.

1. There's the **A pile**, which is like a letter from Aunt Martha, a personal letter, invitation or a letter from the IRS (urgent!).
2. There's the **C pile** that everyone knows about, which is the trash pile, otherwise known as the circular file. Most people today sort their mail over a trash can, and throw away 87% of the letters without even opening them.
3. However there's a third pile that most people don't know about called the **B pile**. That's the "I'll think it over" pile. That is like death. The worst thing in the world, when it comes to marketing, is procrastination. You've got to move your B-pile mail into the A-pile in order to succeed. You must do everything within your power to overcome the lack of inertia and move a person to action. The key is to overcome the three R's in direct marketing so they: "rip it open, read it and respond."

**Tip: You must do everything within your power to overcome the lack of inertia and move a person to action. The key is to overcome the three R's in direct marketing so they: "rip it open, read it and respond."**

### **Quick, you only have 3.5 seconds ...**

That's how much time you have to grab a prospect's attention before he or she tosses your direct mail into the trash.

The solution: Create enough of a compelling concept to get them to read the first headline of your promotion.

The purpose of the first headline is to get them to read the first sentence. The first sentence must get them to read the first paragraph. And the purpose of the first paragraph is to read the first 50 words.



That's the whole goal. There's nothing more important than getting them to read that headline. The entire package – especially the headline – must create a sense of urgency.

It's easier to solve a pressing pain than to sell prevention. It's 100 times easier to solve an existing problem and a current pain than to help a person prevent a problem in the future.

For example, a company selling weight loss products to people who have serious weight issues and are currently struggling in pain, are bound to outperform nutritional supplements developed to ward off future physical ailments or gaining weight.

That's one reason why global warming and environmental issues are a tough sale. Because, until they have an immediate tangible impact on a person they are not as motivated to take action. When selling, imagine that you're capturing an emergency room environment in your approach.

**Tip: It's always easier to solve a pressing pain than to sell prevention. When selling, imagine that you're capturing an emergency room environment in your approach. You prospects want a remedy now!**

You don't have much time. Grab the attention of your prospects' attention right away. Use the power of endorsements so your prospects can see themselves in your most satisfied customers. Take the risk off of your prospects so they have no hesitation about buying. And use the power of scarcity and urgency to get your prospects to act right away. Use these techniques and you'll create a crowd every time!

**How can you create scarcity in your offer?**

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**How can you add urgency to your offer?**

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## About Jon Goldman

Jon sold out of his \$24 million promotional company to pursue his passion — helping entrepreneurs turn their ‘stucking’ points into launching points for success.

Jon’s frustration at seeing creative, intelligent business people ‘stuck’ propelled him to create a company focused solely on supporting the entrepreneur/leader to retool his or her business and life – Brand Launcher.

### ***It takes one to know one...***

Business renaissance man Jon Goldman is a successful entrepreneur, rainmaker, personal development coach and mentor. He brings many skills to the table -- most notably a rare combination of marketing savvy, business process engineering and deep personal insight. Jon’s fresh, unconventional approach has made him a direct response superstar.

In the direct mail world, he’s recognized as ***The Lumpy Mail Man***. His advice and expertise have helped clients increase their direct mail response rates by 10 times!

He is the author of **The Million Dollar Lumpy Mail™ Marketing System**. It’s the world’s largest and most authoritative how-to kit and resource for supercharging any direct marketing campaign. Jon is the author of **The 90 Day Launch System** and **The Secret of the Watermelon**.

Jon Goldman currently lives in Baltimore, Maryland with his wife and children.

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