

THE
EIGHT
ABSOLUTE, ESSENTIAL
LAWS OF
MARKETING



The 8 Absolute, Essential Laws of Marketing

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Second Edition

The 8 Absolute, Essential Laws of Marketing

By Jon Goldman

Right now, you have the best of both worlds. You have in your hands my eight ingredients of the best marketing promotions ever created. And you didn't have to spend the millions of dollars I did to learn these lessons.

All the lessons I learned are right here in this manual for you to benefit right away. Use this as a reference tool and above all use it as a checklist. In fact, I've included a checklist based on the advice in this special report for you to use before every promotion goes out the door.

You won't want to use every recommendation in every promotion, but you will want to use many of the ingredients listed. Put them to work and see your response rates soar.

There's no time to waste, so let's get started ...

Essential Law #1

Identify your Hungry Fish

Your marketing begins with your prospects – not your product! It’s not about what you have to sell. It’s about what the market needs.

And the more narrowly you can define those needs to a particular group, the better. Bigger is not necessarily better when talking about market size. In fact, I always recommend that you try to narrow your market as small as you can.

Take, for example, Dr. Alvin Schamroth (www.exampro.com). When the HMOs began requiring its doctors to be board certified, Dr. Schamroth, an OB/GYN at the time, saw an opportunity to fill a need. Oral exams are part of the boards and few students are trained in the art of taking an oral exam.

Dr. Schamroth learned how to take oral exams from his late father, who also was a doctor. He also learned from experience while attending medical school in South Africa where oral exams are a common testing procedure. From his experiences, he simplified his methodology and now teaches other OB/GYNs how to pass the oral board examinations.

His niche is not just OB/GYNs, which is already a very narrowly defined market in the medical field; he narrowed his niche even further to only include OB/GYNs interested in taking the oral board exams. That includes only 1,200 – 1,300 people each year in the United States!

“Despite that infinitesimal small number we’ve been able to develop a wonderful company with a superb reputation and it’s been rewarding both financially and in terms of academics and in terms of educational experience,” he says. Not everyone was supportive at first. Some colleagues called him “crazy” and told him he had better things

Tip: Narrow your market as much as possible and you’ll find a niche that’s filled with riches. Dr. Alvin Schamroth didn’t just try to market his exam service to doctors. He narrowed it to just OB/GYN’s and narrowed even more to those taking just the oral board exams.

to do than waste his time on a market so small. “But I knew I could do it. I had done my homework and I crunched the numbers and I was confident that I could make it work,” he says.

He knew it would work because he tested his approach with other students and he saw firsthand how his training helped them. “They were so appreciative and they all did well on the exam subsequently and there really was no doubt in my mind that this was needed and would go down well. And that’s exactly what’s happened.”

His niche is small and because his system has been simplified and codified for his hungry fish, it is wildly successful. He’s also now beginning to expand his market to include radiologists and pediatricians who need help preparing for the written exams in addition to the oral exams.

“I need to know what my audience wants,” he says. “Then I’ve got to deliver exactly what they want in the most efficient manner possible. I hold the philosophy that if I do that I won’t need to worry about the financial aspect. It will come. And with the good Lord’s help it’s come very nicely and I can’t complain.”

Schamroth adds: “The thing is, focus on a good service, a good product and the rest will come with it secondarily.”

Just as Dr. Schamroth did, you want to swim in a small pond and then market yourself to become a big fish in that small pond. There are riches in niches.

Christina Hills (www.shoppingcartqueen.com) who is also known as “shopping cart queen” specializes in helping marketers and business owners build online shopping carts on their websites. Susan Friedman (www.richesinniches.com) trains exhibitors how to sell their products and services at trade shows. Dan Gordon and Jim McHale (www.pmpwealthbuilders.com) work with pest management professionals to help them manage and grow their businesses.

In every case, the entrepreneurs leveraged their expertise to carve out a niche in the market. They understand their prospect’s challenges and they developed solutions to help them. That’s the pond where you find your hungry fish. It’s easier to sell to a fish hungry for a solution.

How to catch hungry fish

Stay away from mainstream advertising techniques. Most advertising you see on TV or in newspapers, is a waste of money.

Instead, create a relationship with your hungry fish. One of the best techniques create a relationship is use direct marketing tools, such as direct mail. It's far cheaper and you can get your message across much better in a letter or package sent to someone's home or office. The key is to get them to open it! We'll talk more about that in this special report.

Not every prospect will respond immediately. In fact, 81% of all sales come after the fifth contact. Most businesses give up within the first three contacts so remain persistent. It will pay off for you.

Always offer a "next step" for prospects to take with you as you build your relationship. The strategy of "next-stepping" is an ongoing process of asking, "Can I?"

Make the relationship ongoing. Perhaps you can give a free course in which you can send information to your prospects via a direct mail piece or an auto response e-mail. Use multiple e-mails to communicate your point. They are cheap and build the relationship.

WARNING: Stay away from conventional advertising on TV, on radio or in the newspapers. It's a waste of time and money! Instead, create a relationship with your hungry fish using direct marketing tools, such as direct mail.

The communication must be designed to go back and forth like a ping-pong game. Your communication system should be triggered automatically, not manually. This is where you will gain tremendous leverage in your business. Set it up once and benefit from it for years to come without having to recreate it every time. To see a live example go to www.watermelonsecret.com and see how I offer you a FREE report in exchange for your email address.

Who can help herd fish into your net?

The goal of your marketing is to generate leads, prospects and new customers. One of the best ways is to offer something of value for free to attract hungry fish into your marketing funnel. From there, you can try to convert them into buyers.

Other people can also help you herd hungry fish into your funnel including:

1. Endorser fish. Ask your prospects or customers to participate in a trial or experiment. It'll stroke the ego of your best prospects by creating an exclusive group and you'll give yourself a pool to recruit endorsements from. Who are the best volunteers, schmoozers and bloggers in your market who can endorse you?
2. Big Talkers. These are the people who have a huge influence on your prospects. You don't have much control over what they say, so be sure to frame the story for them.
3. Small Talkers. These are influential people too, but they lead more by example than by what they say.
4. Your own customers. Most companies fail to ask customers for referrals because they don't care as much about their current customers as they do about getting new customers. The best time to get a referral is within 30 days of the sale.
5. Other companies. These are companies that you can "tag-along" within a promotion to their customers. It gives you greater leverage by having other people work for you by increasing the sales opportunities you would not have gotten otherwise. Look for a partner that is already doing business with your ideal customer base.
6. Club or association directors. The key in such a partnership is to appeal to their needs – more money and more members. Offer the association a share of the profits for every sale you make at a special discount for their members as part of a membership drive. It's a win-win. The offer appears as a benefit for members and it helps you increase your pool of prospects.

What "next steps" can you offer that will lead to the sale?

Who can you recruit to endorse your products?

Essential Law #2

Create irresistible bait for your hungry fish

Next, you must create an irresistible offer – one that your prospects would be foolish if they said no.

I have much more to say about this very important topic in my special report, *“How to Create an Irresistible Offer No One Can Refuse”* so be sure to read that as well for even more advice. Here are some of the best ideas that I’ve used.

- **For every dollar customers spend with you, give them two to four times the value.** To make your offer irresistible, you must up the ante. If you’re selling a book, add a workbook to go with it, a quick-start guide, quick reference tools and CDs with interviews of you about the topic. All are low-cost tools that increase the perceived value of a book.
- **Test your next offer with a soft offer.** Get a person to say “maybe” and agree to a 3-week or 3-month trial in your first offer. Once they establish a relationship with you, they’re 50% more likely to say “yes” to your second request.
- **Offer a free sample or free information – before your hungry fish buy!** But, they must be valuable to the prospect!! Free information changes your status from that of a commodity vendor to that of an expert in your field and your industry.
- **Ask how you can use curiosity to create a vessel that you can fill with your product or service.** Look for something that you know your prospects don't know – which entices them to respond. A consumer’s brain is constantly scanning for pleasure (such as saving money) like a search engine scanning for a word. When your offer makes a promise of pleasure or relief, a prospect’s brain lights up.
- **Offer rebate certificates to your prospects.** They can serve as a loss leader that will encourage customers to buy additional services. And

in the end, most people won't actually use them, but the rebates still resonate as an incentive.

- **Offer a free gift with a purchase.** The best free gifts to use are those that are unrelated. For instance, Shell Oil company's best promotion was a free set of steak knives with every new credit card. The key is that the premium must have personal relevance.
- **Always have an offer for the wealthiest, highest-end customer.** There will always be a percentage of the people who will buy your most expensive, most outlandish, most profitable service.
- **Create a tiered offer** with your highest-priced offer positioned as your "Best" offer or your "Gold" offer and include an exclusive gift for those customers.
- **Make your offer stand out with a Buy One Get One Free offer.** Three times as many people will buy the offer when it is a BOGO offer compared to any other offer.
- **Use specifics in your marketing language.** For example, "reduce overall cost," "increase performance," "reduce hassle," "improve sexual performance" are all specific phrases that tell a prospect about a benefit. Speak directly and say, "This will increase your ROI by 15%" vs. indirect passive language such as, "ROI will be increased by 15%."
- **Create a 10-second sound bite** or elevator speech that explains very succinctly what you do and what benefits you offer. The shorter and more succinct your sound bite is – the more memorable and profitable it is.

Essential Law #3

Make a statement with your Grand POOBA

Your Grand POOBA is your Promise of an Obvious, Overt, Benefit, Always. It's your big, bold message that tells a prospect why they should buy from you. More importantly, it's a promise that sticks with your hungry fish.

Why do you need a POOBA? Because we live in the age of "*advertising resistance*." Unless you have a POOBA, your offer will fall on deaf ears. A POOBA separates you from everybody else.

If you have a POOBA, you are three times more likely to be successful than if you don't, according to research studies we've gathered. However, few companies have a promise that really stands out in the market.

Why don't most companies offer POOBAs? They get too wrapped up in their product and forget about the experience of their hungry fish prospects. They try to outdo each other on the next promotion and forget about creating a promise that will stick. These companies don't think about what a client would really want, and many times, their advertising highlights the company and not what the company can give the client.

The ultimate reason why somebody buys something is because it has a POOBA that relates specifically to them. The POOBA requires the seller to make a commitment, and that commitment must stick like a magnet.

Tip: The ultimate reason why somebody buys something is because it has a POOBA that relates specifically to them.

And like a magnet, your POOBA should repel some prospects. It should be so specific that it only appeals to your core market. That message won't appeal to everyone and that's no fine. There's no sense in wasting your time and energy trying to sell someone something they don't want or need.

How to make your Promise stick

What is the promise of the POOBA? A promise is a commitment to a future result. Promises have specificity to them and make a specific claim.

Although few companies are willing to do it, your promise should improve or change performance. Performance is essential. If you can't promise performance outright, then you should keep looking at your product and come up with a way that you can. (Example: *"You'll get 30% more miles per gallon with this additive."*)

How will you promise better performance? Look for a measurable index that you can increase or an index that you can decrease. Another promise could be based on satisfaction although, never promise general satisfaction. Be specific.

Tip: Be sure to limit your promises to just one or two in your POOBA. You'll increase your chances of success, but be sure it's specific!

An Obvious and Overt benefit increases success by 75%

This is an essential part of the POOBA. The more obvious and overt something is, the greater your chances of success. The good news is that simply by making your offer more obvious and overt, you will literally increase your chances of success by over 75% based on research of over 900 brands.ⁱ The bad news is that unless you pay special attention to it, you will forget to do it, like 90% of marketing.

I don't need to tell you that we are overwhelmed with marketing messages. So you need to create a promise that will stand out and get noticed.

One of the best examples is the Chrysler minivan. Chrysler held more than 50% of the minivan market in the 1980s because it offered an overt benefit where others did not. Every other automaker was offering big clunky vans or station wagons. All the cars were limited in space and the vans were expensive.

But Chrysler's minivan promised a van that drives like a car. Suddenly it was the perfect vehicle for soccer moms and the nuclear family. The Chrysler formula: Build the minivans on a car platform, rather than a truck platform, have the ability

to carry seven people and a variety of cargo, and make it compact enough to fit in a standard garage.

They found they were able to tag their product to “soccer moms,” and appeal to a certain niche in the market. Essentially Chrysler said, “If you have a family and you want to fit your family and all of your equipment and your luggage and your bicycles into one vehicle and still drive it like a car because you're a mom, then this is the vehicle for you.”

That overt benefit resonated and their sales, which were so low in 1984 that the company teetered on the edge of bankruptcy, dramatically increased. Within three years, Chrysler recorded \$1.5 billion in sales, mainly through the introduction of the minivan.

Your benefit should answer: “What’s in it for me?”

Your POOBA must have a big, bold benefit that tells your prospects what they will get.

When you have a big, bold benefit your customers can see, sales will skyrocket. Companies like FedEx, which now has revenues of \$29 billion, and Dominos Pizzas, which now has now over 8,395 stores (as of this printing) in 55 countries, and \$5.1 billion in sales, all offer an overt, bold benefit to the customer. You must answer your prospects’ biggest question: “What’s in it for me?”

Customers don’t really care about you, the seller, with the exception of perhaps your mother. They only care about themselves.

When someone else has a problem, it’s a *tragedy*. When it’s your own problem, it’s a *crisis*. So what does that have to do with marketing? Every time you use the word “I” or “We” in your marketing material, try to remove it and replace it with the word “You.” For example, instead of saying,

- “We provide better oil changes in less than 30 minutes.” Change that to, “You can get a better oil change in less than 30 minutes.”
- Instead of saying, “We replace and refurbish kitchen cabinets,” try instead, “You can have new cabinet faces on your old cabinets in 48 hours or less.”

Tip: Be sure you’re communicating with your customers by talking specifically to their needs – not yours! They really don’t care about you.

- Instead of saying, “We have the best milkshakes,” try saying, “You can enjoy a cool milkshake for free when you bring a friend.”

Remember, your benefit should be big and bold. It’s not enough to simply offer a benefit. Most companies will try to do that too. You want to stand out from the rest so make your benefit grab your prospects’ attention.

For instance, All-American Tax promises a tax refund within 30 minutes for low-income people when they bring in their W-2 tax forms. Tax refunds usually take an entire month. All-American Tax will also cash your check right there on the spot while you wait. They have a bold benefit that promises the following: “You’ll get the biggest legal refund allowed by the IRS – guaranteed or your money back.” And they give free electronics and luggage just for coming in and using their service. This is irresistible bait. After implementing these programs, their business was up 65% the first year and 63% in the second year.

To find your own POOBA begin by asking yourself these questions as they relate to your core products. Look beyond what the rest of the industry is doing and consider some ground breaking alternatives.

Where do customers see a difference when using your product?

What can they do better or easier?

When do they see a difference?

Why is there a difference in performance?

How is the difference measured?

Essential Law #4

Create your Big Zig

What is a Big Zig©? A Big Zig is what makes your company stand out and shout, “I’m not like all the rest!”

While everyone else is zagging in the market, you want to zig. And the bigger the zig, the better. We’re in the age of advertising resistance, so you must make your offer radically different from everything else that’s in your industry.

For some companies, this could mean gaining more visibility for your product by being more flashy and unique, for other companies it could mean restructuring their offer to look remarkable in the crowd. Otherwise, you’ll fall into the “me too” world and get lost into oblivion.

How important is the Big Zig? If you have the Big Zig, according to Harvard Business Review, you have 370% higher chance of being successful.

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Challenge the bedrock assumptions in your industry! What is your entire industry doing? What is your industry’s “sacred cow”? Does your industry need to work this way or have the lemmings taken over? (Remember – as Mark Twain said, “Sacred cows make the best hamburgers”.)

In Japan, for example, getting a haircut can be an experience that includes hot towels, shoulder rubs and tea or coffee which can often turn into an hour long ritual. QB House, or Quick Beauty House, offers something very different – a quick, high quality haircut without the extras.

QB House has chosen to take a no-nonsense, practical approach. They now offer a quick, 10-minute haircut. In doing so, they are much more efficient with using resources, and can charge 33% to 20% less than competitors, and earn a greater profit.

This idea has caught on, and is spreading throughout Asia, slowly changing the cultural perception of what a haircut is meant to be: a beautiful cut, which can be done quickly.

How can you differentiate your company in the market?

What can you offer that tells your fish, “I’m not like the rest!”?

Essential Law #5

Give your fish a reason to believe

Better price, better quality and better service are not enough to compete. You must give your prospects a reason to believe you.

Master the skill of giving your fish a reason to believe you and you'll increase your chance of success in the market. You'll only have an 18% chance of success if you have a low real reason to believe. You'll have a 29% of success if you have a medium reason to believe. But, you'll have a 42% chance of success if you have a high reason to believe. That means that you've got nearly twice as much chances of success if you provide a real reason to believe.ⁱⁱ

The key is to provide overwhelming amounts of credibility.

People won't believe your claim unless they believe that there is a proof of concept. The bigger the claim, the more proof you need. The bigger the risk of the purchase, the more credibility and more proof you need.

Use specific numbers, tests or studies to back up your claims. Another way that you can prove a concept is by having a person taste it or test it out themselves; a demonstration will do wonders for providing proof of concept. Engage as many senses as possible. When a person has tasted your product for themselves, they become a believer. How about touching it? When a person can touch the leather seats in your restaurant or feel the rich mahogany tables, they will believe you when you say everything you do is of the highest quality.

There's one word you can use to help you establish credibility: Because.

When you hear the word "because" it immediately relaxes your trust filter. The word, "because" lets us trust the source because we know that the reason will be explained to us satisfactorily.

A Harvard psychologist named Ellen Langer did some incredible research.ⁱⁱⁱ She created an experiment in a library using three different scenarios.

1. In the first scenario, she asked students to walk up to people waiting in line to make photocopies and say, "Excuse me, I have five pages, may I

use the copier machine before you?” Sixty percent of the people let the questioner go ahead of them. That means people are generally nice. But there’s more.

2. In the second scenario, the student walked up to people waiting in line and said, “Excuse me, I have five pages. May I use the copier machine because I am in a rush?” How many people do you think let the person go ahead of them? If the first group was 60%, then maybe 75-80%? Actually, 94% let the petitioner in line ahead of them just because they added the words “because I am in a rush.”
3. Dr. Langer did one more experiment. She had a scenario whereby she had the petitioner ask the following, “Excuse me, I have five pages. May I use the copier machine *because I have to make some copies?*” How many people do you think did it then? This time, 93% of the people let the petitioner in. Imagine using the word “because” and giving a valid reason. People will be almost twice as likely to respond to you.

Look at your Big Zig and ask yourself, “Why should my prospects believe my company (or my product or service) is different from everything else?”

Because:

Now look at your POOBA and ask yourself, “Why should my prospects believe my promise?” **Because:**

Increase the power of your claims with the “skin of specificity”

Remember, be specific in your claims. I call it the “skin of specificity” and it should be included in every promise you make and every testimonial that you use.

Statements such as: “We have the best fish in town,” or “We are the cheapest,” or “We are the fastest,” fall on deaf ears. Make a specific claim and back it up. You’ll win the credibility war.

For example, you may say, “We have the fastest service in town,” then add a quote or statistic about how quickly you serve your customer: “Our average customer wait time is less than 38 seconds.” Specifics catch a consumer’s eye and mean more than platitudes.

In another example, a mortgage company in Virginia wrote a letter to prospects stating, “I am sending you this letter regarding your property at 613 Cedar Avenue with your current mortgage from Baywood Mortgage. Based on your current adjustable rate mortgage, you can expect an increase of approximately \$487 per month. In order to stop this increase from happening, contact us immediately at...”

Here’s another example. A Mississippi tax advisor sent a letter that read, “The average new business pays more than 27% more in taxes because they don’t know how to take advantage of the new IRS law mentioned in chapter 28, section 11 of this year’s financial standards. You don’t need to be penalized for this. Realize savings of \$17,500 or more.”

The skin of specificity is just as important in your testimonials.

What do you think is more important to a prospect – what you have to say about yourself or what somebody else has to say about you?

Of course, what somebody else has to say is more important and give the choice, a prospect will always read a testimonial.

Tip: Use the “skin of specificity” to increase the power of every promise you make and in every testimonial you use. It adds credibility to your claims and makes you more believable.

So when you sell something and someone is pleased with you - capture a testimonial RIGHT AWAY! And ask them if you can use it in your future marketing. If you can get them to sign their name to it – all the better.

WARNING! Don't make the same mistake most business owners make and only ask for testimonials when a marketing deadline is approaching.

And don't just ask someone to send you a testimonial. Ask your customer to retell their story. Most people love to do this. When you approach your satisfied clients, ask them for specifics. Don't be afraid to structure testimonials to your benefit. If clients are satisfied, they will be happy to help you.

In your testimonials, look for ways you can overcome the objections potential clients might have. A problem in the insurance industry is that people are afraid of high-pressure sales. Prospects don't want someone to call them again and again, pushing them into a sell. So, a smart insurance agent named Dean Cipriano accentuated this industry predicament and stated, "We promise that you won't ever receive any high pressure sales when we do business together." He would have his testimonials talk about what a pleasure it was to work with him and how his clients trust him.

Tip: Anticipate your prospect's objections and use your testimonials to overcome them. Common objections could be trust, cost or concerns that it may take too long. Have your customers put those concerns to rest in their testimonial as they retell their story.

Here's another good example from Jim Page, director of membership for Sinai Wellbridge Fitness Centers outside of Baltimore, Maryland. Jim's testimonial after he did a marketing campaign for new membership was as follows: "Using Goldman's strategy, we brought in over 2,800 new members. That's nearly \$3 million in sales before the doors even opened. Our management team with over 25 years experience predicted the grand opening sales of 1,100 new members. However, we exceeded our expectations and we brought in over 2,800 new members up front."

What a difference! Because Jim was able to talk about specific results and exceeding specific expectations, it has more teeth to it. It's more believable than

someone who says, 'Our sales really increased by using their strategy'.

What objections would your clients have about your claim that would make them skeptical?

Who could give you testimonials that address those objections above?

How can you make it specific?

Essential Law #6

Give your fish a PASS

PASS stands for Pain, Agitate, Solve and Story. The idea is to give your fish a reason to believe that you understand what they're going through by doing the following:

1. Identify your prospects' pain points.
2. Agitate it.
3. Show how you can solve it with your product or service.
4. Demonstrate your solution in a story.

These are the four secret ingredients of any successful advertising or marketing campaign. They must have all four. If not, you may as well toss your marketing in the trash because it won't perform well without these ingredients.

You've probably heard the expression, you can lead a horse to water but you can't make him drink. In the same way, you can lead a prospect to your offer, but you can't make him buy.

Conventional wisdom tells us that we can't force anybody to do anything. This is true. But if you know the following secret, you CAN MAKE HIM WANT TO BUY.

The secret is to make him THIRSTY. The question is: How can you create a thirst for your product or service?

The secret to making a horse drink is to salt his oats!

You can create a thirst among your prospects by agitating their pain. That will get your prospects to buy!

The best way to do this is to tap into your prospects' emotional hot buttons.

Tip: We can't make a prospect buy something. But we can create a desire or thirst for it. The key is to agitate your prospects' pain by tapping into their emotional hot buttons.

One of the biggest hot buttons is the fear of losing something. It could be the fear of losing your job, money or health.

For instance, the American Cancer Society encouraged college-age women to perform self-administered breast examinations. They created two groups. One group was told, “By doing this self-breast examination now when you are young, you can learn what normal, healthy breasts feel like so you will be better prepared to notice any small, abnormal changes that might occur as you get older.”

The same message was worded differently to Group B. The cancer society talked about fear of loss. The message was rooted in the negative mind frame that said: “By not doing a breast self-examination now, you will not learn what your normal breasts feel like and you will be ill-prepared to notice any small or abnormal changes that might occur as you get older.” Notice the only thing that was changed was making everything negative instead of positive.

Initially, the negative message out pulled the positive message dramatically and it was confirmed four months later by a follow up study.^{iv}

Tip: Fear of loss is one of the most powerful emotional hot buttons you can tap into in your marketing. It usually out-pulls a positive message every time.

Fear is a very powerful motivator. Let me give you another example. When real estate investors market to people who have had bankruptcies or are potentially facing foreclosure, they start to describe what it is going to be like when the bank forecloses on their property. They go into the details of how embarrassing it will be when they have to explain to their family and neighbors why they lost their house. You can see how awful that can be to envision. By marketing their services in this fashion, the home owner in potential foreclosure is motivated to call to see if the real estate investor can help them come up with a better solution than foreclosure. It’s easier for the home owner to envision the benefits.

If you can put a face on the loss and quantify it then you will be surprised at how much your response will rise.

You can even test it with a simple voicemail using a negative message versus a positive one. When you make sales calls, even cold calls, leave some voicemails discussing the prevention of the negative inevitability of not using your product

versus the positive outcome of using your product.

Once you've identified your prospects' pain, agitate it a bit by letting them know how much worse things may get, if they don't solve it.

Give your prospects a mirror so they can see themselves in the story you're telling in your marketing. He who controls the story wins.

Next, show how you can resolve their pain or meet their wants and needs with your product.

If your prospects have a desire to look good, for instance, show them how much better off they'll look with your solution.

Or, if they have a fear of losing money, show them how you can save them money. Illustrate it in a story.

Tip: Once you've identified your prospects' pain, agitate it a bit. Let them know how much worse things may get, if they don't solve it.

What will people lose if people don't buy your product or services? In other words, what problems will they face? What kinds of damages may incur?

Essential Law #7

Create scarcity and urgency

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.

Scarcity and urgency work 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. E-Bay uses both scarcity and urgency by advertising the availability and the deadline to submit a bid. Bidders get caught up in the excitement and the competition. This is supply and demand in its intricate dance.

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 was obvious: the 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, they began urging the beef import company owners to pre-order more beef in anticipation of the scarce supply.^v Sales increased six-fold.

Here are some methods you can use to create scarcity and urgency.

Limit the time your offer is available. Warning: Do not lie. Many business people, especially on the Internet, pretend as though their product has a limited time availability. When people check the website after the deadline 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.

Consider limiting the quantity available. Use the law of supply and demand to your advantage. By limiting the quantity, you actually increase the 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 recommended that he double his subscriptions by limiting readers to only one million. "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," he suggested. 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 million mark.

Limit the availability of bonuses. How can you do that? Offering a take-away on bonuses 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 place the limits on the number of orders that you will fulfill, you can dramatically increase sales.

Essential Law #8

Take advantage of the Law of Risk Reversal

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

In order to move on to the next stage of business, you must absorb *all* the risk. You must understand that there are so many barriers customers must go through before they can trust you. Your goal is to eliminate those barriers.

One the best ways to tear down the barriers is to reverse the risk and take the risk of buying off the customer and put it back on you. Some of the best risk reversals are guarantees and warranties. When you offer a great guarantee, two things happen - you increase the quality of what you sell, and you dramatically attract more customers.

When you offer a warranty, you offer a long-term guarantee that says you'll stand by your product. The warranty is a written promise of repair or replacement in the future. It reduces prospects' worries about the quality of the product and what may happen to it after they've bought it.

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 about guarantees

Most people never take you up on your guarantee!

Just like rebates, most people will not file a warranty claim or take you up on your guarantee and ask for their money back.

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 warranty 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 they've purchased.

The late marketing expert, Gary Halbert, ran a very successful mail order company that sold genealogy materials and offered this guarantee: “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!” He rarely got a request for a refund.

Bigger is better

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 your guarantee, the more sales you'll make and the fewer number of people who will take you up on it. 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 outweighs the refunds you'll make over the lifetime of your business.

Tip: Make your guarantee as big and bold as you can. You'll make more sales and you'll find very few people will actually take you up on your guarantee. The upside of creating more buyers far outweighs the refunds you'll make over the lifetime of your business.

There's a funny story about a guarantee. You must be careful what you promise, because sometimes your promise can backfire.

Robert Kropinski, a 36-year-old Philadelphia real estate manager, sued the Transcendental Meditation Society and its guru Maharishi Mahesh Yogi because after 11 years of studying with the Maharishi he never achieved “the perfect state of life” they promised. He also never learned how levitate as they promised. Kropinski was awarded \$138,000 in damages by the US District Court in Washington, D.C.

The lesson? Make sure you deliver on promise.

Unconditional guarantees are extremely powerful risk reversal techniques. Some companies are famous for their unconditional guarantees. Sears offers an unconditional lifetime guarantee on all its Craftsman tools. Why? Because they know that their sales increase by doing it.

Here are some of the best types of guarantees you can offer.

Speed of delivery. Domino's Pizza is famous for promotions that promised deliveries within 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 customer's 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 used specific number of days to give his promise 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.

Performance guarantee. Lumpy Mail www.lumpymail.com. Utilizes a 10:1 guarantee that says you will receive a 10 to 1 return on your membership 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 ROI within a very specific timeframe. Your sales pitch may sound something like this ...

“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.

How can you reduce the risk of your offer? (Answer the following questions that apply to your business. Can you promise speed? Can you reduce the risk by offering a “try before you buy” process? Can you let a person try it for 30 days, 60 days, or 90 days? Can you lengthen the payment process? Can you guarantee or promise an outcome or performance?)

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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.