

**The 27 Common
Financial &
Marketing
MISTAKES**

**That Right Now
Are Costing
Owner-Managed
Businesses
\$Millions Each Year**

Marketing Mistake #6

Failing To Use Testimonials

Let's be honest - selling isn't easy. Unless a prospect is convinced the product or service will give them the result they're seeking, the sale won't be made.

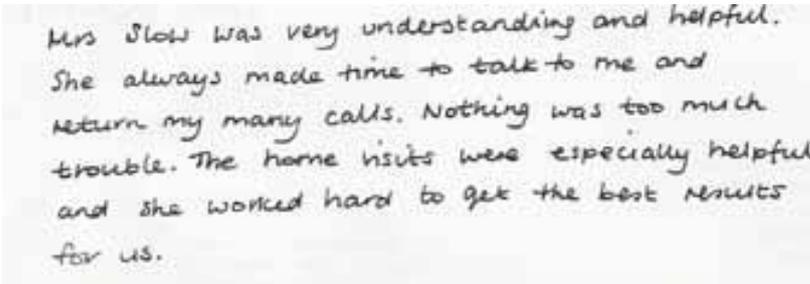
And what people say themselves about their business and their products or services is often taken with a 'pinch of salt'. After all, we're all sceptics these days. So how can you almost instantly prove to the prospect you can deliver on your promises?

It's actually much easier than you may think. All you need to do is use 'customer testimonials'.

Again we can't tell you how often we see businesses trying to sell and market their products or services without the use of testimonials. They make life very, very difficult if they don't use testimonials. Testimonials have the power to get customers by the bucketful (we also call this 'Social Proof').

Take a look back at the direct response ad on page 37. Notice how much credibility the testimonials add to the sales copy. Notice how believable the 'story' now becomes. Without testimonials this ad would have been nowhere near as successful.

Here's a simple example from a firm of personal injury solicitors...



Mrs Slow was very understanding and helpful. She always made time to talk to me and return my many calls. Nothing was too much trouble. The home visits were especially helpful and she worked hard to get the best results for us.

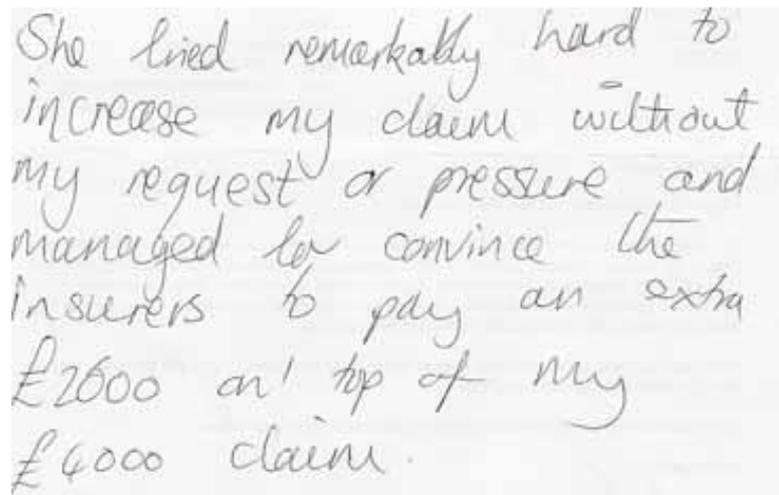
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Notice the number of benefits in this one testimonial alone...

- Understanding and helpful
- Make time to talk
- Returned many calls
- Nothing was too much trouble
- Helpful home visits
- Worked hard to get the best result

If you were looking for a personal injury lawyer, don't you think this testimonial would make you believe this firm would do all they could to get you the best possible result?

And that's just one of dozens they got, many with the damages amounts given, just like this one...



She tried remarkably hard to increase my claim without my request or pressure and managed to convince the insurers to pay an extra £2000 on top of my £4000 claim.

(Please note: Each testimonial when shown includes the full name and partial address of each client, although we've omitted them here for obvious reasons.)

You can't have enough testimonials. Place them in all your marketing communications. Place them where your prospects will see them – in your offices, in your reception areas, on your walls. Blow them up and parade them. Use video, audio and written testimonials and you'll see an immediate and noticeable difference in your sales and profits once you start using them.

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SIDE BAR COMMENT:

Don't think 'But my customers won't give me testimonials', because our unique **'Testimonials By The Dozen Letter'** ALWAYS works. Just like it did in the case above.

The 'Social Proof' you provide in your marketing ('testimonials' is one small part of Social Proof – 1 of the 7 elements) has a direct impact on the level of sales you make.

In other words – the more Social Proof in your marketing, the more sales you make and vice versa.

Marketing Mistake #7

Not Having A Risk Reversal Or Guarantee In Place

Important news flash... If you were to advertise a powerful risk reversal or guarantee, you'll be staggered by the success it achieves within weeks!

As you know, the benefit of any product or service is gained **after** the sale is made. Sometimes this can be days, weeks, months or even years after the first sale was made. This in itself places an enormous risk on the shoulders of would-be clients or customers. It's this risk that often prevents them from buying.

However, if you lower or eliminate this risk, then the natural consequence is people will be more inclined to buy.

That's the secret of creating a powerful risk reversal.

A risk reversal is nothing more than simply taking away the barriers from the sale and ensures that the prospect keeps progressing towards the sale.

As soon as you add a risk reversal or guarantee, it...

- Removes the risks of buying, ensuring more customers are gained
- Automatically differentiates the business from the competition
- Adds value. Prospects will value your products or services much more, because they'll assume the product must live up to expectations, or the business must be excellent at delivering the service ("Why would they offer a guarantee if the product or service wasn't great?")

The result is a BIG increase in sales and new clients or customers!

The ultimate aim is to guarantee the result or main benefit of your product or service, and add a 'penalty' should the service or product fail to live up to your promises.

Here's how it looks...

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Perfect Guarantee	=	Guarantee the result or benefit of your product/service	+	Penalise your business if result not achieved
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Here's a simple example of how risk reversal works:

A man wants to buy a puppy for his daughter. He responds to two ads in the local newsagent's window. He examines the first puppy and it seems ideal in temperament and looks. The owner says to the man, "If the dog isn't right for your daughter, bring it back in one week and I'll give you your money back."

Clearly he appreciated the value of risk reversal but he didn't fully understand it!

The man then goes to look at the second puppy...

Again it seems ideal in temperament and looks. Only this time the owner says, "Your daughter is obviously looking forward to her new puppy and it's important that she's totally happy with it. Please take the puppy, let your daughter play with it, look after it, and get to know it. If after three weeks the puppy is not right for her, bring the puppy back, and I'll refund your money in full and give you \$25 for your time, effort and trouble."

Now this man really understands risk reversal. First he extended the 'trial' period. He knows that his puppy is a good dog. He also knows after three weeks the puppy and girl will be inseparable. He totally reverses the risk.

You also need to understand this...

The company that reverses the risk, automatically gains competitive advantage and wins more business – in fact much more! This competitive advantage is very significant when attracting new clients or customers to your business.

Here's another example. It's one of the best we've ever seen. It's from a leading pest control company. Their guarantee is aimed at hotels and restaurants:

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“You don’t owe one penny until all the pests on your premises have been eradicated...if you are ever dissatisfied with Our services you will receive a refund for up to 12 months of the company’s services...plus fees for another exterminator of your choice for the next year.

“If a guest spots a pest on your premises, we will pay for the guest’s meal or room, send a letter of apology, and pay for a future meal or stay...and if your facility is closed down due to the presence of roaches or rodents, We will pay any fines, as well as all lost profits, plus \$5,000.”

Although we don’t know for certain, it’s easy to **assume** several things about the company from this guarantee:

- They are very good at pest control
- They understand the concerns of their customers with regard to hygiene
- They are very successful at attracting new customers!
- They are probably providing very similar services to their competitors. However, they understand risk reversal. Their **profits** I’m sure will reflect this!

Hopefully you now have a basic grasp of risk reversal and what it can achieve for your business. If you’ve given any thought to the strategy, several questions may be entering your mind...

“Won’t people try to abuse what I am offering?”
“Won’t I lose a lot of money with this?”

The key, of course, to successful risk reversal is this – if you offer a good product or service then you have nothing to worry about.

Unfortunately we cannot say no one will ask for a refund or for their money back (or whatever your risk reversal states). What we can say is that for every one of these,

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you will attract many more prospects and customers by simply offering a risk reversal in the first place.

Don't worry about this. Your risk reversal strategy is usually the one thing that tips the scales in your favour. Because you offer risk reversal your prospect thinks and assumes the following things about you...

1. If you're offering this risk reversal, you must be very good at what you do
2. You would be 'stupid' to offer such a guarantee if you were poor at delivering your promises
3. In the prospect's mind the risk reversal has 'proven' to him or her that you can give them exactly what they need
4. More importantly, when most people choose to buy a product or service, they choose it for perfectly **good reasons** and intentions. And they spend time making their decision. They wouldn't choose you in the first place if they wanted to capitalise on the risk reversal

Isn't it time you put in place a risk reversal or guarantee for your business?

SIDE BAR COMMENT:

This is one strategy that should be mandatory for every business!

The good news (as with the majority of these Marketing Mistakes) is most businesses are failing to capitalise on the power of guarantees and risk reversal.

Marketing Mistake #8

Not Using 'The Acres Of Diamonds Principle'

We can go into almost any business and release thousands of dollars of revenue and profit, literally overnight. We can do this NOT because we're expert marketeers (as it happens we are!), but because we tap into 'The Acres Of Diamonds Principle' that every business possesses.

Often the difference between people like us and anyone else is that we know where to look, and we know what to do

What is this 'Acres Of Diamonds Principle'?

Let us explain...

One of the most interesting Americans who lived in the 19th century was a man by the name of Russell Herman Conwell. He was born in 1843 and lived until 1925. He was a lawyer for about fifteen years until he became a clergyman.

One day, a young man went to him and told him he wanted a college education but couldn't swing it financially. Dr. Conwell decided, at that moment, what his aim in life was – besides being a man of the cloth, that is. He decided to build a university for unfortunate, but deserving, students. He did have a challenge, however. He would need a few million dollars to build the university. For Dr. Conwell, and anyone with real purpose in life, nothing could stand in the way of his goal.

Several years before this incident, Dr. Conwell was tremendously intrigued by a true story – with its ageless moral. The story was about a farmer who lived in Africa and through a visitor became tremendously excited about looking for diamonds.

Diamonds were already discovered in abundance on the African continent and this farmer got so excited about the idea of millions of dollars worth of diamonds that he sold his farm to head out to the diamond line.

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As the years passed by, he wandered all over the continent searching for diamonds and wealth, which he never found. Eventually he went completely broke and threw himself into a river and drowned.

Meanwhile, the new owner of his farm picked up an unusual-looking rock about the size of a country egg and put it on his mantle as a sort of curiosity.

A visitor stopped by and on viewing the rock practically went into terminal convulsions.

He told the new owner of the farm that the funny-looking rock on his mantle was about the biggest diamond that had ever been found. The new owner of the farm said, "Heck, the whole farm is covered with them" – and sure enough it was.

The farm turned out to be the Kimberley Diamond Mine...the richest the world has ever known. The original farmer was literally standing on 'Acres of Diamonds' until he sold his farm.

Dr. Conwell learned from the story of the farmer and continued to teach its moral. Each of us is right in the middle of our own 'Acre of Diamonds', if only we would realise it and develop the ground we are standing on before charging off in search of greener pastures.

Dr. Conwell told this story many times and attracted enormous audiences. He told the story long enough to raise the money to start the college for underprivileged deserving students. In fact, he raised nearly six million dollars and the university he founded, Temple University in Philadelphia, has at least ten degree-granting colleges and six other schools.

When Doctor Russell H. Conwell talked about each of us being right on our own 'Acre of Diamonds', he meant it. This story does not get old...it will be true forever... Opportunity does not just come along – it is there all the time – we just have to see it.

So how does this relate to you and your business? Any ideas?

Well, by far and away the most lucrative part of your business is your customers...

It's your customers who are your own 'Acres Of Diamonds'.

No surprise there then, yet 99% of organisations fail to tap into the most lucrative part of their business.

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Once a new customer is acquired it's your duty to enrich their life by giving them more value. More services. More products. More benefits. This is known as 'Back-End Selling'. And when this is carried out successfully (it isn't hard when you know how!) you'll begin to realise the potential your business has just waiting to be developed.

Strategies such as up-selling and cross-selling, for example, will enable you to increase the profitability of each customer.

As long as you look after your customers, they'll keep buying from you – but you must keep selling to them – or someone else will!

SIDE BAR COMMENT:

You should use a number of tactics, media pieces and strategies to make sure you tap into this extremely lucrative part of your businesses.

Some of the main ones are...

- Moments Of Truth
- The Customer Penetration System
- Referrals
- Collecting customer details

With the right application all these strategies and several others work together to help you get much more share from your customers' wallets.

This is THE easiest way to grow any business!

Marketing Mistake #9

Not Testing Your Marketing Strategies Or Using The 'Minimum Risk-Maximum Return Formula'

We have yet to come across a business that fully tests their marketing campaigns. Here's what we mean... Let's say you decided to send a sales letter to your target or niche market. You've bought a list that has 10,000 names on it.

You're certain that out of 10,000 you're going to get many orders, so even though sending 10,000 letters costs you well over \$5,000 (postage \$2,400, the list \$1,250, fulfilment (printing and packing) \$2,000), you have to do very badly to NOT make a profit.

You then sit back and wait for your windfall. Unfortunately the response was just 0.1%. You received just 10 orders at \$500 each, and each order has a 50% gross profit.

That means based on this first order you made a loss of \$2,500.

Now depending on the amount of profit you can extract from these new customers over the lifetime of their relationship with you ('Lifetime Customer Value') this could be either awful or very good for you.

However, we've seen several businesses go bust using this approach, because they were so sure their product or service would be sold by the bucketload, only to find that people simply weren't interested – or more likely the marketing strategy used just wasn't effective. This approach is very risky and will never yield the sort of results you can expect when you start TESTING.

This is where it gets interesting...

When you test, you automatically apply what we call 'The Minimum Risk-Maximum Return Formula'. This means you limit your financial exposure whilst maximising the return (isn't that what we all want?).

Using the same example above, here's how it works...

Instead of mailing everyone on the list with one sales letter, you mail just 3,000 people. And instead of using one sales letter you send one version to 1,000 people

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(selected randomly), another version to the next 1,000 people, and a third version to the final 1,000 people.

You've now got three tests running against each other.

The key is this...

Since you know that a headline change can increase response by 500% or more (see Marketing Mistake 19), you keep the same letter except the headline is different on each version. Here are the results...

Headline 1: 1,000 sent. Response 0.2% (2 sales at \$500)

Headline 2: 1,000 sent. Response 1% (10 sales at \$500)

Headline 3: 1,000 sent. Response 0.6% (6 sales at \$500)

Now that looks better. Headline 2 returned 10 sales. This headline and letter now become your 'control' (the best performing one) so you mail the last 7,000 names on the list and now here's what you get...

Headline 2: 7,000 sent. Response 1% (70 sales at \$500)

From the same list of 10,000, your testing enables you to generate 88 sales (2+10+6+70) generating a revenue of \$44,000 and a profit of \$22,000 against a loss of \$2,500 (without testing).

Also let's say that even after testing (to the initial 3,000), your figures looked awful – you made a loss. At least you can cut your losses right now. You'll have saved 70% of the costs you would have spent if you'd mailed 10,000 people in the first place!

That's what testing can do for you – it maximises your return and minimises your losses!

Here's a true-life example (these headlines were ones we tested for the direct response ad you saw previously)...

Headline 1: Revolutionary Creasing Device Totally Eliminates Fibre-Cracking, And Takes Just Minutes To Set Up – Even By Inexperienced Operators

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Headline 2: They Laughed When I Put The Tri-Creaser On My Folding Machine, But When They Saw The Results...

Headline 3: The END Of Cracking Problems

Which headline do you think pulled an extra 350%, and has been used in ads for over six years to generate millions of dollars (The answer is on the ad on page 37.)

And here's another simple example showing the virtues of testing...

On the next page are two small ads for a restaurant. Which ad do you think worked best?

Ad - 1

**“Who Else Wants
A Night To Remember?”**

**FREE Offer To Those Who
Care About
Australian Cuisine**

If you enjoy eating out and understand that good quality cuisine is worth paying for - this is for you...

Book a table for 2 or more people in the next 7 days and we'll give you a complimentary bottle of house wine.

There's no strings. We just want you to give our superb restaurant a try.

And what if you don't agree your evening was one of the most enjoyable evenings you've ever had? Easy. We don't want you to pay us a single penny.

That's how confident we are that you'll have a great meal and a fabulous evening! I guarantee you'll be delighted you chose us.

What's more our family owned restaurant

has the following specialities...

- Unique table layout - a mixture of private intimate booths, and party tables seating up to 40 people
- Exclusive private dining room for up to 12 people
- High quality fine Australian cuisine
- Comfortable bar area
- Extensive wine list from all major producing areas
- Award winning chef

To take advantage of this free offer please call us now on [REDACTED] and quote the code AT1. Thank you, I promise you'll have a wonderful evening and a delicious meal!

The Pump Room

[REDACTED]

Ad - 2

“How You Can Get A FREE Bottle Of Wine Worth \$15”

FREE Offer To Those Who Care About Australian Cuisine

If you enjoy eating out and understand that good quality cuisine is worth paying for - this is for you...

Book a table for 2 or more people in the next 7 days and we'll give you a complimentary bottle of house wine.

There's no strings. We just want you to give our superb restaurant a try.

And what if you don't agree your evening was one of the most enjoyable evenings you've ever had? Easy. We don't want you to pay us a single penny.

That's how confident we are that you'll have a great meal and a fabulous evening! I guarantee you'll be delighted you chose us.

What's more our family owned restaurant

has the following specialities...

- Unique table layout - a mixture of private intimate booths, and party tables seating up to 40 people
- Exclusive private dining room for up to 12 people
- **High quality fine Australian cuisine**
- Comfortable bar area
- Extensive wine list from all major producing areas
- Award winning chef

To take advantage of this free offer please call us now on [REDACTED] and quote the code ATZ. Thank you. I promise you'll have a memorable evening and a delicious meal!

The Pump Room

Any ideas which ad secured the most bookings?

Ad 1 generated 186% more bookings. That's nearly double. You never know unless you test. Just think if the restaurant hadn't tested, and just stuck with ad 2, how much money they'd be losing each week!

What this shows is that if you don't test, you'll never be able to get the best possible return on your marketing. Test your lists (target market and different media/readership), headlines, and offers – these three elements will give the best returns.

Plus by testing, you adhere to our 'Minimum Risk-Maximum Return Formula'. Before you invest any significant amounts of time, money or effort in any marketing or promotional drive, you must test the effectiveness of your campaign. That way, if it doesn't work the way you thought it would or should, you haven't wasted unnecessary resources. Plus it gives you the opportunity to maximise your returns.

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SIDE BAR COMMENT:

The more you apply measurable marketing strategies to your business – the more you'll realise that marketing and business growth is scientific rather than creative.

Look out for the 5th and final part tomorrow!