How To Beat The High Risk and Cost of Advertising

Don't Fall Victim To The 3 Biggest Lies About How Advertising Works

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"Customer Connect" Library

What Happens When Your Ads Don't Work?

When merchants pay to run an ad, they hope for and expect positive results. Unfortunately, 83% of all ads fail. This is regardless of media type -- be it newspaper, magazine, mass mail, bill-boards, radio or TV commercials, etc. What do I mean "fail"? They don't pull in enough customers to cover the cost of running the ad. The ROI (Return on Investment) is less than 1-to-1. In other words, you see less than $1 come back into your cash register, for every $1 you spent to run the ad. That's a net loss. How long can you keep that up?

Honest Questions, But Evasive Answers

Naturally, when a merchant sees little or no customer traffic generated from an expensive ad, it is going to raise questions in his mind. Ad Agents and Media Sales Reps have well practiced answers. I clearly recall these salesmen, going back more than 30 years ... and the slick answers they gave me.

I still hear these same answers, to this day. Their phony answers are nothing more than an attempt to evade responsibility. They don't want to accept any of the blame, when an ad doesn't pull and doesn't pay. Let's hear some of the things they say. ...

What are The 3 Biggest Lies of Advertising Sales Reps?

Have you ever been told these lies? ...

Lie 1. ***"Advertising effectiveness can NOT be measured."***

Translation: *"You can't hold us accountable if it doesn't work."*

Their implication is that there is NO way you can <u>measure</u> or be "certain" what impact the ad is having on your business. It supposedly works subliminally. They argue: Just because you didn't see any extra customers shopping in your store, today, doesn't mean they are not hearing, seeing and mentally absorbing. Naturally, your follow-up question would be: *"When will it work? How long does it take?"* So, that triggers lie #2 ...

Lie 2. ***"You didn't run the ad long enough."***

Translation: *"Pay us to run it again ... even though it didn't work and never will!"*

Their implication is that since ads work subliminally, effect builds up over a long period of time. The problem is, that time period is un-knowable and un-predictable. They argue further: If you stop now, you'll just lose all your accumulating momentum, and have to start up, all over again. The purpose of this answer is to trick you into endless running of costly ads. That's how the media sales rep or ad agency make their money -- on you buying ad space in their media. Remember from my last article, that they skim a 15% kick-back on every ad you buy. So, it's in their best interest to press you to keep buying. What about your best interest?

Dangerous Myth Wastes Your Money

Ad Agents and Media Sales Reps love to perpetuate the old myth that ***"You have to keep your name in front of the public"***. I know this is a commonly circulated myth, for two reasons. Firstly, 30 years ago, an employee of mine told me those exact words. He was a computer programmer, and had NO training or experience in Marketing. He was simply repeating what he had heard. The sad truth is: There is NO known or provable correlation between how much media space you buy, and how many customers respond (buy from you).

Secondly, I was one of those business owners who got burned by this old ploy *"You didn't run it long enough"*. I lost money which I couldn't afford to waste, in the early days of my business. Does that sound familiar to you, too? So, I went on a crusade to learn the truth. Here it is ...

Two Advertising Approaches -- Institutional vs. Direct-Response

There are two completely opposing types of advertising -- two distinct schools of thought. The one we are describing here is called "Institutional" or "Image". The goal is to run an ad so long that your company name becomes embedded in the mind of the public. Imagine some of the product brand names which are now American "Institutions" ... Coke, Jell-O, Band Aid, Kool Aid, Scotch Tape, Xerox, Kleenex, etc., etc. That's fine ... except ... It usually takes 7 years, and millions of dollars to build "Institutional" level awareness in the public's perception.

Is it possible to "build up" some subliminal perception -- enough to see some customers buying sooner than 7 years?

Yes ... But. ...

Does it build up in a reasonable, affordable amount of time? Well, here are the facts, and you judge:

Let's start with **"The Rule of 21"** ...
21 ... 27 ... 35 and still ratcheting up.

Forty years ago the old rule of thumb was *"The Rule of 21"* -- a given person had to see your ad 7 times before it registered strong enough on their memory to trigger a buying decision. Further, you had to run these cute, slogan-based, image-oriented ads 3 times for every one time they paid any attention. Hence, 7 x 3 = 21. In a few short years, that Rule of 21 rose from 21 to 27 ... The number of times required for them to see your message, before it sank in, had gone up from 7 to 9 (so, now 9 x 3 = 27). It's just going to get worse. (At last report, it's now over 35).

Do you have that long to wait, and deep-pocket mega-bucks to spend? If not, what's the alternative?

A Newer, Smarter, Better Approach

A whole new method was developed in the 1960's, by pioneering ad genius Maxwell Sackheim. It's called "**Direct-Response**". This means you send an ad "message" aimed <u>Directly</u> at the customer's buying motivations and habits. Tell him what he wants to hear and already believes. Connect with her longings. Address his self interest. Then, he or she <u>Responds</u> back -- by coming to your store, or placing an order. It's a very direct and immediate process -- reach out, and get a quick, definite response right back -- hence, it's "Direct-Response". Each ad stands or falls on its own merit. You see <u>immediate</u>, <u>measurable</u> results <u>from the first run</u>. You don't wait (and spend money) for 21, 27, or 35-plus insertions. You get results, NOW. You see customers and dollars NOW.

Why Institutional Ads Don't Work

Institutional Ads rely on glitzy, hyped up, imagery. Yes, gratuitous images may draw fleeting attention. But that, alone, does NOT sell. Graphics represent only 5%-10% of ad success. Did you know that? It's the single least important aspect, yet most ad designers focus on it. They make graphics the core thrust, in a mis-guided belief that flashy visuals magically cause people to suddenly feel a "need" to buy a product or service. Human psychology does NOT work that way.

Decades of deliberate scientific testing repeatedly confirm that WORDS penetrate deeper into the mind (and heart). Deep enough to trigger buying desire. Words cause humans to form their own mental image -- they get to "see" a promised benefit exactly as they want and hope to see it.

The Big 3 Ad Success Factors

Fully 80%-90% of selling success rests on 3 factors, in this order: 1. "List" (a target audience receiving your message -- people "profiled" and selected because they are already predisposed to want what you are selling). 2. "Offer" (the sales message you send -- describing your product and its benefits which a customer expects he will gain). 3. "Copy" (written WORDS in any ad or news article -- used to convey your selling message -- to verbalize human longings, to develop deep emotional desire, to explain and persuade). Institutional has a vague, wishy-washy message, if any at all.

Direct-Response ads are Copy-driven. They use strong headline to draw attention. Then build emotional desire. The power of "copy" is in carefully written words. Copy is NOT some cute joke, slogan, or jingle. It pierces right to the heart of a customer's buying motive vulnerability.

Copy is words that play on psychological longing. It builds desire, and promises to satisfy. It triggers sales from the very first run of an ad. You don't wait or pay for 21, 27, 35+ insertions.

How can you immediately recognize old school, limp, money-wasting "Institutional" ads, vs. the newer "Direct-Response"? It's really quite easy, once you know these **three little tell-tale clues**. ...

1. In Institutional, there is NO headline, or your company name is used as the headline. But, in Direct-Response, the headline carries 75% of the customer's buying-decision. WOW! That's very important. It makes a promise of a desirable result the customer will gain. It's that result that sells.

2. There is little "body copy". Mostly hyped-up, glitzy graphics (images). A customer may not "see" himself in some stock photo the artist picks. Only words allow for self-interpretation. Yes, some Institutional ads are gorgeous works of art. But if they don't sell, do you really care?

3. There is NO Offer or Call to Action. But, Direct-Response ads promise the customer he will get something he wants. Then, at the end, it tells him what to do to get it. Call 1-800 ... Send $19.95 to ... Visit this web-site ... This "Call to Action" produces a specific, definite "Response". It triggers the <u>customer's buying action</u> -- a "transaction". That means more dollars in your cash register.

Contrary to common opinion, name recognition or *"image"* ads do NOT automatically translate into sales revenue. Look at your own ads. Look for the 3 Tell-Tale Clues. Which style ads do you run -- fancy Institutional / Image or effective Direct-Response? How are your ads doing? Do they pull profitable results? Can you even measure the results? Are you making or losing money?

Why Do 83% of All Ads Fail?

Most ads are "designed" by a graphic-artist who works for the media. He knocks out dozens of ads for each issue -- quick and dirty, on an assembly-line basis. He can't afford time to write strong "copy". He doesn't even know how. So, he substitutes glitzy stock graphics.

These cookie-cutter ads were never intended to sell your goods to your customers. The graphic-artist doesn't know enough about your business or your particular customers to write a proper selling message. So, he just makes it visually exotic and glamorous. That's easy for him. He banks on the hope you will be "impressed" and proud of a "fresh creative image". He hopes you have never heard of "Direct Response", or Measuring. But, now you know.

Here's the ugliest truth of all: Who is the real customer for these ads? I warn you, you'll be furious when I tell you ... The Media designs these ads to sell to YOU. You are their customer! Why do you think YOUR name is used as the headline? It's because you are proud to see it. So you buy the ad. But, what do strangers (customers) want to see? They selfishly want to "see" themselves benefiting before they part with money. They sub-consciously ask *"What's in it for me?"*.

Let's look at some true-life horror stories that illustrate the first 2 Big Lies. ...

Here Are Two True Stories Which Illustrate Why Institutional Advertising Is A Tragic Waste of Your Money

Before launching his own direct-response firm, Ted Nicholas worked for a large ad agency. He was assigned to a client account of one of the Big-3 auto makers. Ted suggested to his boss, an improvement in one of their major ad campaigns. He recommended they insert a coupon into a car ad, offering free literature, in order to measure readership response. His boss yelled: *"Oh, my God, NO! If we did that, the client would know how **FEW** responses the ad actually pulls."* This agency told Big Lie #1, by suppressing Measurement. They stabbed their client in the back!

Nationally famous Marketing Guru, Dan Kennedy tells another story. He was having lunch with a business client. Also present at the table was an "account executive" (salesman) from an ad agency. This salesman was trying to convince the client to buy his agency's services. The salesman went on and on, with the typical sales pitch. He said things like: *"The copy in your ads is too long. They are not artistic or creative."* He expounded all the common fallacies which our manuals and seminars explode. He hoped that the client didn't know any better, and would fall for these old ploys. The client listened patiently to the old sales pitch, then casually said: *"Maybe you are right. Maybe you can improve on our ads. We are only getting an 8-to-1 sales revenue return on the cost of running our ad."* Kennedy said: The salesman almost needed a Heimlich Maneuver! (Because an 8-to-1 ROI is considered excellent and profitable.)

Two More True Stories -- From My Own Experience

Early in my business, an ad agent told me: *"All advertising is a craps-shoot gamble. You plunk down your money and throw the dice. Nobody can tell what will happen."* So, I set out on a crusade to prove her wrong. It took me 18 years of study, field-testing, perfecting, and proving.

I spoke with a man who sold billboard ads. I objected that his billboards are based on Institutional advertising, and could NOT provide measured results. He retorted, *"Yes we do measure"*. What he meant was that he did research and knew how many cars pass that sign, on an average day. BUT, that number has absolutely NO demonstrable correlation to the number of people who read the sign or buy. You are paying his fee solely based on traffic count, not results. Does this sound familiar? It should. Last week's article spoke of "circulation". That's where you pay the cost of an ad, based on how many copies of the newspaper are printed. That "seems" fair and logical. But, again, it has NO direct bearing on how much money you will make. Don't forget, 83% of all ads fail (ROI less than 1-to-1) -- in ALL media, regardless of mass circulation size. Because the ad itself is poorly designed and weak.

Now, this brings us to Big Lie #3 ...

Lie 3. *"Ten-gazillion eye-balls will see your pop-up ad / e-mail ... You'll sell tons!"*

Plain Truth: There is NO known correlation between the number of people who see an ad or e-mail and the number who actually buy. This supposed connection is called "conversion rate". It is a false assumption -- with NO proven basis in fact. Here's how it works. Some years ago, I did consulting for a furniture store. They ran an annual sofa sale, and wanted to advertise it. They showed me a sales prospectus from a TV station. It showed "audited viewership" figures (the broadcast media equivalent of "circulation" in print media). This showed how many "eye-balls" would be watching at such-and-such an hour. The salesman assembled a proposal for a recurring schedule of TV commercials. He calculated, then said: *"If only 1 in X many viewers buys a sofa, you will make such-and-such an amount of money!"* Yes, his numbers were mathematically correct. The viewership figures were probably accurate, since by law, they must be audited and verified by an independent 3rd party.

The Hidden Trap

But, I knew where to look for the flaw in his reasoning. It's always hidden in the middle of the calculation -- the <u>projected</u> "conversion rate". This is just a mythical assumption -- the ratio between number of mere viewers vs. number of real buyers. His numbers assumed that 1 out of every so-many would buy. That ratio was totally fictitious -- based on NO solid evidence. It just sounds plausible. It's really meant to play on the anxious, wishful thinking of the merchant. But, it rarely, if ever, pans out. Your ad investment is gone!

Why is There NO Guarantee on Advertising?

Q: Did You Ever Lose Money On Ads That Didn't Work?
A: Yes, of course. We all have.

Q: Did You Get Your Money Back?
A: NO! Of course NOT. NO form of Advertising accepts responsibility for results.

The fact is: 83% of all ads <u>don't work</u>! Ad Agents and Media Reps already know that. They hope you don't. The tell-tale smoking gun is that there is NEVER ANY Guarantee on Results. You plunk down money and throw the dice. Sadly, the game is rigged, before you even start! In the last few years, a new ploy came along. It's called "Pay per Click". It seems like a form of guarantee -- supposedly pay based on measurable action. But it's a scam. ...

At best, the conversion rate is too low and un-reliable. But, at worst, it's fraudulent. I had a client who was being cheated. She pre-authorized a certain maximum monthly budget. We tracked the clicks. Up through the middle of each month, results were very sluggish. But, suddenly, miraculously, in the last week of every month, a flood of clicks came in -- always "consuming" her full budgeted allowance. The safe and smart way is to pay ONLY when people BUY. That way, you can't lose.

Fight Back With "The 3 R's"

Your first line of defense is to beat Big Lie #1. Do your own measuring -- prove what works, and what doesn't. Here are 3 simple things you can easily measure. We call them "The 3 R's".

1. Revenue -- *"Show Me The Money!"* This is how many dollars these customers actually spent in your store ... NOW. How many dollars came back into your hands, as a direct result of you running that ad.

2. Response Rate (NOT phony baloney "click rate"). This is a ratio -- what % of people who saw your ad, or received your mailing, actually responded (customers who came in to buy). For example, if you mail 1,000 pieces, and 20 customers show up, that's 20 / 1000 = .02 or 2%. Today, the national average on mass mail is a pitiful 1/2% or less (83% of the time it's about 0%)! Don't guess ... count.

3. ROI (Return on Investment) -- reap a rich harvest from "seed capital" you plant. This is the ratio of $ of revenue to $ of ad cost. For example, if you spend $500 to run an ad, and it pulls back $3,000 in sales revenue, that's 3,000 / 500 = 6-to-1. Ads are really an "investment". They must show a profitable "return".

Rule of thumb: ROI of 5-to-1 is considered the absolute minimum a business needs for survival. That means you must see $5 come in at your cash-register, for every $1 you invest in advertising and marketing. ROI of 7-to-1 is considered solid, sustainable, profitable. 10-to-1 is even better!

Keep Score and Win!

You can easily tally, and make these 3 measurements for every ad you run. The math is simple division on your calculator. Now you can tell, for sure, if you are making money or losing money. Was that ad worth it? Should you repeat it? Which of several ads seems to pull best?

The Last Hurdle -- Top 5 Complaints About Advertising

Well, we talked about The 3 Big Lies. And you have The 3 R's as a solution. The 3 common lies give rise to a great deal of dissatisfaction among small business owners. Two nation-wide surveys were run -- to see what merchants and retailers felt about advertising. Here is what they said. Do any of these Top 5 Complaints seem familiar to YOU, too?

1. Ads don't produce results we want -- they don't draw enough customers into our store.
2. The Ad Agency or Media Sales-reps don't take time to learn about our business.
3. They develop plans that take too long to work. We need results NOW!
4. The cost is too high. Money spent on advertising is not worth it.
5. Worst of all, it's too risky. There is NO Guarantee on results -- it's like gambling!

Here is The Solution!

Your best line of defense is to adopt a method that solves all 5 Complaints. When you go looking for a way to draw in customers, you want to avoid these 5. Yes, there IS a way to avoid ALL 5 problems. It is now being offered, on a Free-Trial basis, to select, hand-picked, small-businesses, like you. To learn more, simply visit: www.CustomersWithoutAdvertising.com

You will see the story of a local merchant, just like you. He lost $3,500 on 3 ads, in county-wide newspapers, that pulled in NO customers and NO dollars. His response rate was 0! Nothing! Then, using The Customer Broker service, he mailed a specially written "Customer Connect" style letter to 1236 of his own past buyers.

This cost him less than $650 in printing and postage. It pulled in an avalanche of $47,000, in less than 2 weeks. Now, divide $650 cost into $47,000 revenue and you get an astounding ROI of 72-to-1. Notice the precise numbers in this story. That proves <u>measuring</u> CAN be done. The "3 R's" are at work here -- Response %, Revenue $ and ROI. Put them to work for you. Beat the 3 Biggest Lies in Advertising!

More Power To You!

This retailer continued to use this idea. Now he is in a new store, DOUBLE the size of his former location.

Now, An Exciting Opportunity ... Made Exclusively For You

Think. Would you be more successful and make more money -- if you just had More Customers, with NO More Cost, Risk, or Money Wasted on Advertising? Of course.

You received this article reprint* because you were nominated by a current member of The Customer Broker alliance -- who saw your ads, visited your store, or studied your web-site. Why were you picked?

This business expert felt you had excellent but un-tapped potential -- to build up your business. He saw a chance for you to draw substantially more customers.

Answer this question: If YOU could have More Customers, Less Advertising Cost, and NO More Risk ... How many extra shoppers could you realistically handle in your store next month? Once you decide on that number (increased store-traffic and extra dollars in your daily cash-register take), call The Customer Broker. Simply place an "order" for more. Like ordering your stock. He'll deliver them right to you.

The Customer Connect / Customer Broker service is now being offered, on a No Risk, Free-Trial basis. But only to a select few, hand-picked, small-businesses. That's you. Don't lose your chance to another store.

To learn more, simply visit this web-site: www.CustomersWithoutAdvertising.com

* This article is reprinted from *"Customer Connect"* — a Library of Small Business Success materials available to all members. This "how-to" article reprint was mailed exclusively to individually hand-selected businesses. It is NOT publicly available.

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