

The New Secret Chapter

If you're getting this, it means you've taken the first step.

Welcome to the start of the \$100M series finale.

This is a small draft from the next book...but more on that later. ;)

(Get ready.)

Your #1 fan,



Alex

Be one of zero.

Something one of zero is coming...

Section A: Attract

How To Get People To Engage, Who Otherwise Wouldn't, Using Free & Discount Promotions



March 2016.

I stood to the side of the stage. I looked back at the thousands in the crowd. No one knew me. I was 26 at the time. Most were older than me. I checked the clock. I was up soon. My heart thumped so loud I heard it in my ears.

The emcee read his notes to introduce me. I planned to talk about how I pre-sold each of my gyms to full capacity before opening, with no money out of pocket. I repeated my talking points in my head.

Please welcome to the stage Alex Hormoziiiiiii.

My name snapped me into focus. I was up. I stepped on stage. The bright lights shined in my eyes. One thought calmed me *“At least I only have to talk about something I know.”*

I began. My slides were bare. Black and white text with a few images. I felt silly seeing all the other speakers' presentations. They were all so professional. And here I was, a kid in a neon green fitness t-shirt who had been broke only a few years before.

So, I explained the same process I had explained to at the beginning of this book about our Free 6 Week Challenge. How it worked and the numbers behind it. I told everyone exactly what we did, and how we did it. I'm pretty sure I ended my speech with *“So yea, that's it.”*

When I got off the stage, I exhaled a sigh of relief. As I tried to exit the venue, everyone was leaving too. To my surprise, I got mobbed. The talk transformed me from an unknown kid to someone worth listening to. People surrounded me several rows deep, firing questions.

Do you have a course? Do you have a coaching program? Can you do what you just went over at my gym? My friend has a gym, is there something of yours I can send him?

It was unlike anything I'd ever experienced. It took me 60 minutes to make it from the door of the venue to the men's lavatory 30 feet away. And even there, someone followed me and asked me questions while I was peeing.

My answer remained the same "Nope. I'm only a gym owner. This is what I do. I don't teach it. That's not my business. Sorry."

For the next two days, people asked an unending stream of questions about my presentation. Every time I found myself alone, a new person would dart over "got a sec?" It felt pretty cool. No one had ever paid me that much attention. And as far as I was concerned, I didn't know anyone else liked this stuff. The marketing world was so new to me.

To this day, I still don't know why folks at that conference took so much interest in me. But I was on my own. I had nothing else scheduled. And it was nice to be recognized as 'good at this'. It was my first sign that there could be more for me.

The event was my first big exposure. It also went hand in hand with what my mentor at the time had suggested I do "You should be teaching other people how to do what you do."

I walked away from the event with a pocket overflowing with business cards and tons of new contacts saved in my phone "John M - Guy with beige jacket - supplements" "Marcy-owns weight loss clinic - texas".

Once I got home, I plugged all the names into an excel sheet. There were over 100!

I had no idea what I was doing, but I knew I could probably help them. So I reached out to them about a week after the event. Many were in adjacent industries like chiropractors or dentists. Some were selling supplements online. Others had online fitness businesses. I didn't know anything about that, at the time. I just knew how to help gyms.

Ironically, the concept of selling a course or program seemed very foreign to me. I had always sold services. But, I had no idea how I would do that here. So I created the first offer for what would later become Gym Launch by giving something away for free: me.

I'll fly out to your gym. I'll spend my own money on marketing, I'll work your leads. I'll close them. Then I get the cash that I collect, and I'll give you the customers for free. I'll show you how to sell supplements. I'll give you my nutrition program. I'll show you how to fulfill them. And I'll show you how to convert them into memberships. Again, for free. I only make what I sell.

Sound like a Grand Slam Offer? Yep.

I did this for 33 gyms and it took me 18 months of flying around the country to do this model. As you can imagine, it was easy to sell. After all, it was free. It's how I made my first million dollars (outside of my gyms).

And I made it all, starting with a free offer.

Why I Use Free & Discount Promotions

Whenever I get into a new market, I almost always start with something free or massively discounted. I do this for a few reasons. First, I don't know what I'm doing yet, and don't want to sell people something until I'm certain it's exceptional. This gives me wiggle room and forgiveness if it's still a little rough around the edges. Second, I like having testimonials, and the fastest easiest way to do that is work for free in exchange for testimonials. Third, if I haven't done something before, I tend to lack conviction. So offering it for free or at some massive discount helps me actually close the first few sales (don't be mistaken, I still had to sell people on taking that offer). Fourth, when you start for free, it's also easy to get referrals and start generating demand.

Get Flow. Monetize Flow. Then Add Friction.

Given those reasons, understanding how to promote your grand slam offer is core to getting initial traction and generating your first leads. From there, you can add friction and monetize more aggressively. That being said, if I can continue to build in more grand slam offers to upsell someone over time, I will keep my front end as low as possible to keep my lead flow cranking. This is how I do business. I try to generate demand *first* then I figure out how to make money on it. I feel like too many people try to put the cart before the horse.

In almost every industry I profit from, I begin with a standalone offer, free offer, or a discount offer. They live at the core of my "get new clients" strategy.

So I'll cover each of the three of those in that order. Just remember, free and discount are wrappers *around* the core premium offer we created.

I'm not saying *you* have to do this. I'm saying this is how I do it, and it has served me well. If you want to make money fast, ironically, many times it comes fastest from giving things away. Those who give the most, get the most.

Important: The point of creating a promotion is to *enhance* your grand slam offer, not change it. Think of these like wrapping paper. You can wrap a gift in recycled newspaper or you can put it in a Chanel bag with matte black paper and a perfectly tied white bow. What's inside may be the same,

but we are making it more inherently attractive. That is the reason for our promotional wrapper. This is especially important when entering cold markets when you must give people a reason to move towards you. It must answer what's in it for me. We are making it more attractive to a cold audience in order to generate demand flow.

Over the next three chapters we will break down Premium, Free and Discount offers in more detail.

So - let's learn more about how to make those offers *the right way*.

Section A: Premium Promotions: Presenting Your Grand Slam Offer On Its Own

Some things in life are priceless. For everything else, there's Mastercard. - Famous Advertising Campaign

I walked into the smoothie shop where I worked. My friend sat in the back leafing through a magazine (because magazines were still a thing). I had my lunch in my hand for later, a burger and some waffle fries from next door.

“You wouldn't believe this,” he said. “Check this out. This dude bought a burger for \$50,000. That's insane.”

The burger had gold flakes and exotic caviars on it. But what I remembered thinking at the time was, “*how much money did this guy make to be able to buy a \$50,000 burger?*”

“Who bought it?”

“I don't know some hedge fund manager dude. They said he makes like \$50 million dollars a year.”

50 million dollars. The idea stunned me for a moment as I tried to wrap my head around the size of that number. That was almost \$1 million dollars per week.

When I did the math, I realized if he worked 2,000 hours in a year, he made \$25,000/hr. It cost him two hours of his time to afford the burger. When I did the math on my own income of \$6.75/hr. It would cost me the same two hours to afford a burger, fries, and a soda with tax from the place next door \$13.50.

To him, given his income, it wasn't even insane, it was the *same* as me buying a burger.

That's when I realized the power of infinite returns. Basically that there is no cap on the upside, but you can only go down to zero when pricing.

Premium offers work much the same way. While everyone buys traffic on their “\$6.75/hr” budget, you buy traffic with your “\$25,000/hr” budget. And the best part is, you don't need *nearly* the volume.

Here's what ends up happening in reality. Let's say one business makes \$100 per sale (\$50 profit) and another business makes \$10,000 per sale (\$9,500 profit). To make equivalent amounts of profit, business #1 needs to sell 190 people at \$50 profit to make \$9,500. Business #2 only needs to sell *one*. Here's how it would work in the real world. If you spoke to those same 190 sales that business #1 closed and offered them all the \$10,000 offer instead, you would likely close about 5%.

Here's the basic math:

$$5\% \times 190 = 9.5 \text{ sales}$$

9.5 sales x \$9500 profit = \$90,250

Compared to:

190 sales x \$50 profit = \$9,500

$\$90,250/\$9,500 = \underline{9.5x \text{ as profitable.}}$

As a result, using a high value offer would make your advertising 9.5x more profitable. So even though the volume is *far* lower, you end up making *far* more, even when normalized. *And* you only have to deal with nine or ten clients instead of 190, which makes life way easier.

That is the power of premium offers, and that is how they can *crush*.

The big caveat is that you need to:

1) Have something very valuable to provide (your Grand Slam Offer)

and

2) Have a selling process that demonstrates that value (covered in a future Acquisition.com book: Selling).

If I lost Everything And Had To Start Over . . .

If I *needed* to make money, or make a business owner money, I would not start with a premium offer. I would add on a free or discount money model. Over time, as your reputation improves, you can remove those things. But in the beginning, they are essential for most. Earlier in my career, all my offers were free offers.

The offer I ran with after my original free offers was this:

“Apply & Book a call to see if you qualify for our services.”

Not. Attractive. At. All.

But, the copy before the offer filtered for the best gym owners that understood it was expensive.

And remember that one of the biggest advantages with premium offers is the size of the ticket you can sell.

There's nothing below \$0. You can't go lower. But you can go infinitely higher.

If you're new, start with a free or discount offer to get business in the door. Prove results. Then, restructure to a premium offer afterwards.

Note: You can also layer offers together - as we went over at the end of the book. Premium offers work well as the “second” offer you give after a free offer. But they'll only work if you demonstrated value in the first offer.

Goal of Premium Offers

The goal of premium offers is to sell the client the best outcome available for themselves. You ask the client to buy the thing that will most likely result in them achieving the greatest outcome. That being said, this is not “better” or “worse” than any of the other offer options. It’s just different.

For the following “Pros and cons” section, I’m going to flip the script. You’re gonna teach me the pros and cons of a premium offer as though we were working together. Thanks for keeping me on my toes!

Pros of Premium Offers

#1 Simplest math & fewest moving parts

Me: “Why would we do this really expensive thing? I doubt many people can afford it?”

You: “If you're only selling one core “thing,” then the math gets pretty simple. You pay \$XXXX for YY Leads/Calls/Appts, and you closed Z sales @ \$VVVV money. That's about it. You just look at what you spent and what you made.”

Me: Ah, okay. I get it. Having fewer things to sell makes this easier because I only sell this one expensive thing.

#2 Only “Quality” Customers - Decreases Operational Drag.

Me: “But we’re only going to have a handful of customers compared to a cheaper model?”

You: “People who come in on premium offers are, in general, the most qualified customers. This decreases the amount of ‘sifting through the poo’ to get the best customers. We ‘skim’ with the marketing, but by doing so you pay a premium for the cream instead of all the milk.”

Me: “Okay, I get it. So we’re okay with the fact that we might only sell 10 percent as much lemonade. Because the lemonade we sell will be more profitable, and our clients will be easier to deal with. That sounds like a good thing.”

#3 No Discounts or Incentives: High Lead Quality

Me: So we're not going to give any incentive?

You: "Anyone who comes in on this type of offer is expecting to be sold. So there are very transparent intentions on both sides. It comes down to how much they believe we can solve their problem and the perceived value of our solution."

Me: Alright, so I may get fewer leads, but they will be way higher quality. So I should convert a higher percentage of them. Well that sounds good! I don't want to deal with crappy leads all day!

Cons of Premium Offers

#1 Most Expensive Cost Per Lead/Can Take More Time To Break Even

Me: "But if these leads are more expensive, how can we afford them?"

You: "It costs a lot of money to get moving on this. Many don't have the cash to drive volume with these offers. It also takes time to get the sales process down when starting out. And with each opportunity costing us so much more, we have less room for error."

Me: "Hmmm...okay, so we need to really know what we're doing here OR have a decent amount of money to burn learning."

#2 Must be a good copywriter and understand your avatar well

Me: "So how much do I need to know in order to sell our \$900 per month bundle?"

You: "When getting into a new market, it can be hard to understand the inner workings of a new avatar. Their deep desires and fears. Their everyday struggles. Here's a two-second example: I wouldn't say "working hard" in your business, I'd say "cleaning the bathrooms yet again."

Specificity is what gives copy its edge. Unless you know the real world of your avatar, it can be difficult to get them to bite without a compelling offer and *great* copy. Free and Discount offers give us more margin for error on your copy because the offer can push people on the fence, over the edge."

Me: "Okay, so I need to really study these health nuts and high performance folks to know what their real desires and fears are. Okay, so I need to talk in terms of that, not our lemonade. And the more specific I can be, the more it will resonate with them and make them want to buy our more premium offer. They need to understand why it's important not to drink lemonade that isn't sourced from the our lemonade orchards with out alkalinity profile. Otherwise, they'll just think we're over priced Minute Maid. Got it."

#3 Must be good at sales because this is a good old fashioned sale

Me: Since I have no discount or anything, how am I going to get these folks to give us money when they've never tried it?

You: "The conversion process end to end must be dialed in. The sales process will need to be structured based on the client avatar we're pursuing. But, for now, understand that when we want to lead with premium offers, we should already have a proven process or have some cash nested away to get one figured out."

Me: Alright, got it. This is a recurring theme. I need to know what I'm doing.

#4 Least efficient way to capture a marketplace

Me: But I feel like so many fewer people will buy at this price point, even if we do make a lot of profit?

You: "If we are looking for volume, a straight premium offer is going to have to hit a lot of eyeballs before getting a bite. This means we show your ads to more people for a smaller volume of results. A more valuable result, but lower volume nonetheless."

Me: "Okay, so we may make good money, we're just not going to be the volume leader in the lemonade category. This is a strategic question of how we want to run the business. I understand."

#5 Must have an extremely compelling offer of a result

Me: "So I have no discounts or trial offers to give people. How am I going to get them to say yes??"

You: To optimize our conversion, we may have a small number of people raise their hands and say they are interested in your offer. As a result, you will need to make sure that you have a truly irresistible offer they are getting for their package. Packed with bonuses, creative guarantees, and premium support to merit the higher cost."

Me: Okay, so all that stuff we did from Acquisition.com Volume I is paying off here. We're going to make our offer so compelling it *still feels like a deal* compared to how much they're getting. Okay, I may have to include some guarantees and give them more bonuses to other things they probably would like as well so this still feels like a steal. Got it."

Conclusion

Premium offers are powerful. They can act as standalone offers that will make you money. You don't really *need* anything else. If you have clients coming in already, using this new structure will allow you to 3-5x your prices without changing your services (seriously). Read \$100M Offers for more information on how to do this.

But if you're just starting out, or your volume isn't high enough, or your cost of acquisition is higher than you can bear currently, then you will likely want to wrap your premium offer with a free or discount wrapper.

So let's talk about those.

Section A: Free Promotions

“If it’s free, it’s for me!”

Free is the most powerful offer of all time and will never expire. Why? At its base it is “something for nothing” or “value in advance.” In fact, researcher Dr. Dan Ariely demonstrated something he called the “penny gap.” Basically, he showed that 9x more people would take a free Hershey kiss than one sold for a penny. Imagine getting 9x more leads by lowering your discount from .01 to free. That's a big difference. And we're gonna harness it.

Most marketers have experienced this first hand. Getting a page to convert on a \$1 offer versus a free offer can be a landslide of a difference. That said, making a free offer is the fastest ways to see if anyone wants your thing. Because, if your free offer doesn't work, it just shows you that prospects either:

1. Don't want your thing — which means you should change what you are giving away for free (or how you describe it)
2. Don't believe you.
3. Aren't actually seeing it because you are fishing in the wrong pond. This can be a targeting issue. (Ex = running a single ladies promotion to an audience of married moms).

A famous marketer actually tested #2 to prove the point. Once every few years he would run an offer in the newspaper that said, “For every \$100 you give me I will give you \$1,000 back, call 444-444-4444.” No one ever responded. He did it to illustrate the point of believability. It's an amazing offer. But it was so good, it was unbelievable. That's why whenever you give a crazy free offer away, you will always have to answer the next question: Why? (which we break down in Volume I and Volume II - it's *that* important).

Now, let's break down some of the pros and cons of free offers. We're gonna flip the script to keep it interesting. Let's pretend we're starting a lemonade stand together. And you are my mentor. You'll be teaching me, the ever hungry student, all about Free promotions.

Pros of Free Offers

#1 Highest Lead Volume

Me: “So if we want the most leads, we should lead with a free offer?”

You: “Exactly. If we need volume, nothing works better than free. It gets the most leads per eyeball. And that's always useful, especially in a small marketplace — like a local market. And this should make sense. If we only have X eyeballs in a market, then we want as many people to show interest as possible. Free offers get the most people possible interested in your “thing.”

Me: “Alright. So, if I want to get the most potential leads, free is the way to go. It gets the best, middle, and worst caliber people - in one shot. Then, I get the opportunity to sell *as many of them as I can*.

#2 Lowest Lead Cost

Me: “So not only will we get the most volume, we’ll also get the cheapest leads??”

You: “Yes, just by the same logic. If you pay for the same amount of eyeballs, but get a higher percentage of those people raising their hands. Your cost per raised hand is less, making Free the source of highest volume and by extension lowest cost.”

Me: “Sounds like my kind of play. Groovy.”

#3 Massive Companies Become Massive & Viral By Learning To Monetize “Free”

Me: “But won’t this make us not legit?”

You: “Nope. Some of the biggest companies in the world use Free front ends. They rely on how good their stuff is to get people to keep buying after they try it. Here are just a few examples:

. . . Facebook: “Free to sign up and always will be”

. . . YouTube: “Watch & Create Videos for Free”

. . . Dropbox: “Free X Storage ”

. . . Uber “Free First Ride”

. . . Netflix “Free 30 Days”

. . . Free Ear Piercings (Claire’s)

. . . Free Wax (European Wax Center)

. . . Free Month (Public Storage)

The list could go on.”

Me: “Okay - so the point is, learning to profit from free offers will lower CAC and create high ROI for our business. Got it. Then what’s the downside??”

Cons of Free Offers

#1 Volume Can Be A Double-Edged Sword

Me: “So won't all these leads create some other issues for our business? I don't even know if I could handle calling all these people...”

You: “For some businesses, free can attract ‘too many’ prospects. So we may need to add friction or make the offer less appealing. We also might not be able to handle the volume operationally. For example, if we have manual processes like you meeting with X people per day, it could be a problem. So we add friction. Friction increases lead quality. The more hoops someone has to go through the higher the quality becomes. So the key with free is learning to find the sweet spot on friction to maximize quality volume. Here are a few examples of friction to increase quality of prospects:

Examples of Friction:

- 1) **Increased Qualifications.** Ex: “To take advantage of this offer you must be over 25 years old, employed, and a homeowner.” If you list out qualifications, it decreases your volume but increases your quality. This is friction you can add to your advertising at all points. You'll want to repeat the same qualifications everywhere. Think: the copy, the creative, the landing pages they see, etc.
- 2) **Increased Information Requirement & Types of Questions:** Ex: “Please fill out this 20 question application before booking a time to speak with our team.” The more required information, the more friction you add. Not only that, but the *type* of information you request increases the friction. For example, “First name” is not as “heavy” of an ask as a cell phone number or an income-related question. Beyond that, the format they use to answer can increase or decrease the friction. For example, multiple-choice creates less friction than open-ended long-form questions.
- 3) **Increased Number of Steps:** If you make someone take more steps, fewer people will take them. Prospects will drop off at each point. So, you'll get *fewer*, higher quality people. And you may lose otherwise qualified people. For example: a one-step email optin will get more people than a 5-step form. This counts double if they have to certify their age, fill out a form, watch a video, then schedule themselves. That's why finding the “sweet spot” is so important. You want just enough to weed out the weirdos but not so much that you lose some lazy whales.

4) **Forced Consumption:** Forcing a prospect to consume sales material is my favorite way to increase quality. But, it cuts volume. With technology, we can force a prospect to watch a 40-minute video before any call to action appears on the page. By doing this we *only* allow in people who have been pre-indoctrinated. This is a good strategy when you advertise to a large audience and eyeballs are cheap. That said, in other settings the volume is just too low to justify this friction. You can also add it between steps later on once you've *earned* a little more attention from the prospect. This accomplishes the same goal, a different way. Ex: between a first and second meeting. No matter how you do it, forcing consumption cuts volume but increases lead quality.

5) **Advertisement Length:** This is a close cousin of forced consumption but different enough that it's worth outlining. The length of your ads, copy, and videos before they see the call to action increases lead quality. The simple time commitment along increases friction. Ex: Watching a two hour video instead of a 30-second video increases friction. You will get fewer clicks, but those clicks will be worth more.

Me: "Oh my. What a thorough answer you provided me here. I can think of a whole host of ways of using friction to dial in our lead process to get it 'just right' for selling our offer."

#2 Some people have no intention of buying.

Me: "But won't some people just be here for the free stuff and not want to buy??"

You: "Yes, this can waste resources if we are giving something away that has an actual cost. Ideally we avoid these scenarios, which is why offer design is so important. But it still always comes down to math:

Free Money Math

If you spend \$1,000 on ads

Get 500 Leads

Half are unqualified (250)

And half are qualified (250)

Compared to . . .

\$1,000 on ads

Get 200 Leads

80 percent Qualified (160)

20 percent Unqualified (40)

Which campaign was better? Our team may feel better about #2, but according to pure dollars and cents, #1 is better. So, make sure to provide value without overextending ourselves. This way, we can use the higher volume and let friction skim the cream off the top. This is how we harness the power of free.

Me: “Got it. So - as long as the math makes sense, I’ll still probably make more sales, I’ll just have to wade through some tire kickers. But, I can create some friction to reduce those guys. And worst case, I make sure my free offer doesn’t overextend us but is still valuable enough to get them to want it. Exciting!”

Free Brings Broke People Myth

Hopefully you saw some of the pros and cons on free from our little example. Personally, I'm a huge fan of free offers. A friend once joked to me “Everything you sell is free and yet somehow you end up making money!”

Because I am such a fan of free offers, I want to take a moment and pound any limiting beliefs you have about 'free' into dust.

When we showed gyms how to use free offers, they'd say... “They're all gonna be freebie seekers and not my ideal customer.”

Right and wrong.

We've run four independent split tests of free versus premium offers. Each test had ten representative markets.

You know what was the same between both . . . the gyms' sales closing percentage. As in, if they had 10 “free” offer respondents versus 10 “non-free” offer respondents, the close rate was the same. So being “non-free” offered no advantage in close rates or *average ticket size* over “free”.

But you wanna know what wasn't equal between the two? The volume and cost of the leads. Most times going from a non-free to a free front end *decreased* lead costs by five times or more.

Pro Tip: Free Makes More Money

The reason the math is in favor of free is that most times people want to run a premium offer and sell at “free offer” prices. That’s where you get messed up. If you know the lead cost is going to be 5-10x higher for a premium offer, your prices should be *at least* 5-10x higher. This may be hard to grasp emotionally, but it’s just math.

You need to make what you are selling worth more if you want to play with premium offers. It is the #1 mistake I see when people are comparing them. They are not fair comparisons, the Price, Prospect, Process, Promotion, and Product should ALL reflect a *Free* offer structure or a *Premium* offer structure. You can’t just mix and match, they are entirely different acquisition strategies. But, despite this, I have run the tests with the same price point. Free beats premium hands down unless they’ve truly mastered the art of high ticket selling.

That being said, I'm not saying free is for every offer, every time. But, I am saying that if you learn how to harness it, there are some ways to layer “free” into a powerful money model.

Bottom line: If I only had one offer to make to convert or my family would be killed, it would be a free offer. I'd rather wade through crappy leads, then figure out how to add friction, than look at an empty calendar.

Now that we’ve covered “Free”, in the next chapter we'll explore the pros and cons of Discount offers.

Section A: Discount Promotions

"The limit does not exist!" - Cady Heron (Lindsey Lohan), Mean Girls

Understanding Discount Offers

Fundamentally, “free” and “discount” offers operate very similarly from a money model perspective. Basically, they create a perceived value discrepancy that on its own can drive action. That being said, I personally am *not* a big believer in “marginal” discounts (say 5 to 25 percent off). It’s just not enough to drive real behavior in my opinion, and basically just cuts into margin.

Instead, we’re going to be talking about *massive* discounts (50 percent or more). Those are the types of numbers that people respond to. And they drive action from a population *that wouldn't otherwise act*. And that’s what you have to accomplish with a free or discount offer — *it has to get people who wouldn't otherwise respond--to respond*.

Note: most of the time when talking about discount offers, they will only make up a component of your offering, not the entire thing. While there are a handful of notable exceptions, in most instances a discount offer is a “piece of the thing,” not the “entire thing.” With hope, that makes sense. If it doesn't, the examples will illustrate it.

Four Ways To Display Discounts

So let’s imagine we start a lemonade stand. I say to you “I want to try one of these discount offers out. What do you think? I think we’ll be able to get more people to respond to my efforts with some sort of discount, but I don't know where to start...”

“Great question. You’re going to have to test it, but I’ll show you the framework that I use to test discounts. It’ll automatically get you thinking differently about how to display offers from here on out.

You see, there are four ways you can display a discount. Knowing them is important. People will respond differently to the same discount displayed differently. There are probably others, but these are the four that I find most common and have been tested and used effectively. Let’s look at our own business and try all four. You’ll notice that sometimes it “fits” and other times it doesn't. Whether we are selling something premium or in higher volume, the price of the offer many times informs what will make the most sense for us.”

Let’s imagine we have an ultimate lemonade bundle that is three bottles a day for \$30 per day (the numbers don’t matter). Well, that’s what we’re going to promote four *different* ways.

Pros of Discount Offers

Me: “But wait, so now I know to display discount offers. But why would I choose a discount offer over a free offer to get more leads, if free is the most powerful?”

You: “There are a host of benefits that discounts get that free offers don’t provide. You must match the right tool for the job. Let me explain...”

#1 Lots of Cheap Leads Within the Law

Me: “So it’s illegal to market free stuff??”

You: “Of course not, but in some countries if you have any stipulations or creative offers around “free”, they are forbidden. Discounts allow us to advertise compliantly and still generate a decent amount of lead volume. This is especially true when compared to a premium offer, the only other alternative.”

Me: “Got it so it allows me to market in ways I otherwise wouldn’t and still get good lead volume”

Note: If you are in a heavily regulated industry, state, or country, then a discount offer may be right for your business.

#2 You actually collect some money

Me: “So we collect money for people who buy the discount. But won’t that not amount to much?”

You: “Correct. It won’t amount to much money, but it can still help liquidate acquisition costs. But we will never build our business to use this money as the real way we are liquidating our costs. This is just the first way for us to attract and transact with a customer.”

Me: “Got it, so I can collect some cash up front that I wouldn't otherwise, which is nice, but I shouldn't rely on it to fund my marketing efforts.”

#3 People Come In Expecting to Spend Some Sort of Money

Me: “So I guess the difference between these leads and free leads is that these folks at least expect to pay for something, so it won’t be a shock for them.”

You: “Honestly, this is more of a mental benefit than anything in my opinion. Many business owners/employees have crazy limiting beliefs around selling and consumer-buying behavior. (Not you of course). So giving them something where they feel like the prospects are coming in or opting in ready to spend money makes them more convicted in the selling process. Close rates on the initial

Pro Tip

This is mostly due to the conviction of the salesperson, *not* because people are inherently more willing. A good salesman will sell the same % of free vs non-free leads (assuming the funnels and sales environment are the same). We have tested this four separate times in our business. I've tested it so many times because it still continues to amaze me. But — for whatever reason — it makes people feel better about selling, which is fine. This is especially important when dealing with a small business owner with limiting beliefs. Sometimes you just have to meet them halfway.

#4 The Two-Step Sale (Probably the Biggest Benefit)

Me: So if I'm doing some sort of discount offer, I can collect their card over the phone. And it's an easy sale. But it paves the way for me making future sales more seamless *and* I can charge penalties for other things I may need them to do or adhere to during the sales process.”

You: “Exactly. If utilizing discount offers for lead generation, they can help eliminate things like “no-shows.” This is important when you have a service where the time/cost of the individual is real (like a doctor's time). You want to eliminate no shows as much as possible. Utilizing a discount offer over a free offer solves this problem for the most part because people will typically show up for things they pay for (at least 85-90 percent or more). For us, if we want to use this in our lemonade business, we can set a follow up phone call in 7 days after their discounted period is over to see what they think. We can say that if they don't show up to this appt, we charge them some sort of fee to make sure they show up.

We can use this strategy as a part of a two-step sales process beautifully (which in my opinion is probably the primary reason I would use discounts).”

Me: So if I want people to do multiple things before I sell them something more expensive, having a discounted front end makes sure that they do it, and gives me an easy way to create initial trust to lead to future upsells seamlessly. I like it!

#5 Discount Offers Make Upsells Smoother As Buttaaa

Me: “So now that I have the person’s card on file from the first transaction, I can just ask them ‘do you want to use the card you have on file’ for my next upsell? That’s so easy and seamless!”

You: “ Yes, the whole point is we offer something valuable that’s *not* our core offer *away* for an insane discount with the intention of getting leads and getting a card over the phone to get the “thing” at a designated time. The prospect then comes in at that designated time and is upsold as something far more expensive after receiving the initial “thing.”

An example of a two-step sale would be us giving away a heavy metals test consultation for \$19, then upselling the prospect into a \$2100 10 week lemonade detox plan once we meet with them. So it would look like this:

Ad→ Opt in→ Phone Call for \$19 Promo, Set appt→ Shows up for \$19 Appt→ Gets Value→ Schedules follow up appt for \$2,100 treatment program sale→ Shows up at second appt and is sold.

You would be amazed at how many more people will buy when they don’t have to take their card out. It’s why Amazon one click purchasing, Disney’s money wristbands, and so many other institutions attempt to eliminate this friction. They know they sell less. So this is us using that to our advantage.”

Me: “Got it. And it would help me get around the pesky ‘I forgot my card at home’ obstacles because I would already have the card on file!”

Author Note: Two-Step Sales

A two-step sale is anytime where we have “two-steps” in the sales process instead of just trying to close a prospect on your main service on the first meeting. So if it were a one-step sale, that first phone call might have been the sale (which would have been far more difficult).

It is much easier to upsell a customer than to make someone into a customer. This is why order bumps and one time offers work so well once someone has taken that first micro-purchase decision. This makes everything else an upsell rather than a first-time sale.

On top of that, the more steps you have in your sales process, the more time a prospect spends with you. This increases the prospect’s trust in your business. It also makes them feel like a buying decision is not a “split second” decision, but rather one that they have already imagined before coming in. This is very important the higher your prices become.

Pro Tip: Give Away Lower Cost Time If You Can

The other way of solving this problem (my preference) is to *not* give away the doctor’s time. And instead operationally fix the first visit so it’s something a front desk admin or an assistant can handle. This would be like a prospect coming in for braces, filling out all the required information, taking X-ray pictures, applying for financing (pre-approval), and everything “else” that needs to be done. This allows the business to only use the doctor on the most-qualified candidates.

Typically, once the person has come in, you can set the follow up appointment for the “sale.” By doing it this way, you eliminate the cost of no shows while also pre-qualifying all candidates and putting them in the best situation to say yes when they come in the next time. In person, you could also easily close a card for a no-show fee on the next visit. This all but ensures the person will show, ready to buy.

I call this strategy the Proprietary 5min Appointment Method (feel free to swipe it). If desired, the doc can squeeze the person in between appointments for 5min just to say hello and set up the next in-depth appointment where a treatment plan would be recommended and sold. This would allow them to be able to take appointments all the time instead of during a less than desirable tiny window of time for “new patients.” Increasing the available time slots for appointments cannot be overstated and will be covered heavily in the lead nurturing section.

Cons of Discount Offers

#1 Giving Away The Farm

Me: “But aren’t we giving away the farm with this discount offer?”

You: “Well, it depends what we are discounting. If we always discount our *core* offer, then people will become trained to buy only at discounted times. No bueno. This is why we aren’t going to use this as our business model, just a way to acquire customers. The only time where true discounts on our core offer works is if our pricing model is to wildly increase your prices during the “regular season” and live off the discounting. Clothing retailers live this model. But again — it can become a double-edged sword. That's why we're going to “splinter” our offer into tiny pieces and just give a core component at a discount — not the whole farm.”

Me: “Ah, got it. So we’re just giving a sliver away as value to get the card on file so we can upsell more later, not making our entire business.”

#2 Bargain Hoppers

Me: “Won’t this attract bargain shoppers like the freebie seekers?”

You: “Again, this comes down to what we are giving away. This was the “issue” with Groupon way back in the day. People started to notice that these customers had no desire of buying the “main thing.” But most of the businesses that complained about this did not know how to structure their offers to automatically qualify prospects to *become* customers of their core service. We shouldn't see people as customers if they buy the discount. We should see them as qualified leads.

But we can resolve both of these issues with intelligent offer structure, which I will cover when we hit the tactical monetization structures (Section IV: Advanced Monetization).

Me: “Got it. These are really just opportunities for us to upsell, and if we structure it right, there's nothing unqualified at all about these folks. Heck, I buy discounts sometimes then want more!”

Discount Offers Conclusion

In my opinion, discount offers can be used with great effectiveness on the front end or the back end. These can massively increase the take rate on all offers. These are wildly powerful. I cannot overstate this.

In my experience, as a front-end offer, discounts tend to work better with “well understood” services — dentists, chiropractors, gyms, hair cuts, etc. People have price ranges they understand so the discounts can be attractive to them to generate inquiries. It must be something that people would value a discount off of.

If a customer doesn't know what they are getting, a discount on it doesn't really make much sense because they have nothing to compare it to. So if you're in a well-understood market, or have a service that is well understood, discount offers can be powerful on the front end.

The other main benefit is that discounts almost entirely eliminate no shows.

Attract Section Conclusion: Brass Tacks

If you are not getting enough response, you probably need to make your front end more appealing. We need to give people who *otherwise wouldn't respond* a reason to do so. Enhancing your grand slam offer with a free or discount front end is the fastest way to do that. This applies whether you are just figuring out your first acquisition channel or whether you adding an additional acquisition. Always remember - Generate Flow-->Monetize Flow-->Increase Friction. In that order. As I said in the beginning, I almost always start with a free or massively discounted offer so that I have something to benchmark and improve upon.

Fundamentally, to make this process work you must know your business and your product better than your customers do. Why? Because all businesses capitalize on an information advantage. As in, we know more about our customer's problem than they do. We capitalize on this advantage by making them aware of all the other problems they are going to encounter on their journey, then capitalizing on it through upsells. This is how you design a winning acquisition strategy.