

Marketing Hotsheet # 3

"I hear and I forget.
I see and I believe.
I do and I understand."
- Confucius

Thanks for doing and understanding. Thanks for implementing these marketing tactics. Today, you will read:

03a | Selling bulbs with a twist

The classified ad that Steve and Lori Leveen ran that made them millionaires

03b | The rich young entrepreneur

How a 12-year-old boy earned more money than his school teachers

03c | Breaking the motel market

The referral program a local motel used to snatch business away from 2 big chain of motels

03d | 2 + 2 = 5... The value addition formula

What is the value addition formula an old retired couple used to make more money than they ever had?

03e | Squeezing the Hollywood brand

The email marketing tactics New Line Cinema used to increase sales by 133%

03f | The Godfather

Marketing lesson from the movie: Godfather. (Tribute to Marlon Brando)

Print the marketing hotsheet, grab a paper and pencil and read away...

03a | Selling bulbs with a twist

It was the fall of 1987. Steve Leveen had just been fired from his software design firm. His wife Lori Granger Leveen was pregnant. Steve read about halogen light bulbs in the International Design Yearbook and he saw a huge potential in the market for halogen lamps. He and his wife decided to start selling the halogen lamps.

Then the real troubles began. The Leveens soon found out that it wasn't that easy to sell the halogen lamps. And without much money to spend on advertisements, it was even harder. They placed a few classified ads in magazines promoting how good the halogen lamps looked. But the results weren't good. They received only about 5 responses to their first ad. Not sales, but responses. The results were quite dis-heartening.

They were about to give in to fate when "light bulbs" went on in their brains. The Leveens realized that they could go after the market with a different bait. They realized that the appeal for the halogen lamps was not only its good looks, but its effectiveness too.

On October 12, 1987, they placed a 1-inch ad in The New Yorker. And with that ad, their destinies changed. They started getting loads of responses. They started converting those responses into sales. And their profits soared. Today they both are millionaires!

The ad?

"Serious Lighting for serious readers"

Action summary:

- Selling to a target market brings in a better response than trying to sell to everyone.
- Focusing on a different attribute of the product can bring in better results too. The Leveens focused on the effectiveness of the halogen lamps while everyone else was focusing on their good looks.

03b | The rich young entrepreneur

Some years ago, a young 12-year-old kid named Michael in Houston wanted to earn some extra pocket money. He decided to become a paperboy. He went down to the paper where he was given a bundle of papers and a list of names selected randomly that didn't have a subscription to the paper yet. The people were scattered all over the city.

Young Michael's job was to get the people on this list to become subscribers. He did manage to get a few subscribers here and there, but nothing to boast about. But soon, he saw a pattern emerging: There were two categories of people who were much more likely to buy a subscription to a newspaper than any one else.

1. People who had just moved to a new house
2. People who had just married

These peoples life had just gone through a major overhaul and thus they were most keen on buying goods and services including newspaper subscriptions. Once Michael discovered the pattern, he started thinking of ways through which he could contact these people and these people only. He asked a few people around. And he did receive an answer: the local courthouse.

Michael than hired a small army of other 12-year-old kids to go to the local courthouse everyday to find out the contact information about everyone who had just purchased a new house and who had applied for a marriage license.

Michael then spent all his time and energy in selling the subscription to these people who were more prone to buying. His list of potential buyers had gotten smaller. But his number of sales had increased. He was making more sales than people who were thrice his age!

By the time summer was over, Michael was earning more in commission than his school teachers!

Today Michael is a billionaire. And he became rich because he learnt the lesson early in his life: to sell to a targeted segment market. You might have heard about him and his fortune 500 company. His full name is Michael Dell.

Action summary:

- Don't try to be all things to everybody. Focus on a target audience that is most prone to buying your products.
- Dell computers is a huge company today. But even then there are divisions in the company. One division tries to sell only to small businesses. While other division only tries to sell to the government. After you win one market segment, you can move on to the next one.

03c | Breaking the motel market

One advantage of having a chain of motels is the recognition they receive. People passing through a small town will tend to stay in a motel whose name they have heard before than some other local motel. Even though the local motel might be better than the chain!

This fact made it tough for a motel in a small town in Southern America as there were 2 other chains competing for new business in the same town. How could the motel effectively promote itself? It would be too expensive to buy air-time on television. What was the motel to do to spread the word amongst the masses?

How could they reach tourists from other cities who visited their small town and persuade them to stay in their motel? The owner of the motel tried buying ad space in newspapers and magazines. But they weren't successful in bringing in new clients. He tried sponsoring a golf tournament to build some recognition. But that failed to bring in new people too. Finally, one tactic worked. The owner started a low cost referral program that bought in new business like crazy.

The owner bought many sets of glasses directly from the manufacturer at whole-sale price. Then he sent postcards to everyone in the small town that contained the picture of the set of those beautiful glasses in the front. The postcard asked the people to recommend their friends and business associates who visit the small town to come and stay at their motel. Any one who showed up at the motel

with the postcard would receive a free set of glasses. And what's more, the person who refers them to the motel would also be entitled to one set of glasses.

For the price of two glass sets at whole-sale value, the motel beat their competition and were flooded by business.

Action summary:

- Providing incentives to people to refer others work great. A reward gives a reason to people to come and do business with you instead of your competitors.
- The motel changed its target audience from tourists to friends and associates of locals. The right target market can work wonders for your business.

03d | 2 + 2 = 5... value addition formula

A man and his wife were retiring at the same time. The man had been a barber for 40 straight years. His wife used to work as a beautician for almost the same amount of years too. Now they both thought it was time to retire and enjoy their old age.

But they hadn't counted on the boredom that set in after the first few months of retirement. They couldn't cope up with so much free time on their hands. So they decided to convert their spare bedroom into a home saloon. They decided that they would just work 3 evenings a week and take the rest of the week off.

And because both were specialist in different but complimentary activities, the customers won. The customers received attention from both of them. They could now access such services like massage, shave, sculptured hair-cut, shampoo, skin care and various other beauty remedies from under one roof itself!

Because of the convenience they could give to their customers by combining complimentary services, they could charge them 3 to 5 times more than those services would usually cost else-where! They made a killing conducting the same services they had done in the last 40 years. They

started earning even more than they used to before their retirement! They earned more even though they worked less. They added 2 to a 2 and made it into a 5. All by adding value for their customers!

Action summary:

- Don't bundle up. Add value.
- Look out for peoples' convenience. And they will pay you more.

03e | Squeezing the Hollywood brand

New Line Cinema doesn't make movies. They make big brands. Brands such as Austin Powers, Lord of the rings, Matrix and Harry Potter. The good movies and the great marketing behind them generate a lot of hype and attention. New Line Cinema makes a killing in distribution and foreign rights of the films. And they earn a lot in selling movie related merchandise too. Now they wanted to make use of the net to increase their merchandise sales. They wanted to squeeze the brands they had created, till the last drop.

They created a whole new e-commerce department, which bought in steady revenue for some time. And then they tried one new tactic that more than doubled their sales.

They sent a survey to their in-house mailing list and asked their subscribers to vote and decide which of the sample posters was better. After a few weeks, they would again send an email that said: "You got what you wanted. Your choice of poster is selected."

This 2 email tactic increased their sales by an awesome 133%!

Action summary:

- Involve your clients with your products. Ask them questions. You will come to know their likes and dislikes.
- You also get an opportunity to pre-sell by asking for their opinion.

- Ask them to vote on small product attributes (colour, size, type etc). They will feel involved and even obligated to buy your product when you make it with their choice of attributes.

03f | The Godfather

Marlon Brando, who played Godfather, passed away recently. I haven't seen any other movie of his except the Godfather. And I loved the Godfather. Have watched it many a times.

And I learnt one of the most important marketing lesson in that movie. Don Corleone (played by Marlon Brando) was a poor immigrant. He grew up in poverty and yet soon became very rich, successful and powerful. He had a lot of clout amongst the politicians and the policemen. How he succeeded can be summed up in 2 lines from the movie:

"They'll never go for it, Pop."

"I'll make them an offer they can't refuse."

That's the secret of growing rich: make an offer people can't refuse. While writing a salesletter, or selling face to face, or even while selling through phone - just ask: How can you make the other person an offer he can't refuse?

- Offer a free trial.
- Give a money back guarantee.
- Give them double the money back guarantee.
- Pay the shipping fees too.

Risk reversal is of prime importance. Let there be no risk in the offer and your profits will increase.

- Accept money in installments.
- Hook people up with credit and loans.

- Tell them how they can make money before they have to pay you.
- Or tell them that they can see the benefit for themselves and you will encash the cheque only after 30 days.

Action summary:

- **Just ask yourself how you can "make an offer they can't refuse."**

Next issue:

Thanks for reading. Next issue, you'll read:

- How L.G. sold 60,000 ordinary rocks for tons of money
- What is picket marketing and how Gerald F. Kein used it to become insanely famous
- How E. Joseph Cossman sold the unsellable earrings

See you in a couple of weeks.

Kind regards,
Ankesh Kothari

p.s. Send me your marketing success story and win a reward. Tell me how you used the marketing tactics revealed in these stories and I'll publish it making you famous. Send me an email at: ankeshk@marketinghotsheet.com