Part I

The Idea
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Digital New School Meets Profitable Old School

New School Gets Schooled ("Thank You, Sir. May I Have Another?")
I may not know you or your business, but I can tell you something about yourself that you probably don’t even realize:

You’re leaving money on the table in your business.
Lots of money. Right under your nose.
You can’t see it, but you will by the time you finish this book.

Let me jump into this topic by asking one of the most important business questions of the late twentieth century.
What precipitated the dot-com crash? What led so many great, innovative Internet business ideas to become commercial catastrophes?

I started writing about Internet business back in 1994 and, at the time, I felt strongly that most online businesses would ultimately fail because they lacked real brick-and-mortar value.

That wasn’t a knock on the idea of digital enterprise. I believed that Internet-based businesses needed to observe the same kind of direct marketing discipline and fiscal common sense that successful offline businesses employed. Ultimately, the lack of those qualities is what turned the dot-com boom to bust.

Part of my own story clearly illustrates the wide-eyed ignorance of the first generation dot-commers and the desperate need for a different approach. . . .

In the 1990s, the company I was running at the time, Aesop.com, was trying to sell marketers on the value of tracking their digital advertising. The product was called “ROIbot” and it was the first remotely hosted ad tracking service on the Internet. Anyone could set up an account in seconds and begin tracking the effectiveness of online ads right away.

I thought we’d be embraced by millions overnight. I was wrong.
Yes, we had a smash opening with web business owners who already understood the importance of testing their advertising. But, the millions of customers I was expecting simply weren’t knocking down my virtual door.

The company grew at a respectable pace, but not nearly as quickly as I would have liked.

I did the math and realized at that rate of growth it would take years for the business to reach any significant level of profitability.

It was the classic mistake repeated over and over by inexperienced entrepreneurs: we believed in the old adage “build a better mousetrap and the world will beat a path to your door.”

This old adage just happens to be completely and utterly wrong. The number of “superior” products that fill the business graveyards proves it.

We had a fantastic product. We even had a smash opening. But these two things, while extremely helpful, are not enough to build a sustainable business.

I was crushed and frustrated.

Then, one day, we had a breakthrough that sent our growth through the roof. Here’s how it happened. . . .

In addition to ad tracking, my team at Aesop had a number of other significant Internet innovations. For
example, long before authors like Stephen King released their first ebooks, Aesop was at the forefront of digital publishing. In fact, Aesop was probably the first “ebook” publishing company.

Our model was clever: we simply asked print authors to allow us to digitize their existing works. It was a win-win business model. For the authors, it was a way to reach new readers with no effort on their part. For us, it was a way to instantly acquire proven products to market.

When we initially took this idea to authors, you would have thought we were selling snowplows in Tahiti. The idea of ebooks was so foreign, they couldn’t see the value.

One author who wasn’t resistant at all was a legendary copywriting genius by the name of Joe Sugarman. He was introduced to us by another of the early adopters of ebooks: the legendary Joe Vitale, who we also introduced to digital publishing.

Who’s Joe Sugarman? You may not know the name, but you know his unparalleled contributions to direct marketing. The toll-free 800 number that customers can use to order products? That’s a Joe Sugarman innovation—one of many.
And, I didn't know it at the time, but Joe provided the first mental catalyst that led to my discovery of Integration Marketing.

You’ve probably seen the infomercials for BluBlocker sunglasses. (Yes, that’s also Joe Sugarman.) During one of our conversations, Joe told me, “Mark, you can’t call us to order just a single pair of BluBlockers.”

Huh? What did that mean?

He proceeded to school me on the classic direct marketing concepts of up-selling and cross-selling.

To illustrate, McDonald’s provides the most fundamental lessons in these tactics. When you order a combo meal, McDonald’s (before hostile documentaries and nutrition advocates—perhaps justifiably—influenced them to curtail the practice) asked, “Would you like to supersize that?”

That’s an up-sell.

Order a hamburger at Mickey D’s, and the person at the counter routinely asks, “would you like fries with that?”

That’s a cross-sell.

It’s a basic idea, but one that radically boosts profitability.
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After speaking with Joe, it struck me that no one was using this technique on the Internet. What happened whenever you went online to buy a product? You got a simple “thank you for ordering” page. No up-sell. No cross-sell. The buying experience was over, and money was left on the table (Figure 1.1).

Figure 1.1  Thank You for Your Order — Now Please Leave and Do Not Give Us Any More Money
It staggered me how much money many of us were leaving on the table because we hadn’t employed these simple direct marketing techniques.

At Aesop we immediately started offering up-sells, cross-sells, and down-sells on our “thank-you pages.” Not surprisingly, our profits took an immediate and dramatic upturn.

We knew we were on to something big. We just didn’t know how big.

Figure 1.2 is an example of a particularly effective cross-sell we created for one of my earlier ebooks.

Anyone who purchased one of our business ebooks didn’t get just a simple thank-you page. Instead, they’d also see a relevant offer for another of our products or services.

So, how does this tie in to the growth of ROIbot?

Two ways. The first doubled our sales immediately. The second, which you’ll learn in a few moments, sent us on an exponential growth curve.

The first is probably quite obvious to you at this point: our most outrageously successful “thank-you page cross-sell” offered a free month of ROIbot. This allowed us to bring in a new steady stream of ROIbot customers from the new customers we were already generating from our ebook sales.
Figure 1.2 Thank-You Page with Offer for “1,000 Killer Internet Marketing Tactics”

After extensive tweaking, we got to the point where 50 percent of the people who saw the offer for the free month of ROIbot would accept.

Why such an outrageously high conversion rate? In retrospect, it was simple:
1. The offer was carefully targeted toward a prequalified warm consumer.
2. We sold business improvement products. We already knew they were interested in boosting their profitability or they wouldn’t have ordered in the first place.
3. We knew they had a credit card.
4. Perhaps the most important point of all—we knew they had just used the credit card, and they were confident enough in us to buy our products. The first month was free—and since they had already given us their credit card information, all they had to do was click the box to say yes.

The previous four points begin to provide insight into why Integration Marketing is so powerful, but we’re still barely scratching the surface. Remember the iceberg I referred to in the Introduction? You’re about to catch a glimpse of exactly how vast it is.

Still, you could walk away from this document right now, learning only what you’ve read to this point and vastly increase the profitability of your business.

It’s true. I’ve seen people make that one simple adjustment—the addition of a “thank-you offer” right
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after someone places an order on their site—and double their revenue overnight.

But don’t stop now. *We’re just getting started.*

After we had played with our new “thank-you page” marketing ideas for a bit, I had a sudden insight that unlocked a method of predictable, systematic business growth for my company. But not only for Aesop, as I later realized. This idea was perhaps the single most important factor in the growth of some of the world’s largest companies.

By 1999, quite a few other companies had begun following our lead in the ebook business. At the time, though, our peers were still using an antiquated order processing system that didn’t take advantage of a customer’s inherent willingness to do more business with them.

One day, it struck me, “Why don’t we let *others* in the industry use our ROIbot up-sell on *their* thank-you pages?

We’ll only pay them on commission and, for them, it will be like pulling money out of thin air.

I started doing the math and realized I had just discovered a major breakthrough for Aesop.
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This idea became the single most important strategic move we ever made.

Why? What’s the big deal?

Well, what’s the most difficult challenge for any business? Finding qualified customers. And acquiring customers usually involves considerable time, energy, money, or likely, all three.

With this new strategy, we could generate a steady stream of new customers on a regular basis—all from just a single conversation with one other company.

All we had to do was keep finding these deals and our company would steadily grow—with little time, energy, or money involved.

Think carefully about that. This concept can literally mean millions for you if you do.

I feel compelled to make certain you don’t walk away from this book without truly grasping the power of this idea.

It is so important, in fact, that I’m going to underscore it with a short chapter of its own, using a lesson from someone who is closer to being a real-life Yoda than anyone I’ve ever met.

Your business Jedi training begins now.