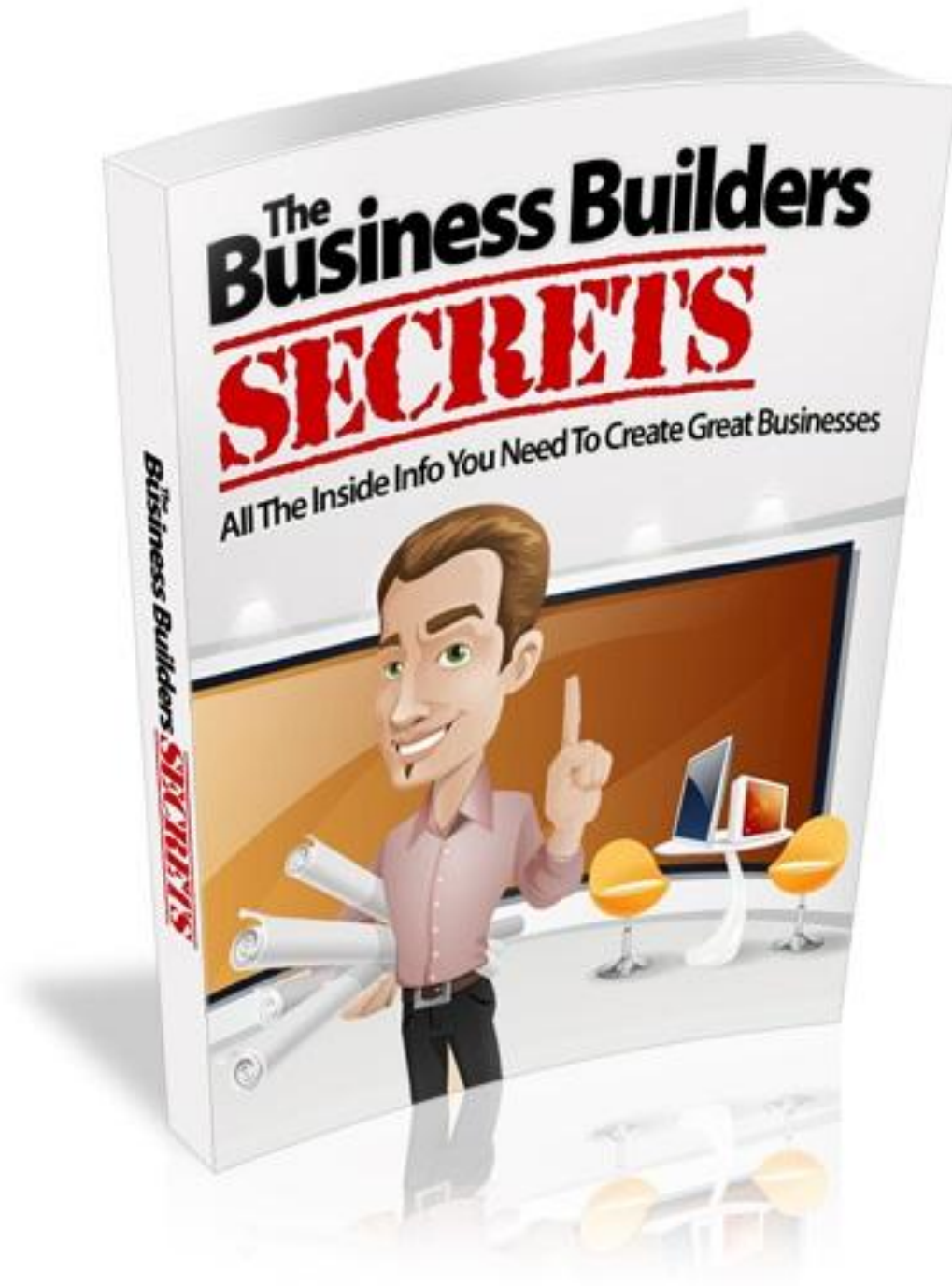


The Business Builders Secrets



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Introduction

Most people when they think of creating a business online, they think of creating a product, selling the product, and hope to make enough capital to finance their next product idea. This kind of thinking is short-term, and doesn't lend itself well to a long-term business venture.

When you stop and think about a longer-term business model, whether online, off-line, or a mix of the two, you really need to think about the bigger picture.

What's really needed is a method to capture leads, convert those leads into smalltime customers, and gradually build them towards customers that spend more with you in terms of three factors: frequency, monetary value, and recency.

In terms of frequency, I think it is self evident that we want them to spend more money with our business on a more regular basis. In terms of monetary value we would like each transaction to be bigger, and have them spend more per transaction.

When it comes down to recency, ideally it would be better if they purchased last week rather than five years ago. This makes them a fresher customer that's more likely to purchase again soon, promoting the other two qualities I just mentioned.

There's also a fourth quality that's rarely discussed. We don't necessarily care how they buy from us, just that they do buy from us.

However some channels of distribution are significantly cheaper than others. Ideally then, media, or the method you used to bring in the sale, becomes increasingly important. So how do you turn a single product to product mentality into a thriving long-term business? Well, to begin with, you need to have a viable business model. And part of that business model absolutely must include the "marketing funnel." This is where it comes into play.

The Marketing Funnel Explained

The marketing funnel is not a complicated process. It's a tool, or a process, to separate your prospects and customers into different buckets.

For example we want to know the difference between our leads, customers that spend less than \$10 a year with us, customers that spend more than \$10,000 a year with us on a regular basis, and everything in between.

This allows us to concentrate our efforts on the smallest group of customers that spend the most amount of money with us. In other words, we're trying to maximize our return on investment.

In a moment we're going to take a closer look at the marketing funnel in detail to see how it works, plus what you probably are familiar with as the "80/20 rule."

Because that's going to drive our return on investment returns of those customers and spend the most of my money with us, those customers that spend the least, and the freebie seekers and tire-kickers.

Most marketers are missing at least one or two of these crucial steps that are causing them to leave wads of money on the table that could otherwise be in their pockets.

The REAL Business-Builder's Way Of Obtaining Maximum Profits

A typical business model might focus on three areas for each transaction: Recency, frequency, and monetary value.

For example, let's take a typical fast food joint and use it as an example. There are primarily three ways to grow a business.

1. You can acquire more customers, which is which most businesses try to do.
2. You can get them to spend more with you per each transaction (monetary value).
3. And you can get them to buy from you more often (frequency).

There are other ways, dealing with investments and such, but for the sake of this discussion, will keep it simple and referred to growing your business as building a strong customer base.

So the goal, then, becomes calling how do we do any of those three things? Ideally, we would like to do all three.

That's where your business plan should come into play.

When you think in terms of a product, you're talking about a single instance of something that can be leveraged into greater assets over the long run through the use of this rather simple model.

But back to the fast food model.

When we talk about a cross-sell, that's similar to when you order a sandwich and they ask you, "Do you want fries with that?"

When we use the term, "upsell," it's similar to that fast food joint asking you, "Do you want to supersize that?"

Now you may already know this information. But we have to start with a frame of reference.

The real money to be made is on what we call the "back end."

For example, if you order something from a catalogue, perhaps even a small "impulse buy" item, and they later send you information in the mail to get you to purchase a more expensive item, that's what we call "selling on the back-end."

It's where the business is truly grown.