

A CTC Publishing Mini-Briefing

A Direct Marketer's Secret  
Weapon for Building a Large  
and Profitable Opt-in List:

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# The “Internet Loss Leader” Strategy

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by  
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## **A DIRECT MARKETER'S SECRET WEAPON FOR BUILDING A LARGE AND PROFITABLE OPT-IN E-LIST: THE INTERNET "LOSS LEADER" STRATEGY**

By Bob Bly

Have you ever read an ad offering a product at a price so low it than seems impossible for the seller to be making a profit? Any item sold at or below cost to attract new customers is called a *loss leader*.

Retail and mail order merchants sell items at or below cost in order to entice you through the doors or get you to place an order (retailers refer to these discounted items as "door busters," because they can whip consumers into such a frenzy that they will literally bust down the door to the store to get one of the items).

Once you purchase the loss leader or door buster product, you have made the transition from shopper to paying customer. And the merchant makes his profit selling existing customers like you additional products with a regular mark-up.

Rebates are another type of loss leader. Once you've sent one in and received your rebate, you've bought the product for nothing out of pocket.

Well, the same loss leader strategy that merchants have been using off line for decades to build their customer lists can now be profitably applied online. In this special report, you'll learn my *Internet Loss Leader Strategy* for building a large and profitable e-list with loss leaders online

Your list is your key to making money on line. The larger your list, the greater your online revenues—all else being equal. Reason: the people on your e-list already

know you and trust you, so they are more inclined to purchase products from you than strangers who have never heard of you.

Suppose you have a list of 10,000 subscribers you market to, and you are making \$50,000 in sales yearly. If you grow that list tenfold to 100,000 subscribers, you should be able to increase your online sales approximately tenfold to half a million dollars a year.

### **BUILD A SUCCESSFUL LOSS LEADER STRATEGY WITH JOINT VENTURE PARTNERS**

In traditional direct marketing, a loss leader is an item advertised, direct to the customer, at or below cost to generate maximum orders to build a list of customers to sell additional products to. You'll use this strategy with a twist. You're going to sell your loss leader product through a targeted group of affiliates.

You'll use the loss leader concept to build a subscription list of proven customers. And everybody involved—you, your affiliate, the consumer—is going to come out a winner.

#### **Step #1: Find Your Joint Venture Partners**

First, identify affiliates you can do joint ventures with. You'll want Internet marketers that already have a large or high quality subscription list reaching the same kind of prospects you sell to.

Look at the e-zines you already subscribe to. Who produces them? What products do they sell? Do they target the same markets that you do? Do you have relationships with any of these Internet marketers? Can you reach out to them and establish a peer-to-peer relationship? These are the places you'll want to look to find valuable affiliates.

You can Google your topic to find Internet marketers reaching your market. Check out their landing pages. Subscribe to their e-zines.

You can also forge personal relationships with them by reaching out via phone or e-mail, or meeting them at Internet marketing conferences. But on first contact, don't

immediately launch into proposing a joint venture. Instead, build a relationship first. Wait until they know you before making your “loss leader” joint venture pitch.

### **Step #2: Create Your Loss Leader Product**

Next, create a PDF e-book to sell. If you're reading this, it's likely you already have a product to sell. If not, take a good look at Bob Bly's e-book *Writing E-Books for Fun and Profit* at [www.myveryfirstebook.com](http://www.myveryfirstebook.com). Here, you'll discover how to create downloadable PDF books that you can sell on the Internet. The steps are simple, and if followed, you'll end up with a valuable product that you can make money with. Otherwise, use an existing product that you can repackage just for this purpose.

Price your “loss leader” e-book at \$39. I'll explain why in a minute.

Keep in mind that this product should have the broadest possible interest base. The topic should ideally be one that all your customers will find interesting enough to make them want to own the e-book. And be sure it is a truly valuable product. No matter what your intent is, you always want to give your customers great value for their money. That way they'll come back to you for more information again and again.

### **Step #3: Offer Your Affiliates a 100% Commission for Promoting Your Loss Leader Product to Their List**

Approach your affiliates and suggest they can sell the \$39 e-book to subscribers on their lists for \$19—giving their subscribers a special \$20 discount offer.

Tell these affiliates that you won't pay the customary 50% commission. Instead you'll give them 100% commission for every book that's sold. That's right. They get all the money!

If you only gave them the usual 50% commission on the \$19 sale, their cut would be only \$9.50—too little to interest them.

But 100% commission on a \$19 sale is equivalent to a 50% commission on a \$38 sale. And the fact that you are giving them ALL the commission makes them stand up and take notice.

This is why I said set a retail price of \$39. It allows you to offer the consumer a \$20 discount, which has strong appeal, and still give the affiliate a \$19 commission per sale, which also has strong appeal.

This is a win, win situation. The customer gets a great \$39 product for \$19. The affiliate gets 100% of the sales. And you get a valuable list of subscribers.

### **Step #4: Give Your JV Partners an E-Mail (With An Affiliate Link) to Drive Traffic to Your Landing Page Selling the Loss Leader E-Book**

The key to this working is that every one of the affiliate’s subscribers who buy the book, buy it from your landing page.

#### **How it works:**

A - The affiliate sends an e-mail to their list promoting your \$39 e-book for only \$19, using copy you provide (they may edit it any way they wish; a sample JV e-mail is reproduced in the appendix).

B - The e-mail contains an affiliate link that lets you know that the traffic and sales to your landing page came from your JV partner. You can set up affiliate codes and track affiliate sales with a program like Web Marketing Magic,

[www.automateyouronlinebusinessnow.com](http://www.automateyouronlinebusinessnow.com)

C - A portion of the affiliate’s subscribers click on the link and buy the e-book for \$19. Let’s say your affiliate sells 100 copies of the e-book. You collect \$1,900 in your bank account.

D - You send a \$1,900 check to your affiliate as his 100% commission. It costs you nothing out of pocket. You are just passing the money you collected from the JV partner’s subscribers back to the JV partner

E - What did you get out of it? 100 new Internet customers who are on the JV partners list have now, by buying, opted into YOUR list. *You get 100 new names added to your online subscriber list at zero out of pocket cost.*

In addition, these subscribers are more valuable than those acquired through general marketing techniques. They have purchased a product from you, and will be likely to do more purchasing—thus the term “loss leader.” You now have developed a relationship with them.

This is much less costly than Goodle AdWords and Pay-Per-Click advertising, which can cost you thousands of dollars.

METRIC/MEDIUM	PAY-PER-CLICK ADS	LOSS LEADER STRAGETY
<b>Out of pocket cost per name</b>	\$1 to \$3 and up	Zero
<b>Type of subscriber acquired</b>	Inquirer	Buyer

**CASE STUDY:**

I've recently used this strategy with my e-book *Writing and Selling E-Books for Fun and Profit* valued at \$39. My affiliate, Early to Rise, has a proven list of 400,000 subscribers.

I gave them a short e-mail promoting the e-book and offering \$20 off the cover price. They sent it to their 400,000 online subscribers.

Within a few days, Early to Rise sold 986 copies for \$19, for a total of \$18,734. I compared the new subscribers with my existing list, and there were only 40 duplicates, which means I acquired 946 new names.

The cost to the customer was \$19, the cost to the affiliate was zero, my cost was zero. I wrote Early to Rise a check for \$18,734, which the buyers had paid me through my landing page. My affiliate got a check for 100 percent of the profit, and I received 946 valuable subscribers for free. These are proven buyers—and they'll likely purchase

again. Bottom line: I added almost a thousand new subscribers to my list, in less than a week, at zero marketing cost.

### **IT’S A WIN-WIN-WIN SCENARIO:**

- Your affiliate’s subscribers win. They get a great \$39 product and save \$20.
- Your affiliates win. They get 100% of the sales.
- You win. You add hundreds of names to your list for free.

That’s all there is to creating a loss leader marketing strategy that can net you a valuable list of subscribers for your future marketing ventures. So, what are you waiting for? Go ahead and get started today.

## Appendix I:

### Sample E-Mail for JV Partner to Send to Their List Promoting Your Loss Leader Offer

Subject: The easiest product to sell online

Dear NAME:

There's no product easier to create or sell online ...

... than a simple, straightforward instructional or how-to e-book:

[www.myveryfirstebook.com](http://www.myveryfirstebook.com)

Why are e-books the perfect information product to sell on the Internet?

- >> 100% profit margin.
- >> No printing costs.
- >> No inventory to store.
- >> Quick and easy to update.
- >> No shipping costs or delays.
- >> Higher perceived value than regular books.
- >> Quick, simple, and inexpensive to produce.

Bob Bly's very first e-book has generated \$20,727 in sales (so far).

His total investment in producing it: just \$175.

Now, Bob shows you how to make huge profits creating and selling simple e-books  in his new e-book "Writing E-Books for Fun & Profit":

Normally Bob's e-books sell for anywhere from \$29 to \$79, and later this year, "Writing E-Books for Fun & Profit" will sell for \$39.

## THE INTERNET “LOSS LEADER” STRATEGY

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However, to make it affordable for you to get started in e-book publishing, we’re letting our subscribers have “Writing E-Books for Fun & Profit” for only \$19 today – a savings of \$20 off the cover price!

For more information ... or to order on a risk-free 90-day trial basis ... just click below now:

[www.myveryfirstebook.com/affiliatecodeXYZ](http://www.myveryfirstebook.com/affiliatecodeXYZ)

Sincerely,

Joe Affiliate

P.S. But I urge you to hurry. This special \$20 discount is for a limited time only. And once it expires, it may never be repeated again:

[www.myveryfirstebook.com](http://www.myveryfirstebook.com)

**A SPECIAL  
\$116 FREE GIFT  
FOR READERS OF THIS REPORT!**

As a reader of this Special Report on the *Loss Leader Strategy for Building a Large and Profitable E-List*, you get, as my gift to you, **4 additional FREE Bonus Reports:**

**\*\* Free Special Report #1:** *Make \$100,000 a Year Selling Information Online.*

**\*\* Free Special Report #2:** *Recession-Proof Business Strategies.*

**\*\* Free Special Report #3:** *How to Double Your Response Rates.*

**\*\* Free Special Report #4:** *Online Marketing That Works.*

Each report has a list price of \$29; total value of this package of reports is \$116.

But this week only, you can get all **4 reports FREE** when you click on the link below now:

[www.bly.com/reports](http://www.bly.com/reports)

Sincerely,

Bob Bly

P.S. You will also get a FREE subscription to my monthly e-zine, *The Direct Response Letter*. Each issue is packed with tips to double your response rates.

Just click below to start your subscription:

[www.bly.com/reports](http://www.bly.com/reports)

There's no cost. And you may cancel without penalty at any time.

## About the Author

Bob Bly is a full-time freelance copywriter specializing in online, direct response, and b-to-b marketing. He earned more than \$700,000 last year from his freelance writing, and became a self-made multi-millionaire while still in his 30s.

A copywriter for more than a quarter of a century, Bob has written promotions for over 100 clients including Phillips, Agora, KCI, 21<sup>st</sup> Century, Weiss Research, EBI Medical Systems, Sony, IBM, AT&T, Grumman, Crain Communications, McGraw-Hill, Intuit, and AlliedSignal.

Bob is the author of more than 70 books including *The Copywriter’s Handbook* (Henry Holt) and *Internet Direct Mail* (NTC Business Books).

He has published more than 100 articles in such publications as *Subscription Marketing*, *Direct*, *Business Marketing*, *Writer’s Digest*, and *Amtrak Express*.

Bob’s writing awards include a Gold Echo from the Direct Marketing Association, an IMMY from the Information Industry Association, two Southstar Awards, an American Corporate Identity Award of Excellence, and the Standard of Excellence award from the Web Marketing Association. He also taught writing at New York University.

Bob has appeared as a guest on dozens of TV and radio shows including The Advertising Show, Bernard Meltzer, CNBC, and CBS Hard Copy. He has been featured in major media ranging from the *LA Times* and *Nation’s Business* to the *New York Post* and the *National Enquirer*. He was formerly the advertising manager for Koch Engineering, a manufacturer of equipment for the chemical industry.

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