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Transcript

[Welcome to Profitable Business Automation where you learn how to automate your marketing and grow your business.]

Rui Zhi Dong: Hello and welcome to Profitable Business Automation. My name is Rui and today I've got Keith Perhac with me. So thank you for being on the show today Keith.

Keith Perhac: Well, thank you very much.

Rui Zhi Dong: Can you tell the audience a little bit about who you are and what you're doing?

Keith Perhac: Sure. So my name is Keith Perhac and I run a boutique consultancy. So what that means is there's about 10 of us who focuses on marketing and improving online businesses. So that includes how to market your product, strategies, that kind of stuff.

We're based in Japan but we work with clients around the world and we focus a lot on I guess people who are selling information on the internet. People always use the term "information product". I'm not a huge fan of it but online courses and just toward creating productized services from what they know.

Rui Zhi Dong: OK. Can you give us an idea of the kind of people you're working with?

Keith Perhac: There are a lot. I'm [0:01:20] [Indiscernible] a lot of them so I can give people like this. So I work with people like Brennan, people like Ramit Sethi at I Will Teach You to be Rich and I actually did work for Ramit Sethi at I Will Teach You to be Rich.

Just people like that, people who have made a business of marketing what they know and helping people improve their businesses and their lives through information products.

Rui Zhi Dong: OK. How do you help people sort of grow the business with your consulting service?

Keith Perhac: So some of the things that we do is we have this kind of perfect storm of marketing design and technological experience. So I started as a developer with a design background and I've been studying marketing for 15, 20 years as well.

So it has always been something that we've been interested in. So it's this perfect storm of the knowledge of what needs to be done, the design acumen to make it look pretty, and technical chops to be able to accomplish it.

So speaking specifically about what we do, if people are trying to launch a new product or the like, how do I grow my audience or how do I – what are the strategies I can use to get people to view my product? Once I have them viewing my product, once I have them on the sales page, how do I make them convert? How can I turn a \$500 launch or a \$1000 launch into a \$10,000 launch or \$100,000 launch? That kind of thing.

So we kind of come up with the strategies of how you should position products, help you work with your audience and then have the technical chops to be able to say, “OK, this is how you hook it up with Infusionsoft. This is how you hook it up with AWeber or 1ShoppingCart,” or whatever you happen to be using to sell and distribute your products.

Rui Zhi Dong: OK. So what would you say are the kind of – where you got the biggest wins? What sort of things did you implement? What kind of strategies do you recommend for your clients which really made a kind of big impact on their business?

Keith Perhac: God, there are hundreds. I mean there are just so many things you can implement, so many things you can tweak. The biggest overall advice I can give you is test everything, even if you don’t have huge, huge numbers.

You want to be at least testing and having ideas of what works and what doesn’t work. So I know we had talked a little bit about the call about very specific strategies. So I picked one and it is cross-sells and upsells. So this is a very common strategy in offline sales.

So you go to a store. You go to the supermarket and as you’re walking out, you have those kinds of – the battery pack or you have a little coupon that says – when you check out, you get a coupon back that says, “Oh, you bought four packs of baby diapers. Here’s a coupon for 10 cents off baby formula.”

Rui Zhi Dong: Right.

Keith Perhac: That’s a cross-sell or an upsell. Not much upsell. But the idea is that people have already opened their wallets to you and you want to take that buying power and just offer them one more thing. That one more thing has such a high purchase rate that it can dramatically affect the revenue that you make on a sale. We’ve seen 20 percent of revenue come from upsells or cross-sells before.

Rui Zhi Dong: Twenty percent of revenue.

Keith Perhac: Twenty percent of revenue, yeah. I have even seen some – I had a friend who is doing a strategy. He had like a \$50, \$100 product that he was selling and he had a \$700 or \$1000 upsell.

Rui Zhi Dong: Seven hundred or a thousand dollars. What was the upsell?

Keith Perhac: It was just another one of his products. So he had a cheap product or a relatively cheap product and then once you bought that, you are then set. You are then told, “Hey, here’s

this great, special offer for my \$1000 product. This is the only time you will ever see this offer,” and it sold like gangbusters.

Rui Zhi Dong: Really?

Keith Perhac: Yeah. We just completely – you would never think that. It’s like someone coming in to buy a \$100 product is not going to buy a \$1000 product, right?

Rui Zhi Dong: Right, that’s 10X the original price.

Keith Perhac: It’s 10X the cost but it does convert and it converts very well.

Rui Zhi Dong: So can you give us an idea of sort of the numbers in terms of what kind of impact? So the clients that you’re working with, before you started working with them, were they already using upsells, cross-sells or was that something that you recommended afterwards?

Keith Perhac: It runs the gamut. I’ve worked with people who are very sophisticated, who already have their upsell, cross-sell, downsell funnels.

I’ve worked with people who don’t even offer multiple tiers of their products. So they only have one product, right?

Rui Zhi Dong: Right.

Keith Perhac: The number one thing I told the people is create a second product. Create a second product or a version of your current product that you can then upsell. So let’s talk about the difference between a cross-sell and upsell real quick because sometimes the terminology gets mixed up.

An upsell is when you offer an improvement on your current product. So you buy the pro and then in the next screen you say, “Hey, thanks for buying Pro. You can upgrade to the Master this time only for X dollars,” or the Super Master or something else. It’s like getting the undercoating on your car, right?

Rui Zhi Dong: Right.

Keith Perhac: There’s something that is added to the product at this time only for an additional fee, right?

Rui Zhi Dong: Right.

Keith Perhac: And then a cross-sell is something where you sell something just completely different and they’re both very effective.

Rui Zhi Dong: So if you were just first starting out and I know that a lot of people who are listening to this probably aren’t going to have an upsell sequence or a cross-sell sequence in their

funnel, but might be thinking about it. What do you think are some effective techniques that they can use to implement it? Should they have for example a time or should they try an upsell or a cross-sell first? Should they make it exclusive? So for example, that's not available anywhere else except on the upsell and make that clear on the upsell page. What do you think are some things that they can sort of try first?

Keith Perhac: I haven't seen a huge number of – I mean you always say the special offer, right? You never say this is always available. So even if you are offering something that's generally available, give something that makes it seem like it's a little bit special, maybe a \$10, \$5 discount or something like that.

But there are a couple of things you can do. One is to offer completely separate products or to – so if you don't have a separate product. Let's say you're only – let's say you're starting out. You have one product. OK? So you have your product tiers.

So let's take an ebook for example. So you have your ebook and then you have the ebook with 10 videos that you have included of yourself recording, helping people walk through whatever you're teaching, right?

Rui Zhi Dong: Right.

Keith Perhac: So you have your pro and your master. Then for the upsell on each of those, you say, "But wait, there's more. For this limited time offer, for \$1000, you get two hours of one-on-one coaching. This is not available anywhere else. It's two hours of one-on-one coaching with me." So this is something that anyone can set up even if you only have one product, because you're still only selling that one product. But now you're selling your time in two-hour blocks for \$1000 a pop.

Rui Zhi Dong: Do you think they should be doing that at a discount because they just purchased something or at least position as a discount? Does it really matter?

Keith Perhac: No, if you are – if you generally offer your services like that, then you should discount or do something special about it. But I don't like discount. I don't like discounting and there's always a way to position what you are selling in a way that does not involve discounting. I think discounting is the lazy man's way out to be perfectly honestly.

Rui Zhi Dong: So then how would you position it as something that they should take advantage of right now?

Keith Perhac: I would just say take a special time offer. So you purchase, right? You're on that cross and that upsell page. This is the only time you will ever see that page and you say, "This is a one-time offer. For this course, I will offer two hours of my advice one-on-one specifically about X."

So even if you're offering consulting services or something separate where you say it's specifically on X and it will help you A, B, C. Yes, I want this. No, I don't.

Rui Zhi Dong: Right. What about having a guarantee? You think it's important to have a good guarantee on the ...

Keith Perhac: You should always have a guarantee.

Rui Zhi Dong: On the upsell page.

Keith Perhac: On all pages. One thing that a lot of people marketing on the internet do not realize is that because we are on the internet and because we do not sell solid things, people can charge back for up to a year.

There is a full year when a person can go to their credit card company and say, "Hey, this guy is so scammy. I want my money back," and then you give it back. I want my money back.

The credit card company nine times out of ten will say, "Here's your money back," and they will hit you with a chargeback fee.

Rui Zhi Dong: Wait. So they can actually ask for their money back one year after the purchase. Is that what you're saying?

Keith Perhac: Yes. There are a couple of strategies you can do to kind of win that negotiation but in most – in 90 percent of cases, yes. So offer a very good, long money back guarantee because A, it makes people want to sign up more. It makes people comfortable with signing up and B, they can charge you back anyway.

Rui Zhi Dong: So after they see the upsell, then do you think it's recommended to have downsell if they don't choose to accept the upsell or do you think that would annoy people?

Keith Perhac: What I like to do – now this really depends on your client how – or your product, how many products you have, what your engagement is. You really – you have to test all this but the perfect kind of flow is tiered product, so master – pro or master kind of thing. Go into an upsell or a cross-sell where you offer one or two products for them to buy before they get to your product.

Then after they've completed the course or sometime during the course, send them an email offering them another cross-sell. So let's say they had those two – you had product A and product B as your upsells. Offer them product C halfway through the course.

If someone doesn't purchase a week – like maybe two or three days after sales closed, send them an email with a cheaper product they might buy. So it's a – I can see your face and like that's really complicated hearing it.

So let's do it like this. Let's use a specific example. So I'm going to sell my product on how to consult on the internet. It's a \$50 ebook. OK?

Rui Zhi Dong: Right, yeah.

Keith Perhac: I have a \$100 ebook version called *How to Consult on the Internet Master* and it includes about five hours of video of me talking. If someone does not purchase that, after the sales page closes, I will send them an email maybe two or three days after saying, “Hey, I saw that you didn’t like my \$50, \$100 ebook. Maybe it wasn’t a good fit,” blah, blah, blah. I’m prepared to offer you special time offer, my other book that will teach you how to become a consultant.

So this is how to consult. This one is kind of that first step, right? It’s a product that leads into it and it’s only \$20. OK?

Rui Zhi Dong: So this \$50 and \$100 product, do they see this as an upsell or are these products that they were presented with but they never purchased?

Keith Perhac: They were presented with but never purchased. We’re talking about downsell right now.

Rui Zhi Dong: Oh, on the downsell, right.

Keith Perhac: Right. So if they don’t purchase your product, what you want to do is offer them kind of a stepping stone product that gets them ready for your product at a cheaper price, right?

Rui Zhi Dong: Right. OK.

Keith Perhac: OK, because there are a lot of reasons people don’t buy. One is price and one is that people don’t think that they’re ready for it. So if you offer something at a lower price that kind of prepares them for your course, they’re also going to be more likely to purchase in the future.

So then let’s go into the – let’s say people do buy. So I have the \$50 and the \$100. So someone buys the \$100 *How to Consult on the Internet* product and then I give them an upsell page that says, “Hey! One time offer, I’m ready to help you super charge your consultancy. Two hours of one-on-one coaching calls with me for \$1000. This is a special limited time offer. This will never be offered again. Click *Yes* or if you don’t want this, click *No*, but you will never see this offer again.”

Then they choose and then you send them to the product, so whether or not they chose that.

Rui Zhi Dong: Have you ever tried having them presented on the same page or having it just as a two-step process and seeing if it makes a difference to the ultimate sales conversion?

Keith Perhac: Do you mean – present which on the same page? Both upsells?

Rui Zhi Dong: Yeah.

Keith Perhac: I have done that in the past. We did not have good results when I have tried that. That may work with your customer base. But with ours, we're generally seeing – you want one focus item each time. You don't want to have people comparing. They don't want to see that there's another offer behind it, right? Because then they're like, oh, I won't take this one. You want them to say, "This is the only offer." Then once you click that, they're like, "Oh, now, there's another offer," kind of thing.

Rui Zhi Dong: Right. OK. So after they've gone through the sequence, and then how to decide sort of what they're going to see in the post-sale follow-ups.

Keith Perhac: In the post-sale follow-ups, you generally – it depends what they purchased and what they haven't purchased. If they purchased all your products, then you're pretty much done at that point.

But I like to have something similar, like – this is where the funnel kind of gets complicated, right? Because there's a lot of "ifs" and "ors". It's like if they bought the consulting videos, then give them this. If they did not buy the consulting videos but they bought the master package, give them this.

It gets really complicated but there's always something else you can sell people. There's always something else that you can present to them as an offer.

So here's an example. Offer your downsell. If you're out of – this is like a last ditch effort but if you're out of things to sell someone, just offer the downsell as a mid-course product.

Rui Zhi Dong: So how would you go about implementing something like this in Infusionsoft? So first of all, is this something that can be relatively easily done in Infusionsoft? Is this something that will take a long time to implement? Just the upsells and the downsell process and then the post-sale follow-up as well.

Keith Perhac: Well, the upsell process – it's all fairly easy to set up in Infusionsoft. Now I know Infusionsoft changed around the way that their upsells work. I believe they made them legacy.

But they do have upsell functionality in there. So once you purchase, it takes them to an upsell page in Infusionsoft where you can just kind of click on it and add another product on.

So that's how you deal with the upsells, the point of sales upsells, right?

Rui Zhi Dong: Right.

Keith Perhac: So once they purchase, you send them to the Infusionsoft upsell page and then you just run them through those two and then into the product. For the post-email follow-ups or for the post-course follow-ups and the downsell, you just set up those campaigns. So what you do is you say, "If a person clicks on this email to go to the sales page, you start them on a little campaign," and you wait until the sales page is closed. If they purchased, send them this email. If

they didn't purchase, send them this email. That's how you would set up your downsell or your cross-sell later in the course.

Rui Zhi Dong: Do you think it will make a difference whether it's one click or if it's a multiple sort of process? So there are some people who use PayPal to process the payments. If you're using PayPal Standard or even PayPal Business, then you kind of have to log in and sort of – that's a streamline process. So do you think that will make a difference on the upsell and downsell conversion rates?

Keith Perhac: Yeah, it really does. Now I'm not quite sure – we don't use PayPal. I don't think I've ever worked with clients who use PayPal. We always use something a bit bigger. But Infusionsoft's upsell pages I believe are one click even if you're using PayPal. Is that correct?

Rui Zhi Dong: If you're using standard – well now you have to have a business account to use it.

Keith Perhac: Right.

Rui Zhi Dong: But I don't think – I don't remember actually. I know that they really just allowed you to take recurring billing. But I'm not sure about the upsell and downsells. As far as I remember, I don't think they did allow it. But I have to check on that.

Keith Perhac: OK. You want your upsells – now the post-course cross-sell and the downsell of course because you don't have your information and it's because it's a new process. Yes, you can definitely get them to [0:19:50] [Indiscernible] in their credit card and everything. That's fine.

But for your point of sale upsells, so after they purchase the first two products that you show them that says, "Hey, you should buy this special offer," they cannot enter their information again. That's just going to kill conversion right there. It needs to be one click. It needs to be visceral. It needs to be – they don't even need to think about it. It just needs to go straight to their brand. They need to click that button and continue on because once that PayPal screen opens up, then they're like, "Oh, but I just bought a \$100 product. I really want the \$1000 product."

You might be listening to this and saying, "Oh, but you're tricking them into it." But they do it at their own accord and from what we've seen, the retention rates are very, very good, so people do not refund these.

But just because someone is not going to refund does not mean it's also – you don't want to make it easier for them to purchase the first time. For any sale, the hardest part is that first hurdle, right?

Keeping them on the course – if your content is good, they won't refund. If people are getting value out of what you're selling, they're not going to refund but that first hurdle of getting them to purchase is very, very important.

Rui Zhi Dong: Let's rewind a little bit. So what do you think is a – I mean do you have a formula or a particular strategy that you recommend for people when they're first launching a product, their very first product on their internet? So let's say they've been consulting or they've been providing some kind of coaching service and now they want to provide some kind of information product. What's the best way for them to go about launching a product?

Keith Perhac: Launching a product especially if you are kind of testing the waters, you don't know what's going on, it's interesting because I actually am the cofounder – I'm the CTO of an online software called Summit Evergreen that helps people produce courses, high value courses on the internet.

That's kind of another can of worms. So anyone who's interested, please check us out. But for right now, I'm going to talk about PDFs just because it's the number one easiest way – people understand how to write a PDF more so than a course.

So I just want to talk real quick about your first foray. You've never done an information product, never done products on the internet before. What you need to focus on is first of all think small.

Don't create the comprehensive course to online marketing because especially if you're starting out, you don't know how to connect, yet there are a lot of things you need to learn. What I would suggest – and it takes a long time to create a course like that. I have some clients that create their courses for six months, nine months, a year, two years before they finally launch.

What I would suggest is writing maybe a 100-page, 120-page ebook. Brennan Dunn did this with his first product, *How to Double Your Freelancing Rate*.

It was I believe 120 pages. It took him, I believe, 30 – sorry, three months to write.

Rui Zhi Dong: Three months.

Keith Perhac: Three months, yeah. He sold it for – the numbers are just blanking on me – \$67 I believe. I got it when it was still a little bit cheaper because I was one of the first people buying.

But why is this good? First of all, it only took him three months to write. It's not a huge technical issue because he has – it's just a PDF and he's able to promote it to his list and promote it to people and advertise it in a way that is not taking a ton of his time. He's able to – it's like a minimal, viable product, right?

You're able to judge the waters, test the waters before you go whole hog and spend a year of your life creating content, right?

So what he didn't do the first time, but what he did quickly afterwards that I really – which I really suggest as well is when you're creating your product, imagine what you can have as tiers.

So what can you have with that pro and master? So if you have an ebook, so let's say – Nathan Barry did this as well, which was great. He did how to design applications. He's a designer. He produces books on how to design and he has three tiers. One was just the ebook. Two was the ebook with the kind of the worksheets, the PDF – the PSD files, the Photoshop files in order to kind of get yourself up and running.

Then number three was videos included. So it's not only the content but also how to get started quickly and one-on-one guidance through the videos on how to do it, right?

Rui Zhi Dong: Right.

Keith Perhac: So he had these three tiers from one product.

Rui Zhi Dong: Right, and obviously very different pricing.

Keith Perhac: Exactly, exactly, very different pricing and what he said was – again, I don't remember the exact numbers off the top of my head but I believe he said around 80 percent of sales or revenue was from the master, from the highest tier course.

Rui Zhi Dong: Right. Do you remember how much the highest tier was? Was it – I think it was a few hundred dollars, wasn't it?

Keith Perhac: It was. I want to say – I'm going to actually just look it up right now. We have this amazing thing called the internet. I always forget. It's like, oh, yeah, I can look things up on the internet.

Rui Zhi Dong: I can use this. Yeah.

Keith Perhac: All right. App design ...

Rui Zhi Dong: And he has used this for some of his – so all his product launches I think, he would separate them into tiers. So I think one of the one he just launched is called Authority. Another one after that is called – I think it's actually about launching products, isn't it?

Keith Perhac: Yeah, yeah. This one – app design, web design. Yeah, he has a bunch of products. I'm trying to remember which one was which. Yeah, his highest is 249, so that's the complete package, and then he has the books plus the videos which is 99 and then the book which is 39.

OK. So I had it backwards. He has the video at the medium range, right? So it's the content plus videos with interviews and what not. Then at the highest level, he has also the templates that he used to build the course. So it's like you can get started instantly and that's a really powerful messaging for people because everyone is very time-constrained, right? They have a lot to do and not much time to do it.

Anything you can offer as kind of that higher tier that says, “Get started instantly,” or “This will increase your productivity by 10 times because I gave you this extra stuff,” kind of thing.

I think those are very good positioning tactics to get people to upgrade to that higher tier.

Rui Zhi Dong: Right. So for something like the three tiers which Nathan does, do you think that it’s – so let’s say they purchased the lowest tier, the ebook. Would you then do an upsell, downsell, cross-sell sequence after that with one of the things that you’re already trying to sell?

So let’s say that you sold a \$29 ebook. Would you upsell them to the next tier when they just purchased the lowest one or you just leave it at that?

Keith Perhac: No, you just leave it at that because they’ve already made their decision. You can come back later in the course and say, “Hey, I see you only bought the \$39 ebook. I see that maybe you’ve enjoyed it. I hope you’ve enjoyed it. What about upgrading to the next version? For the special time offer, I will upgrade you at the exact same price it would be to sell it. So you don’t have to buy it again. You just upgrade.”

Maybe give them like a special offer, a \$10 offer, whatever. But you present something to them like that. But at the time of purchase, if they chose the \$39 version, don’t go in and say, “Are you sure you didn’t want the \$400 version? Are you sure? Are you sure?” You want to offer something else, right?

Rui Zhi Dong: Right.

Keith Perhac: And so that was why I was saying. You want to offer something that was not on the original sales page, but relates to the products, so something like the one-on-one coaching sessions.

Rui Zhi Dong: Right. Would you make those time-limited? I’m not sure if we said that before.

Keith Perhac: I see both. It depends how much effort you want to put into your sales funnel. If you want to stick it up there and forget about it – now, are you talking about the upsells themselves or the product itself?

Rui Zhi Dong: So I’m talking about the upsells. So let’s say you’re selling a \$29 ebook or you’re selling the full package, the master package. Then after they purchase that, you’re going to offer them let’s say a two-hour one-on-one. Would you make that so that they can choose to purchase that at any time or make this thing ...

Keith Perhac: No.

Rui Zhi Dong: No.

Keith Perhac: No. Yeah, the upsells, especially if it’s special content like that, needs to be only available then, if it’s special content. If you’re doing a cross-sell which is you’re selling – you’re

trying to sell them a different product, that can be open all the time. But it's always nice to give them something for buying now, not necessary though.

A lot of my clients will just say, "Hey, thanks for buying the book. It's going to be really great for you." We also offer this great course called – let's call it the PDF. We offer the PDF. It's a great value. It will really help you with the book. If you would like it, please click here or if not, click here and we won't bug you about this again.

But you do want to set up even if it's not a limited time offer because that page – the only way they can get to that page is by purchasing. The page itself is a limited offer. So even if you're not giving them something huge and full of bonuses, it's still a limited offer and you should position it like that, right?

Rui Zhi Dong: OK. So let's say you've decided to write this PDF and maybe you've taken the extra work to record some videos and have a higher tier. So then what would be a good way to release that product?

Keith Perhac: That's getting into a more of list building, assuming that's what you're asking, kind of how do you build your list, right?

Rui Zhi Dong: Right.

Keith Perhac: Or how do you market it to your list?

Rui Zhi Dong: Exactly, yeah.

Keith Perhac: So everyone does it differently. The main thing I would focus on is talking to your list well before you actually decide to launch. So it's called priming the list, right?

Rui Zhi Dong: Right.

Keith Perhac: Priming the conversation.

Rui Zhi Dong: How would you do that?

Keith Perhac: Well, what you would not do is just say, "Hey, I'm selling my new product." Now, what you want to do is generally – I mean it depends on your timing. About a month maybe, maybe a couple of weeks, maybe two months, three months. You just want to start every now and then sending out an email that talks about the product or something tangentially related to the product.

So let's say – let's take Nathan Barry for example with his designing web applications. So what you would do on your blog for about a month or maybe two months ahead is redesign someone's web application or talk about web application and send that out to your lists, say this is the web – so I found this horrible web application on the internet. I rebuilt it and this is kind of how it came together. This was my thinking. Go check it out.

Then you talk a little about the theory behind web applications. Then you talk a little bit about design theory and then you have an interview with someone else who does that. You have content related to what you're selling over the course of the month, that has people – that makes people start thinking about what you're selling. So it's in their mind and you're not only having people think about that but you're also positioning yourself as the expert on this topic, right?

Rui Zhi Dong: Right.

Keith Perhac: About after a month of that, and maybe two, three weeks before, you're like, "OK. I'm planning on releasing my new product. It's about [blank]. Come check out the preview page," or whatever. Send them little teasers. It's like hey, this is kind of coming up. Brennan Dunn did this for a while, I believe, before some of his new courses where he's just sending in emails. It's like hey, I'm thinking about a new book or I'm starting a new version of the book. Can I get some feedback from you guys? That kind of thing.

Rui Zhi Dong: All right.

Keith Perhac: It's about connecting with your audience with content that is related to what you're about to sell them.

Rui Zhi Dong: And then come the launch date. So do you think discounting the product is a good way to release at launch? Do you think it's better to run webinars, which is what some people like to do? Do you think it's better to send them just to a long sort of – long form sales page or to get them on to a live webinar?

Keith Perhac: Like I say, it completely depends on your audience. I do like webinars for sales. The issue with webinars is if you are not expecting at least maybe 100 to 500 people, you probably shouldn't do it because nothing makes people less likely to buy than seeing that they're the only one in the webinar room, right?

So if you have a large list, and you know that people are going to show up, then yes, do a webinar. But you don't want to have a webinar with four people there.

Rui Zhi Dong: Right.

Keith Perhac: So a lot of people do webinars. I think launch webinars are really good. I've had a lot of good success with that. I've had a lot of clients who have had a lot of success with that. The other thing is you were talking about discounting. Again, I would say never discount. What you should ...

Rui Zhi Dong: Even at launch?

Keith Perhac: Even at launch. What I would do – and when I say don't discount, it's all about positioning, right?

Rui Zhi Dong: Right.

Keith Perhac: You don't want to say 10 percent off. So what you say is – and what I would do is for the webinar, people who attend the webinar, or who – maybe an early bird special, right? So the first three days of sales you say, “You get the master version at the pro price.” I'm going to upgrade you for free. I'm not discounting. I'm upgrading you for free, right?

Rui Zhi Dong: Right. OK.

Keith Perhac: And because once you – the word “discount” especially “percent off,” it sends a very big message to people that you are cheap. Not that you yourself are cheap but your product is discountable. It's a commodity, right? Because commodities get discounted.

So a couple of strategies I've seen with that is one, the free upgrade, and then two bundling extra information just for that launch. One of the things one of my friends in the health niche does is he has all these interviews with doctors and stuff that – all about whatever the product is about and he says these doctors charge out X hundreds of dollars an hour. We have 10 hours of video. It's a \$10,000 – oh, it's a \$5000 value. Yours for – included in the price of \$500, right? So you get the product plus if you buy now, you get this extra \$1000 worth of video. He's not discounting. But he's giving you extra value for purchasing that.

Rui Zhi Dong: Right, OK. So it's about how you're positioning it.

Keith Perhac: It's all about positioning. It's all about positioning.

Rui Zhi Dong: Have you heard of the four-day cash sell?

Keith Perhac: I haven't.

Rui Zhi Dong: Four-day cash cow, Frank Kern.

Keith Perhac: Oh, Frank Kern. No, I haven't heard that one.

Rui Zhi Dong: So basically what he says is if you – basically you are – you would give a heavy discount for people who aren't buying, who have been on your list for a while, I think. You give them a heavy discount and then every day for four days, you load bonuses on top to make the offer irresistible. But you're saying that it's not good to discount. It's better to just position it in a way so that it looks like you're getting more value for the money you're paying rather than say 10 percent off, 20 percent off, 50 percent off. I know that Frank Kern – I think he discounts very, very heavily sometimes, like 50 percent, 60 percent.

Keith Perhac: He does, yeah.

Rui Zhi Dong: I think eventually people start to expect the discount as well too if you do it too much.

Keith Perhac: Right. That's really the downside to discounting that we've seen with all my clients is that – and I do have some clients that do discount and they feel that they get good value out of that. They do get large amounts of cash influx at once, right? But I feel that in the long term, depending on your market, in most cases that discounting – like you say, it makes people wait for the discount, especially if you do a – do a lot of discounts throughout the year or if it's automated, right? If you have an automated discount system, people are going to wait for it.

A very good example of that is O'Reilly.com. So O'Reilly.com, they sell programming ebooks. Not just programming but everything, like amazing, amazing service. Once a year they do a 50 percent off sale with everything and I was just blown away. The first time I heard about that, it was like 50 percent off everything. I bought like \$130 worth of books.

I got – and because it was 50 percent off, it was like \$260 worth of books, right? I would just load it up with all these ebooks. It was wonderful. But then I was on that list and I realized that they send out these discounts every two to three weeks.

Rui Zhi Dong: Every two to three weeks.

Keith Perhac: Like every two to three weeks, they have a 50 percent or 60 percent off some genre of their books and ...

Rui Zhi Dong: Oh, yeah. It's like Udemy. They do that as well.

Keith Perhac: Exactly, exactly. So the first time I got one of these emails, I was like, "Oh my god! Now they're doing another sale." I was like – the second time, I was like, "And it's another sale," and it's like I would never buy O'Reilly books at full price anymore. It's like I will just wait for them to be on sale.

I mean it works well for them because they sell in such high quantity that it works for them because – I mean they're a multinational brand. They have developers and artists and everyone from all over the world buying constantly on their site. But probably the people listening to this podcast – I mean even my largest clients don't have people who have like a thousand sales a day. That's just not like in the realm of possibility for most of them, the people who are probably listening to this or most of my clients.

I haven't worked with anyone who has a thousand sales a day every single day of the year, right?

Rui Zhi Dong: Yeah, right.

Keith Perhac: And so you really want to be careful of how you're positioning. Are you positioning in such a way that people are waiting for the sale?

Rui Zhi Dong: Right.

Keith Perhac: Because if people wait for the sale – and you're going to – and the problem with that is that when you do do that, you're going to see this huge influx of people when they buy at

the sale, right? You're going to be like, "Oh, the sale was such a success." But look at your sales from the rest of the year and see how they've dropped off, because people were waiting for that.

Rui Zhi Dong: So then when you launch the product, would you set a deadline and close the product off? Would you leave it there? If you leave it there, how would you go about continually kind of making sales for the course or you wouldn't? You just sort of leave it there.

Keith Perhac: I always hate saying it depends. But it depends. There are two models of selling things like this and one is the kind of open-always model and that works for a lot of people. I think Frank Kern –

Rui Zhi Dong: Sorry, can you repeat that? I think ...

Keith Perhac: Oh, sorry, the open-always model, so Nathan Barry, Brennan Dunn. I believe Frank Kern as well, Jordan Reasoner. All these people, they always sell their products. Their products are always available and I think that works very well on a long term process and then the – and then there's a bunch of people who have limited sales, IPE, institute of promotional – I can't remember what the IPE stands for. But they're another one that only sells at limited times. They have a scarcity model, right?

Rui Zhi Dong: Right.

Keith Perhac: So it's the same product but it's only – they do launch models, right? So it's now the product is available. After Friday, it's not available anymore and maybe three months later, OK, the product is open again, and then it closes.

Both of them have merits. Both of them are good. Both of them are bad. What I would suggest is kind of like – especially if you're launching a new product. I think that the best way to do it, if you don't want to do the scarcity model, is to do the bonus for signing up during the sales week.

So you would essentially have maybe three tiers or maybe just two tiers of hey, if you're an early bird, if you buy within the first 24 hours, you get five hours of extra video.

If you buy during the first week of launch, you get three hours of extra video and any other time, you just don't get any extra video, kind of thing, right? Like you have a tiered rewards system for how quickly they buy and because you want to convince them to buy now. There has to be a bonus for buying now instead of buying in a year. You don't want people to think too much about it and say, "Oh, I can come back at any time."

Airlines do this very well because when someone thinks, "Oh, I need to go somewhere," they buy that ticket pretty much right – as soon as it's confirmed because if you wait until the day before, it's going to cost you 10 times as much, right?

Rui Zhi Dong: Right.

Keith Perhac: And people know that. So they're not waiting until the last minute. They're going to buy it when they need to buy it, right?

Rui Zhi Dong: Yes, exactly. That's a very effective technique. So if – let's say that one of your clients, they've got some kind of product that they're selling online. Let's say it's an ebook or let's say it's a video course and they also provide consulting services. But they want to get more people into the funnel. They want to get more sales on the front end so they can upsell for the consulting services.

What would you recommend for them to do to get them through the funnel? Would you recommend for them to go straight for the consulting? So the end goal is to try to get more consulting services, to get more consulting clients.

Keith Perhac: I wouldn't say necessarily go for the front end because once they have – so there was an interesting study done and – this has been done a couple of times. When someone purchases, customers are about 30 percent more likely to buy from you again than non-customers, which means it is much easier to sell to someone who had already purchased from you than hasn't.

So the end goal is [0:44:09] [Indiscernible] high dollar consulting sessions. I would not start out with the high dollar consulting sessions. It's the same reason you do the downsell with a cheaper, more beginner product, right? You get them in the door. You want to get them in the door. It's kind of a gateway drug, right?

Rui Zhi Dong: Right.

Keith Perhac: And then you use that to convince them that your stuff works. I mean it's all built on trust. If yours doesn't work, no one is going to buy it. Either way [Indiscernible] one product and people are convinced and they see the results. They're like this guy [0:44:44] [Indiscernible]. This guy knows what he's talking about. They're much more likely – when you send them that [Indiscernible] email two weeks later about the consulting session, that they will buy a consulting session, right?

Rui Zhi Dong: Right, right. So for the actual upsell itself, would you have that as a video for the consulting or would you have it as a sales page or you think – is there one that you think will work better, something that's worth testing you?

Keith Perhac: I've seen and talked with people and results I've seen are sales with the video with text. So what that is, is a small video at the top, a short video at the top. Maybe about a minute to two minutes that talks about the product, then a short sales page and text after it.

Rui Zhi Dong: Sorry. Can you repeat that?

Keith Perhac: So the upsell page would have a short video, one to two minutes, and then below that has a text. Not what you [0:45:52] [Indiscernible] like a normal upsell page. Yeah.

Rui Zhi Dong: OK. So somebody who doesn't have an upsell sequence, downsell sequence, a cross-sell sequence, they've only got the kind of – the ecommerce card where you can just purchase the book or whatever. They don't have a consulting upsell or anything. What would be the first thing that you think they should automate in their business to kind of grow the business?

Keith Perhac: If you can't do upsells, the big thing is your pricing. So make sure you have that pro-master, because that's a huge win for sales.

Rui Zhi Dong: For the pro-master, do you think it's better to have three or two tiers?

Keith Perhac: It depends. It depends what you're willing to offer. I hate always saying it depends but it completely depends on your market. What works for a large – for example a large enterprise client would not work for a small [Indiscernible] client, right?

Rui Zhi Dong: Right.

Keith Perhac: So you have to test it with your audience. I have seen [0:46:54] [Indiscernible] with two. Nathan Barry has seen perfectly great results with three. The whole idea of planning tiered pricing is just – so when you have one product, the competition is between you and everyone else in the internet. So it's you or not buying from me, right?

Rui Zhi Dong: Right.

Keith Perhac: When you have two products there, the competition is between your product and your product. The decision is not buy or don't buy. It's buy the lower one or buy the higher one.

Rui Zhi Dong: Right.

Keith Perhac: There's still that other option. Right, frame it. There's still the don't-buy option but it's now a one-in-three chance instead of a one-in-two chance, right. Yeah. So you want people comparing against yourself because at the end of the day, if they're comparing against you, if they're comparing you against you, you're still winning in the end, right?

Rui Zhi Dong: Right. So is this something that you've tested with clients before, the different tiers?

Keith Perhac: Testing, how do you mean testing? Have we tested tiers versus no tiers?

Rui Zhi Dong: Yeah, tiers versus no tiers and pricing up with tiers.

Keith Perhac: We do a lot of price testing on tiers. Tiers versus no tiers, we have never done an apples-to-apples test. But looking at revenue numbers for how sales have been going and – I mean Nathan Barry, I would check out his article about this as well because he wrote in depth about it. Tiered practicing is a much higher revenue generator than non-tiered pricing.

Rui Zhi Dong: OK. And you said you've extensively tested the pricing on the tiers. Is there anything that you can share from the testing that you've done?

Keith Perhac: Unfortunately no. That unfortunately crosses the whole client NDA and what not. It's also one of the things. What I would say is the numbers all depend on the client. I've seen clients who have had a payment plan of three months. I've had clients – that worked great. I've had clients that say three months are horrible and never to use three-month payment plans and stuff like that. It all depends on your niche and your clients or your customers, but test. That's the number one piece of advice. Test with your customers.

Rui Zhi Dong: So then which would you say made the biggest impact, on the frontend, the testing of the pricing or on the backend with the upsells and the downsells?

Keith Perhac: That's a good question. That's a good question. I have to look at the numbers. My gut feeling is that the upsells has a higher rate of return as far as revenue goes.

Rui Zhi Dong: Are you comparing this for somebody who has no upsell and they're adding an upsell, the impact, or are you measuring this of – sort of an upsell versus an upsell? **[0:50:00]**

[End of transcript]