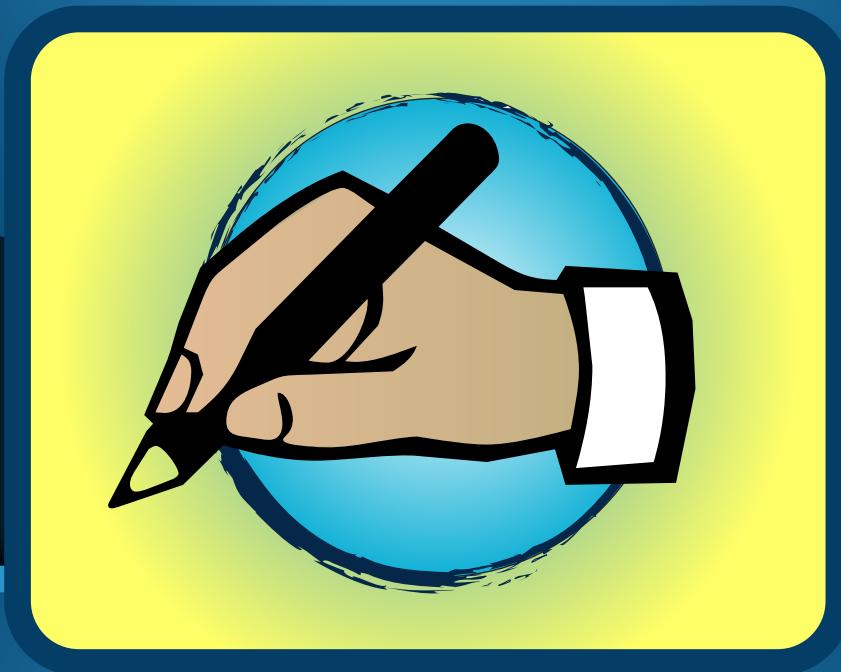


Copywriting UNIVERSITY

Michael Senoff Copywriting Interview Series



How the Japanese "Cracked the Code" To Online Advertising Testing

Michael Senoff Interviews Online Advertising Testing Expert



Dear Student,

I'm Michael Senoff, founder and CEO of HardToFindSeminars.com.

For the last five years, I've interviewed the world's best business and marketing minds.

And along the way, I've created a successful home-based publishing business all from my two-car garage.

When my first child was born, he was very sick, and it was then that I knew I had to have a business that I could operate from home.

Now, my challenge is to build the world's largest free resource for online, downloadable audio business interviews.

I knew that I needed a site that contained strategies, solutions, and inside information to help you operate more efficiently

I've learned a lot in the last five years, and today I'm going to show you the skills that you need to survive.

It is my mission, to assist those that are very busy with their careers

And to really make my site different from every other audio content site on the web, I have decided to give you access to this information in a downloadable format.

Now, let's get going.

Michael Senoff

Michael Senoff

Founder & CEO: www.hardtofindseminars.com

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How the Japanese "Cracked the Code" To Online Advertising Testing

"Tagoochy" is a funny sounding name. It's a Japanese name. And we all know that when it comes to business the Japanese lead the world in Technology! It's this same technology that created the need for more efficient testing applications for manufacturing. A wiled haired genius and national hero in Japan names Tagoochy created a system for testing that works with online advertising optimization. Simply put, if you are trying to increase your profits and reduce your costs associated with your online and offline marketing and advertising campaigns, you need to know about Tagoochy.

The Tagoochy Advertising Method is used to "compress" the number of tests you have to run to get superior response rates and results. If applied correctly, this testing method causes significant increases in advertising response in record time. This 50 minutes recording is with David B, a trained Tagoochy expert. This interview will reveal the power behind this Japanese testing miracle and show you how to get the response and conversion increased you need to decimate your competitors and to survive in today's competitive market.

- So what is the tagoochy method and what's the big deal?
- Learn in this recording...
- The most common and biggest mistake most make when testing.
- The one variable that is critical to increasing your online ROI. (90% of the online marketers are watching the wrong factors.)
- What method is most effective to manage your online testing.
- The manufacturing principle that applies to all business growth.
- The critical design elements that must be held for the components themselves so create maximum response.
- How to perform a "forced survey" in your marketplace.
- What is the proper sequence for testing?
- Where do you use this method in your sales process?
- What kind of increases can you really expect?
- Why "Split Testing Thinking" does not work (actually fails) if used with Tagoochy Algorithms.

For more information on this breakthrough advertising and marketing testing system, contact David directly at 1-866-300-1568

David: What testing will do for you is it will eliminate the guesswork that you have when you're taking your sales message and/or your marketing message to the market because what testing really is, is a forced survey. It's happening in the market with visitors, real eyeballs, and they are voting with their dollars when they buy. What we found is that it can increase response rate upwards to 200, upwards to 700%.

[MUSIC]

Michael: Hi. It's Michael Senoff with www.hardtoseminars.com. I am pleased to present with you an incredible interview with a gentleman named David who is a master at online and offline marketing and advertising testing. Testing is critical in everything you do and can sometimes be the shortest way to more profits with the least amount of effort and time and capital. So, sit back and in the next 58 minutes, you're going to learn some things about how to test your advertising to gain massive increases in sales and profits. So, let's get going.

How did you fall into all this marketing? How did you get into this? I know you were in a sales position. Tell me what you were doing before you fell into the world of direct marketing and testing and all this?

David: From day one my first internship was as a salesman with Mobile Oil Corporation and then I moved from that -- I was an engineer in a sales position, but I realized it was still a good thing to do, but then I went back to engineering to become technically competent and stayed there for the better part of ten years.

Michael: What did you do there with them?

David: Oh, gosh, I was what they called a project engineer; meaning one of my first positions was maintenance engineer in _____ facility for Dupont. And my job was to fix, from an engineering standpoint, I was the maintenance engineer, so if something were broken and/or

costing too much money from costly repair, it was my job to come and fix it. Within the first year, I think I saved the company like \$300,000, engineering savings. So, I had an eye for processes, how they work, what will work, what won't, and that type of situation. I left Dupont and went over into the robotics field, as a process engineer, but I was in the automotive space. So, I was using robots to paint and weld cars. And there I became what they call a data acquisition specialist.

Michael: What's that?

David: Say we were trying to find out exactly how long it would take the paint to get to the end of the nozzle for a paint spray gun. It was my job to figure out exactly where to put the sensor to find out exactly how long that would take and it got to the point that I could just look at a graph and tell you if a spring was good, a spring was bad, if the gun was working or not remotely to the point that I was a testing guy. I was the guy that was going and putting the sensor where it needs to be.

Michael: And each one of these processes meant bottom line money for the company.

David: What happens is, say at some of the major manufacturers, every minute that you're down, you're losing \$5,000. Since time really is money, you get a very different mentality on the thing working or not. If something is not working, you're losing money.

Michael: And then how did you fall into marketing arena...the Jay Abraham?

David: I believe the first time I got a hold of Jay Abraham I got a letter in the mail. It was a direct mail piece. It was just compelling. I think he was selling his self-marketing book, say he had 100 things that business owners ask and here are the answers to them. At that point, the Internet wasn't really big. It was all direct mail. It just made sense. How do you write headlines? The thing that was attractive to me about him was that he had been in so many different industries that he was bringing something from one industry to another and it would work. And because I was a process engineer and had the idea, well this works over here, how can I make it work over there, it just

made sense. And I found out that he had studied Dr. Deming and applied some of Dr. Deming's principles to marketing.

Michael: Had you heard of him?

David: Oh, Dr. Deming, yeah.

Michael: Tell me in a nutshell...give me an elevator pitch of Dr. Deming, who he was and how he affected business. I mean was this an amazing guy?

David: Dr. Deming was a statistician, an industrialist that was sent from the United States to Japan to basically fix and/or help the Japanese get back on their feet.

Michael: Who sent him, the U.S.?

David: The U.S. did. It was after World War II, after the bombing in Japan. They sent him over there as an industrialist to help. Now, the thing that was very interesting about Dr. Deming is he had been talking about the physical process control and how to use an array map; all these quality situations he already had a handle on, but no one was listening to him in the United States. So, he went over to Japan. As you know, they just took to it immediately and they started applying the cause and effect graphs, the statistical analysis; all the quality control that we take for granted now were new ideas then. This was around 1950. What happened there, in a nutshell, Dr. Deming revolutionized the way that they do business and look at their businesses and manufacturing. And subsequently you see what happened in the 70s when the imports started taking over in the United States. So, he was the catalyst for that. Now, the way it becomes very interesting from a marketing standpoint on how this all ties in now is Dr. Deming met a young electrical engineer called Genichi Taguchi. He was a mathematician and he took to the statistical analysis that Dr. Deming was doing, but he looked at it differently because he was an engineer and engineers are paid to do two things -- tell the truth and keep things running. So, as an engineer, you don't have the time to go through all the analysis, statistical analysis that Dr. Deming was going through. So, Taguchi, at that time, figured how to get more out of less of the actual analysis.

- Michael: Quicker and faster.
- David: Quicker and faster. Save time, save money. Get in and get out. Fix it, get a robust result, and keep moving forward.
- Michael: Did they have a working relationship together or was he more of a student of Deming's work?
- David: They actually worked together; it's just that Dr. Taguchi, he had that other piece. Dr. Deming was a statistician; Dr. Taguchi was a pragmatic statistician and working engineer. So, he was a problem solver. So, he took the quality tenants and applied them to manufacturing from a practical _____ standpoint, meaning it's going to work whether it's raining or shining. This process is going to produce this type of quality, so we know it's going to produce every time.
- Michael: What was Taguchi doing in Japan? For how long was he involved with Deming and what results did he have for the Japanese people with his Taguchi method coming from his background?
- David: Well, a couple of quick examples, there was a penicillin situation there where they're penicillin was going bad, it was going rancid and they didn't have enough in the country. So, Dr. Taguchi was called in to look at the process and was able to turn the quality situation around. I think they got a 90% improvement rate. So, that was something that was, obviously, very good for the country from a health standpoint.
- There was another situation there where he was working with a company that was making tiles and the slurry mix was not working well. He came in, turned the whole situation around. They thought they were going to have to buy a new furnace, kiln, and he said no, you want to look at the mix. So, he tweaked the mix for the actual slurry worked better with their current equipment and was actually able to produce the quality that they were looking for.
- There was another situation where he was working with a telephone company where they were having some horrific problems with the quality control as far as connectability with the telephone

switchboard. He went in there, applied his thinking there, and again, turned that situation around. So, he just moved around from one thing to another to another.

Michael: Was he an independent consultant, like using his methods and he would charge companies?

David: At first I believe he worked for an engineering firm. I believe he worked for the telephone company and then later on he became an independent consultant, to the point that if you fast forward up into say the 70s, his son is now over the American Supplier Institute here in the United States. He went from working with someone to then becoming an independent consultant. The point is now his son is an independent consultant, advising the United States.

Michael: Is the son's father...is Dr. Taguchi, still alive today?

David: He's very old, but he's still alive.

Michael: He is. So, did he become somewhat famous in Japan for his work?

David: Oh, absolutely. He's world renown. The Taguchi method is a world-renowned method for statistical process control manufacture. It worked. It gives you an answer quickly. You define the causes and affect within a system. You take the system, break it down into components and pieces, you run it through the algorithm, and it says this is what is most influential in the system that you need to pay attention to. It's like the 80/20 rule for testing...what to pay attention to so that you're not just guessing as to what to test.

Michael: It all sounds scientific and complicated and, obviously, I had never heard of him and I'm sure probably 99% of marketing students have never heard of him. So, how did Taguchi bridge the gap into marketing, direct marketing and why should I listen and study his system? How is it going to help me as an online and offline direct marketer and advertiser?

David: The bridges between Dr. Taguchi and the methodology comes from Dr. Kowalik, and Dr. James Kowalik had been studying advertising and creative thinking and the Taguchi method for about 12 years.

Michael: How old is he?

David: He's in his 60s.

Michael: What's his background? What kind of doctor?

David: He's a rocket scientist, actually. But he ran into the Taguchi method while he was working as a munitions expert, ballistics, at one of his former companies. He was the propulsion guy for rockets. And what happened was they were having a quality control problem, he applied the methodology, and lo and behold he was able to fix their quality situation there at his particular job. What happened then, he became so intrigued with the method that he went over to Japan, met with Dr. Taguchi, they became friends. And then one day, as the story goes, he was walking down the hall of one of the manufacturers and he happened to go by a meeting about advertising and he heard a snippet of the conversation and said wait a minute, you all have the same concerns in advertising that we do with manufacturing. And from there he sort of just tried to figure out exactly what you need to do to bridge the gap from the process that we've used for manufacturing forever, how do you bridge the gap with advertising.

Michael: Outline the problems that most advertisers have.

David: Most advertisers, just like in manufacturing, you never have enough time, you never have enough money, so budgets are always fixed and time is always fleeting. What the methodology allows you to do is to test quickly, less expensively. That is the same problem in both manufacturing and in advertising. If you're talking to an advertiser, what we ordinarily do there is we do AB Slit testing. AB Slit testing takes a while to do because you have to get statistical significance, you have to get so many views, and so many actions, and it takes a while if you're going to go ahead and test headline B versus headline A.

Michael: Give me a remedial example of what an AB Split test is.

David: Say you look at any landing page. A landing page is a web page. When someone types something into the search engine and they click on that link, they show up somewhere.

- Michael: So, it could be an example of a page that sells a widget.
- David: Sells a widget. As soon as they put those keywords and click and they show up on that next page, which is a website, that is a landing page. That landing page selling that widget most ordinarily will have a headline. If they have a headline, that is something that is testable. The headline may account to almost 300% of your response rate because the headline is the ad for the ad.
- Michael: So, if I don't have a headline, a big headline that outlines what this page is about, I'm already losing sales.
- David: Right because no one knows why am I here, what's in it for me, what's the benefit, why should I be here, why should I even be curious enough to continue reading on. The headline will get the person reading the next line.
- Michael: So, tell me about my AB Split test. I've got a widget, I've got a headline, and I want to know if maybe another headline with different words would be better and make me more money.
- David: Exactly. What you're looking for there is you want your headline to align with the conversation of the person that is on the page. There are certain words in a certain order that will make that happen better. So, you could have a "what if" headline or you could have a headline that is expressing this is like this new fangled widget. Those two headlines will have different response rates from the viewers. Kowalik took split testing...when you apply the Taguchi method with what Dr. Kowalik did to advertising, you put split testing on steroids meaning instead of just having an AB Split test, you have an ABCDEFG Split test essentially. You are actually testing more tests by only testing a few.
- Michael: The traditional split testing AB takes more time, cost more money. Kowalik has a way to do the same thing for less time and less money.
- David: That's it exactly...great leveraging compounding.

Michael: Ordinarily a marketer like myself without the system wouldn't know how to do it accurately. The method that you have shows me how to do that, gives me the tools to do, to do it for less money, to get greater results, and to have more accuracy. So, what this method is, it's a scientific method for accurate results.

David: Exactly. You get more done in less time. You know more about what your advertising is doing or not doing in less time. It's the golden goose because if you test you know. You're eliminating guesswork. You have AB split testing, which is one thing, you're testing one page versus another and that's called one factor at a time. That takes a lot longer. It's more costly because it takes longer. Whereas with the Taguchi method, you're not testing one thing at a time, you're actually testing several things at a time. So, you're actually compounding your efforts so it costs you less time and less money.

There are some definitions that we probably need to go through. You have ABC split testing, but then you have to call multi-variable testing. Multi-variable testing is when you're testing not just one thing at a time, which is traditional, but you're testing several things on the page, several factors. So, you're testing the headline, the sub-headline, and the call to action. That's several variables.

Michael: I've always heard from the stuff I've studied, you can only test one thing at a time. Is that not true now?

David: That is true if you're doing AB split testing. If you're using the multi-variable testing, you can test several variables at the same time. So, it's not that you can't, you just have to have different tools and/or different approach to make that happen.

And then the next thing you have to concern yourself with is something called multi-variant. Multi-variant is also -- it is not looking at many things on the page, but it's looking at different combinations of items on the page. So, you're looking at the headline along with the sub-headline along with the call to action.

The next thing that you're looking at is something called factorial. And factorial tells you what is important on the page. AB split testing does not tell you what is important on the page, whereas if

you were doing the factorial analysis, it tells you what the influence of the headline is on the page. The headline often times you'll find out is the most influential thing in the system. You want to spend more of your time there.

What the Taguchi method does is it takes into account...not only a multi-varient thin...several things, and multi-variable, checking combination and factorial, which is also checking influence. So, it's checking several things on the page, checking their influence, and then checking the combinations at the same time.

Michael: So, how much mathematics is behind all this?

David: There is a lot of math. You don't want to get into that. There's a logarithmic table. It's a signal to noise ratio. And all that is just very confusing. You don't need to worry about that because there are tools now that'll actually take you step by step through and it will say what do you want to test. Oh, the headline. Well, what's the headline say? This. Then it'll actually go ahead and tell you the actual recipe of the headline, sub-headline, call to action, whatever it is you're testing, it will give you the actual recipe so you don't have to worry about the math. The math happens in the background.

Michael: And this is all in the software?

David: This is all in the software. When I came into the marketplace some years ago and called you and the tool that I needed to landing page and/or website optimization didn't exist. I was looking for a tool that would do several things. It needed to serve up several pages at the same time, meaning it needed to have...I needed at least 12 pages served up, page 1 through 12. That's was the first thing. I needed to do that sequentially. The next thing I needed it to do was to rotate, do each one of those pages. The next thing I needed to do was to pick up the view and ultimately for it to pick up the action if the person did what I wanted them to do. That combination did not exist. And then the last thing is I needed it after it did the rotation and sequential tracking, I needed it to then do the math for the Taguchi otherwise I was doing it on a spreadsheet. Now those tools exist.

Michael: So, you went ahead and developed this?

David: Over the last 18 months we've had those tools developed.

Michael: Is this method only designed for Internet marketing or can it be used for my offline marketing or advertising and direct mail, as well?

David: It's been used in newspaper ads, it's been used in magazine ads, it has been used for direct mail and postcard mailing. It has been used in just about every media. The reason why I choose the online media is because it's more fluid and flexible. If you make a mistake on a landing page, you can easily just upload a new copy of it and fix a spelling mistake or something like that. Whereas, if you're working with direct mail and you've had it printed, once it's printed that money is spent. It's over. The printed media are definitely more expensive. Testing out there is more difficult because the coordination between the printers and the split runs, they can be horrific. Whereas, online, it's zeros and ones, a couple of electrons with your Webmaster and you can be up and running a test within a couple of days.

Michael: Now that I know that tools exist for my online promotions and offline promotions, what can testing do for me or for any online or offline business?

David: What testing will do for you is it will eliminate the guesswork that you have when you're taking your sales message and/or your marketing message to the market because what testing really is, is a forced survey. It's happening in the market with real visitors, real eyeballs, and they are voting with their dollars when they buy. What we found is that it can increase response rates upwards to 200, upwards to 700%. I'm running an experiment right now that is at this moment in time it's giving me a 700% ROI. The first month I spent \$600 in paperclip cost. I made \$525 in sales, so I lost \$75. I was upset, but that is normal. What I did is I continued to test and tweak that product situation so that the next month instead of having a negative 14% ROI, in February I had a positive 156% ROI.

Michael: How many different testings and variables did you use with the Taguchi method for this?

David: I was testing the headline, sub-headline, the initial greeting, and the first paragraph. I'm usually testing everything above the fold. And

what I found is through iteration, I was able to find that long copy was better than short copy, that a “don’t buy this if” headline worked better than any other headline, and I immediately within one month was able to turnaround my sales.

Michael: Did you continue to test it?

David: Oh, absolutely, to the point that...well, I went from that negative \$75 to within the gross sales there...my income went from \$517 the first month to \$700 the next month to \$800 the next month. In April, I got to \$900 and by May I was at \$1,400 in gross commission in, gross revenue, gross commission in.

Michael: So, have you stopped testing on that?

David: Oh yeah. What I do is once it gets to the point that I know it’s doing exactly what I want it to do and the ROI is consistent above say \$1,000, then I lock it down and go on to the next thing. What I’m finding is depending on how you select your product, what’s happening here is because I’m adding new customers into the fold and this is a consumable product and people are reordering, my commission and/or my gross income is going up about 20% every 60 to 90 days.

Michael: Could you have done this without the Taguchi?

David: Yes, it would have taken a lot longer.

Michael: How much longer?

David: I would have never gotten there.

Michael: So, when you stopped it, tell me what were the winning factors on that above the fold page? What kind of headline? What kind of copy? What did you find and learn through your testing that surprised you that gave you the results?

David: I found out that I needed to have a headline that said “don’t buy if.” So, it was an informational headline, not a news headline and not an imagination headline. I also found that I had to have an image of the bottle above the fold so people could see what they were getting. I

found out that I had to have something there in the salutation that said, "Dear Health Fish Oil Buyer," and then that pulls them into, oh yes I am a fish oil buyer. And that was another one of the items that I tested. What is the first thing I'm going to tell these people so they go on into the letter? This is just a matter of walking down the page checking body copy, finding out what needed to be where. And also, if I put a drop letter at the very beginning, it increased the reader about 12%.

Michael: How about colors of the page? Do you test variables on...?

David: Oh, my gosh, I went from a...it's so funny if I look at the iterations. I went from a stark white page...I ended with a blue background with a gray page itself.

Michael: Dark blue background?

David: A dark blue background works the best. I tried red, I tried nothing, white, and I tried blue. Blue won out. And again, it's testing. I may be able to find a better color, but the question then becomes diminishing returns. The thing is I spent \$100 some odd a month and produces \$1,400/\$1,500 a month. It's a 10X return and it's continued to grow. Why test anymore.

Michael: So, that's a great case study. Can you tell me some other case studies for online advertisers who have used your Taguchi method and some of the results?

David: Oh, absolutely. I work with some of the bigger companies. I've been a consultant in the background with like American Express and we've got some good results there. They got a 5X return in their situation.

Michael: What was it, an online promotion?

David: No, this was actually offline telemarketing situation.

Michael: So, this can be used for telemarketing as well?

David: This can be -- the same thing can be used and the methodology can be used just about anywhere, offline or online and show an

improvement. It _____ tell me, you put stuff in and better stuff comes out if you set this experiment up the right way. From an online standpoint, I work with several online vendors. There was one who was a resume writing service. We took them from a 5% conversion rate up to a 10% conversion rate. That's a view to sale, not view to opt-in or view to they went to the next page. That is they saw the first page and at the end they were at a 20% increase. We worked with another company who was promoting an e-book, kind of business opportunity product. Over a seven-day period, we got them an increase of 50% and/or promise between 25 and 50%. Every now and again where we get two 50% increases, we'll use that at the iteration working on the order page, the landing page, and the sales page.

Now, people who are using the platform that was developed have been the New York Times, Marketing Experiment is using our platform, and several other of the Fortune 500 are using it at this point.

Michael: Now, is this an exclusive platform? Is there anyone else who has anything like it or pretends to have something else like it the marketplace?

David: This platform that I use is pretty unique in that there are some graphics that I needed to see. I needed to be able to see how a component stacked up against other components in the test itself. I needed to see trending, both long-term and short-term for the creative. Some of the things that I have in there...no, they don't exist anywhere; at least I haven't been able to find it. And again, when I came into the marketplace, these tools didn't exist and now they do. Other people say they have it, but I don't think they're getting the results as quickly as are because I think we developed a pretty interesting method that, in fact, is very effective.

Michael: What do you think the number one reason for not testing is?

David: People don't know how to test and they get poor results. If you run an experiment, you take the time, set the experiment up, don't design the components correctly, what you will do is you will get ads that run exactly the same or getting the same 10 or 20%. Both of them are getting 20%, so you'll come back and say why did I even run

that test. What was the point? Whereas, if you know how to design your test correctly, you will get spreads of one ad will run at 10% and the other one will run at 30%. You can actually...in the test battery get upwards to a 2 to 3X difference if you know how to set the test up correctly.

Michael: Let's talk about some of the steps and what's important about breaking the page into pieces. How does this all come to play with your Taguchi method?

David: Well, one of the things you have to...you look at the page as a system and every system has pieces and parts; standard landing page has a pre-headline, sub-headline, headline, call to action, the greeting, the guarantee, and usually a border. Those are the pieces and parts on the page. Each one of those pieces and parts can and should be tested. The first thing you do is you break the page apart and after you break the page apart, you decide on what component that you're going to test, then you design that particular component.

So say, let's start at the headline. There are different types of headlines and they need to be different otherwise you're speaking into the same conversation to the visit. So, say you had a "what if" headline or a "news announcing" headline; those two are different. People really have to be careful that you design the components differently. So, one headline needs to be very different from another.

Let's look at an image. Let's say you're on a page and you're promoting products for making money. You can do a couple of things there. You can have a picture of the product, say the DVD or the CD and/or the book or you could have a man using the product, which is very different than having the product itself or you could have a woman using the product, which is very different or you could show a happy couple, which implies using this product or partaking of this offer would give you this life in the future. As you can see, those are very different. You have to be careful when choosing different things.

Now, here's where it becomes interesting. Because people are creatures of habit, we ordinarily write the same type of headlines, choose the same type of pictures, and write the same type of copy. We do not get out of our own head, so subsequently the reason that

copywriters usually do a lot better than the people themselves who own the offer, own the product simply because the copywriter is not that person. They do something different because they are a different person. It's that call to action, guarantee, bonuses; all of them can be what they call semantically different; semantic means meaning. When you put words on a page or you put images on a page, they produce a different assessment from the viewer and it's up to the designer of the ad or the landing page to take the time to design each one of those components differently so it speaks differently so you can find out what conversation the viewer is in and what is the one they want to be in to move forward so they give you most positive response.

Michael: Now, have you ever taught the Taguchi method in a seminar form?

David: Oh, absolutely. I've done a six-hour live seminar where people ask questions and I went through the whole process from the very beginning, the history, to component design to setting the test up, and how to interpret your results. So, I've done a complete seminar.

Michael: Did you have the software there where you were demonstrating it?

David: The software is there, was demonstrated, and I'm in the process...after the seminar, I took the people into a live demo and actually offered the software to them. They could actually use it with their own testing.

Michael: So, if I get this software from you am I going to be able to understand and use it? Is it all pretty simple as long as I follow the directions?

David: Absolutely. At this point, it's pretty much all menu-driven. It asks you what are you trying to test, what are your factors, so you put headlines, sub-headlines and it takes you through step by step, full help file, tells you how to test it, how to set it up, and click you start. You enable the test and then you're up and going.

Michael: Now, you were telling me about you did a demonstration in the seminar called The Wealth Experiment. Tell me about that and am I going to see that in the training?

David: The Wealth Experiment was I was showing people the affect an image would have in a test environment. And what it did is it looked at different images that symbolize wealth...stack of money, one \$100 bill versus a castle, a very large house versus someone who is spending quality time with their family. That experiment showed people just how differently people respond to the images on the page. And the way I look at it is this; you only have a few things going on, on a landing page at any given time. You have these little squiggles there, which some of them form words and then some of them on concepts that then form meaning, which then this becomes a complete message. The other one or the specialized squiggles that are colored, they're images. But note, both of them convey and hold a message and it is up to the tester to know what is different. When someone says you need to test, what does that mean. We go through that. How to test? We go through that. What to actually test in the testing environment and what to look for. We go through that, too. So, it's completely soup to nuts.

Michael: What is testing noise? What does noise relate to?

David: Noise is everything that happened in the environment. No test happens in isolation. Whenever you have...say your landing page out there in the environment of the Internet, stuff is going on. You have things going on in the news, you have distractions from the viewer; that's noise. You need to be aware of those things called noise.

Michael: Is that noise integrated into the results of your testing?

David: Let me explain it this way. Yes it is. One of the primary factors or uncontrollable things we can't do anything about is time. We talked earlier that Monday is different than Tuesday, which is different than Wednesday. What you do to mitigate noise is you run the test over the factor that is giving you a problem, time. That's why we always say to run a test for at least a week because then you say well you've taken care of Monday, Tuesday, Wednesday, and Thursday. You run it over the noise period. Now, one of the other things that was considerable noise say for a delivery standpoint...say for direct mail...noise for direct mail is delivery. If you put into the mailbox on Monday, you really don't know when it's going to show up. But you could actually take that noise factor and make it controllable.

Say if you had a high-ticket item and you wanted to eliminate the noise of delivery, what you could do is you could have it delivered via FedEx next day. Now, you've taken that noise of it could be delivered Wednesday, Thursday, Friday, or Saturday and say it will all be delivered now on Tuesday and you know that. Now, that noise factor has become a control factor and what you want to do in your test is be aware of the noise factors -- things that can affect your test. If you can't eliminate it, mitigate it and control it.

Michael: What's the fish bone chart?

David: The fish bone chart is something from Dr. Deming. It's a cause and effect chart. That's when you write down everything that can possibly affect your system. So, say your landing page, day of the week, disposition of the customer, news. A news _____ could go on and all of a sudden no ones checking a particular item anymore. You just want to write down everything that can affect your test so you're aware of it. If you're aware of it, you may be able to do something to control it and/or mitigate it. And if your test takes a dip, at least you could start looking around to see what made it take a dip.

Michael: And what's linguistic semantic separation and how does this play into the Taguchi method?

David: Linguistic semantic separation is probably the most critical part of using the Taguchi or any testing method. Linguistic semantic separation, linguistic meaning the words, words themselves; semantic is the meaning; separation means are they different. One of the things that is the mainstay of using the Taguchi method is that the Taguchi method is looking for differences, not similarities. So, you have to make sure that your components and the words that you use produce a different assessment or a different idea or concept from the viewer. The further those are apart, the better your test will be because the test will then be what they call robust. In a physical situation if you're running a Taguchi test, you could say hot is going to be these many degrees, cold will be these many degrees, and they're distinctly separated by a physical system. The analysis situation for marketing, the only things you have to work with are words and pictures, so you have to make those different. So, that's linguistic semantic separation. I didn't have any other words to use to explain that except those three words.

Michael: What's inverted triangle test?

David: An inverted triangle test is the way that I test. I'll go ahead and use Taguchi test to get into the forest to find out what's really going on and what's important and then I'll hone down to split testing to test the minutia and then I will go back out and then with the Taguchi test all the components that are deemed important. What we're talking about there is my method goes this way. I will test the forest, then the tree, then the branches, and then the leaves. So, the first time I'm going to do is I'm going to take a very broad swipe in the marketplace, which is similar to if I walk out of my door and I turn left, I'll get to the grocery store. But if I turn right, I'll never get there. So, what you want to do first is find out are you in the right ballpark. Once you're into the right ballpark, then you can start honing down to individual components or individual words on the page to find out if they give you an increased response. Most of the time people start out testing the details and they're not even in the right place so they're never making the right connection with the buyers. So, there's no buyer facilitation going on whatsoever.

Michael: They want to know...got an email from somebody who's developing and creating an audio information product and he was asking questions about the color of the page and I emailed him back and I said the color of the page may make a difference, you've got to test it, but it's going to be a small thing. There's things that are much more important than that like your headline and your offer and the words. Gary Halbert has a saying, things that scream, things that whisper and things that scream. So, when you're talking about inverted triangle testing, you're trying to get to the things that scream rather than the whispers.

David: Right. You get to the things that scream first and you bark up those trees. If you find out that your audience is looking for information, then you use information headline and find the best combination, the best sequence, the best order of giving that information to them so that they move forward in the conversation with you. That's what you're looking for.

Michael: We talked a little bit about headline writing. You have here S-curve headline writing. What does this relate to?

- David: S-curve headline writing, every product and/or service goes through an evolution. It starts out where it's brand new, so all you really have to say is this item will do this for you; a benefit headline. What's happens soon after that is that you will get competition there so you're going to have to expand on a claim that someone else made and then from there, after you've expanded on the claim the benefit, then you'll have to do something different like it'll have to be new and improved because you made it differently or it's fact or it's better.
- Michael: So, you're saying if I'm an online marketer, offline marketer and years ago I established my control with a headline or piece, over time the results will change because of time and then I need to test new things to refresh it.
- David: Exactly. You essentially go from something which is new in the market where early adopters or people say oh my gosh, I need that because it does this to the point where it's a commodity and people are just looking at it, well what is that. Oh I can get that anywhere. And at that point, you're probably competing on price. And then you have to start adding value to the product to sell it.
- Michael: So, this is educating people in the seminar that you need to constantly be upgrading and testing your offers over time.
- David: Right. Be very vigilant on how your offer is being perceived and what's the value proposition to the viewer.
- Michael: You told me in the seminar you're teaching over 27 different statistics for online profits. Certainly you don't have time to go over all of them, but can you tell me one or two important ones that we'll learn in the seminar training?
- David: The one that I'm very much stickler on is ROI.
- Michael: What is that?
- David: The money that I spent and how much came back to the extent that I spent a dollar.

Michael: Return on investment.

David: Return on investment is extremely important to me. I'm looking for a number of new customers. If you're not getting new customers in your business, then your business is dying. Essentially ROI and new customer acquisition are very important, but I'm also looking at things like number of transactions and the number of marketing channels that I'm using at any given time. The number of reorders...if I'm getting reorders that means I have happy customers. Now, there are 27 different statistics that I'm tracking. To me they're all important because in a minute I can look to see if I'm trending upwards or downwards with my business at any given time.

Michael: Now, do you provide like a cheat sheet that's going to show me the important things to test when I'm using this method?

David: Absolutely. I mean I have a short list here and you probably heard me say it several times; headline, sub-headline, call to action, guarantee, any bonuses, the offer itself, PS's. I had a very interesting situation with a client that they were testing things on a page like happiness, serenity, success, and I asked them a very simple question, can you see that on the page. And they said well no. I said well only test things on the page that you can see -- images and the words. Those things I just listed are those words clustered into components that are called headline, sub-headline, images, call to action, bonuses. Those are other names for those clusters of words on the page.

Michael: Do you go into some of the fundamentals about buying and selling?

David: I'm a salesperson by trade, therefore, yes, absolutely. You have to enter into a conversation. You don't want to enter into the conversation that person is having because that may not be the conversation you want to be in, but your conversation at least has to align with them so you can guide them to the conversation solution that you want. So, yes, we get into fundamentals of business; are your numbers going up, down, or sideways. Do you know your numbers? If you don't, why not, and if you don't have them, here's how you get them. So, some of those fundamentals you just have to have.

Michael: What are some of the current online problems with traffic on the Internet?

David: It's too easy not to buy. Someone can hit you...I call it look and leave. Someone can easily see your site and leave. There's no way to capture them. So, if your headline or your offer is not compelling from the very onset, you lose people immediately. People are surfing. It is too easy for people to self-select away from your site; too many distractions, too easy for them to click. So, that's a problem with the Net. So, you have to test to know if your offer is compelling enough. You can't take for granted that your offer is the end all, be all offer. It may not be. One word change may send you up another 10-20%.

Michael: I've heard people say the only reason to have a website is to capture a name and an email address. Do you agree with that?

David: It depends. I would tend to agree, but for me depending on the diminishing returns, I often do a one-shot. If it's a situation like this commodity fish oil product, there's not a whole lot of educating that you're going to do with a bottle of fish oil. It is what it is. The person wants it or they don't. So, my initial experiments were done with what I call one-shot. I was looking for buyers because I knew if I had a buyer they would continue to buy. But if it is for a bigger product that maybe needs a little more education or a longer sales cycle, definitely you need to really work at getting that opt-in so you can continue the conversation.

Michael: Have you ever tested any stats with audio, combining audio with copy for any of your projects or any of your clients?

David: Yes I have. So much depends on the market and the audience. There's no certainty that having audio on the site will work. For instance, your site is full of audio, but it's hard to find seminars. Seminars speak to an auditory experience. That being said, your market end of the business is looking for that. Whereas if, again, I'm selling vitamins, what's there to talk about. They're usually looking for a report or a medical journal or some information. They're looking for facts and stats they're going to read. Me telling them how great it is may actually work against me.

Michael: I know in the seminar, David, you were telling me about seven deadly sins, sins that I can use in my website and copy to spice it up. Can you share two or three of those with me?

David: Oh absolutely. That was the part of the seminar we were talking about new idea generation. So, seven deadly sins actually come from the Bible and those are appeals. These are the appeals that are ingrained into the human nature of people. One of them is pride, an excessive belief in oneself and your own abilities. If you appeal to pride in your headline and copy, there's a certain market that that's what they want to deal with. You have envy, gluttony, lust, anger, or greed. Greed is probably the mainstay of the get rich quick marketplace. You're appealing to that particular mindset and this is in the Bible. And then there's also sloth. You have greed and sloth. Greed, well I'm going to make a lot of money and sloth, I'm not...it's so funny...they're looking for all the money, do nothing for it so they can be the envy of someone else so they can indulge in other things to take care of their lust and gluttony. It's a very interesting thing.

Michael: That is very interesting.

David: If you can weave those stories or those concepts into a copy or your offer, you'll probably find that they appeal to a lot of the people on the planet. It's in the book. It's in the Bible, so it's probably a really good reference.

Michael: What medias are going to be difficult for me to test, most difficult?

David: Most difficult will be any of the print media because it is going to be very hard to coordinate say with a magazine. To split test a magazine is going to take a lot of work. Radio is just hard to track inherently because you really don't know who listens when. TV the same, is doable, but you're working in a mass media situation. Newspaper can be difficult too because you're trying to split test a mass media. I just prefer online because I know who, what, when, why, and how. I know how long they stayed, I know when they showed up, and I'm flexible. If something happens with a television commercial, I spent a lot of money and a lot of people saw it, whereas if I'm online, I can see the change and make it instantaneously.

Michael: Who needs to be using the Taguchi method?

David: Anyone who has a site who is trying to make money with it because you could be leaving money on the table. If your conversion rate right now is at 1% or it could be 3%, 1.5...for instance, if you're making a 1% conversion rate right now and you're happy with that income, what if you were able to get a 50% increase and it only took you seven to ten days or maybe two weeks to make that and you got a 50% increase in your conversions, which subsequently drops your bottom line 50%. So, anyone who's online needs to test, but this method gives you a way to test faster so you're saving time as you're testing and it is not the chore that it was before.

Michael: What's your promise? If I get your system and if I go through your six-hour training, which comes on DVD, on MP3 audio, printable transcript, and tools, what's the big promise? What are you going to promise me if I followed the instructions and used the Taguchi method as you outline it, what can happen for my business?

David: Well, first of all, your business...you'll never look at your business and/or advertising the same again because you'll look at it as pieces and parts and not just black boxes as you have. _____ component that now you have control over and you can evaluate. Now, once you get past that and you actually start to test, I have clients now that are calling me up saying they went from 1.5 to a 3.5 conversion rate. I had a gentleman that emailed me yesterday saying that he had gotten four sales from his site before noon and he had never gotten four sales in one day based on the testing or the changes that he made and all he changed was a credibility symbol, which was a hacker safe symbol he moved from the bottom of the page to the top. It was nothing but a positional change.

Michael: Was that on an order page?

David: It was on an order page. But because he didn't know what to test, how to test, or that even a position could make a difference, he never tried it. But now he did and now he's oh my gosh, I just made twice as many sales in half a day than I've ever made in a whole day.

So, my promise is usually between 25 and 20%. That's what's going to happen. And then if you step from the order page to the landing

page to the sales page and you start to stack up those increases, it can be an exponential return.

Michael: Just incremental growth on different...

David: Incremental growth over time. You say well I'm testing now the landing page and bump that up 20%. And then you bump up the sales page 20%. And then you bump up the order page 10%. That stacks up. And then when you really start becoming expert, you'll start looking back into the process and start to segment what works...these people are clicking say on my pay for click situation. Does this keyword match up with this landing page, which matches with this sales page and this order page? You'll get to the point where your whole process is completely taped from the keyword to the ad to the sales pages.

Michael: Can you take me step by step what you would recommend me to do once I get your system?

David: Once you get the information what you want to do is sit down with the transcript, which has the Power Points embedded in it. You want to listen to the MP3, DVD and/or CD and we'll go through it together. That will give you an orientation as to what to test, how to test, when to test, and how to design your test for maximum effectiveness. These principles are universal. And then as soon as you have an orientation, the first image you want to do is go in and pick up one of the tools that I recommend so that you can test your site online very easily. It's not going to be difficult for you to set up your test and get it started.

Michael: Now, is this tool that you're recommending going to cost me money or does that come with it?

David: Well, there are two situations. There's one tool that we have that we're offering 30 days for free. You could actually write test, get very familiar with it and start making money for free.

Michael: How much is it after 30 days?

David: After 30 days it's only 3-cents per view. So, it's very cost effective for starters.

- Michael: So, for example, if I'm testing my website after the 30 days, how many views of use is going to give me a result on a test component?
- David: What a view is going to...every time your landing page is served up, it will cost you 3-cents.
- Michael: Just give me an idea of what it's going to cost me after 30 days?
- David: If you're sending say 1,000 people to your site in a month, it's going to cost you \$30.
- Michael: So, it's negligible.
- David: So, it's negligible. I mean especially if you're making money because if every 1,000 people that came through, but you know something at that point.
- Michael: So, this is a tool that you're using for your test?
- David: I'm using this test...in fact, I use this tool with my clients.
- Michael: You don't own the tool. It's just...
- David: I don't own the tool.
- Michael: It's a resource that makes your testing doable.
- David: It makes my testing doable, easy. It gives me full graphical analysis and that type of thing. Now, understand that this tool costs \$1,000 a month for 100,000 views. That's how much it normally costs. But because I was instrumental in creating the situation of the way the tool is now, I can offer it to you for 30 days for free and then 3-cents a view. But that offer is only available through me.
- Michael: So, you'll offer my www.hardtoseminars.com listener...you'll waive the \$1,000 up front fee.
- David: Exactly. And then the other thing that we'll do is we will sit them doing an orientation. We do an orientation every week to let people

see the tool, walk through how it's set up, we provide full support, and then when they sign up and start testing, then the 30 days begin.

Michael: Orientation...is this once I get the package and I'm ready to test, I need to learn how to use the tool. I could probably learn it on my own, but you offer additional training on how to use it.

David: Absolutely. I mean there are full help files out there and you could do it yourself. I mean it's really easy. If you have any HTML knowledge whatsoever, it's very easy to handle.

Michael: Am I going to be able to learn from some of the attendees in the training?

David: Yes. They ask questions. This was a full six hours of me talking and also them asking their real questions.

Michael: What kinds of people were there?

David: Oh gosh, you had novices to those who were very experienced, two unique groups where they were asking question. And then you have folks that had just started testing...really now just deciding on their product and their service, what were they going to offer. So, you get the full gamut of questions.

Michael: What other tools or software am I going to get with my package?

David: There is a tool called the MR2 software. That was the original software that I used. It is applicable for both online and offline applications.

Michael: Why is it called MR2?

David: MR2 is maximum response rate.

Michael: And how is this software different from the online tool you were telling me about?

David: This software is now fully integrated, but this is the tool that was designed by Dr. Kowalik himself. And what I tell people to do is to use this first, as it walks you through the complete process. And also

what is there is a fully 15-minute demo of setting up an experiment, plus there's a full manual there that actually tells you things to test, how to test. So, it's a full list. It's a secondary backup.

Michael: Is Kowalik teaching the demo?

David: No. It's a Flash demo that is in the MR2 software itself, but what it does is it gives you an orientation. But then what you can do is you can actually use this tool in any of your offline situations and you can also use it as you double check your online applications.

Michael: Very good. What else am I going to get?

David: You'll get the Power Point, the DVD, the MR2 software, and there's another online tool that I use that actually tracks from the keyword all the way through all the landing pages. I have a special offer with that and that is something that's optional. If someone wants to pick up another tool outside of the industrial strength tool that I use, there's another one that I offer.

Michael: And how is it different? How am I going to benefit from this compared to what you're already offering?

David: The initial tool has...it's a split testing suite for just regular split testing and it has several of the Taguchi arrays, as well as it has some other arrays, which are called design of experiment. So, it handles just about everything. And it's set up for essentially the one who has several different sites on several different domains that he's trying to track and test. Whereas this other tool, you load onto your server and you fully control the test. And this other tool completely integrates all of Kowalik's algorithms. It has all of them in that tool and it is also a full campaign-testing suite, split testing suite. It just has some different features and functions and it actually tracks from the keyword all the way in. So, it has some different features and functions than the industrial strength tool that I use.

Michael: Is it tough to get integrated onto the server?

David: I loaded it last night. It took me all of five minutes. We also offer full installation and we offer group sessions with that tool also for an

orientation for both the method and using the tool. We do that every two weeks. So, we offer training, tool, and support.

Michael: Do you offer a guarantee?

David: The guarantee is that if you go ahead and use the tool, you will experience anywhere between a 25 and 20% increase in your conversion rates. That's the guarantee. Actually it could be more than that because we've seen over 700%.

Michael: And if I use it and I'm not getting that, do you offer a money back guarantee?

David: The money back guarantee is based on the condition that I could see that you actually tried it.

Michael: So, if I can demonstrate that I've tried it, you'll stand behind your product 100%?

David: Absolutely. I'll send your money back. The response I've gotten back from folks is that oh, my gosh this is priceless, limitless value. This was just the information. So, the information, if you use it, you will get a result. So, I stand behind that whole-heartedly. The funny thing about information is once you have it, you have it.

Michael: I've trained consultants to do marketing for consulting. From a consulting point of view, talking to consultants like yourself, how do you see this helping your clients?

David: It's the ultimate analysis of your sales process because there's more here...notice we really didn't talk very much about the tool. There's actually a methodology for thinking that if you adopt that, the client can't help but look at their business differently and get increases where they wouldn't see them ordinarily. So, it eliminates the guesswork. You know what your business is going to do. It's clockwork. You know it. I'm going to get these many views or these many clients and this is what's going to come out when it's all over. So, you almost ensure the success of your profitability of your business. This is the accumulation of \$100 million of sales that I have behind me. So, that's why I work with Dr. Kowalik, plus all the work I've done online since 1993. This is me.

Michael: This product.

David: This product is me.

Michael: It's not only you today, but it's you ever since you were 16 and all the way to today and after.

David: Exactly. And I'm more than 100% stand behind it, but I know that just in my consulting career in talking to people, do this, their life changes. I know that. It happens every day. Do this with your business, why, because I've seen it before. I've negotiated that million-dollar deal. I've closed \$26 million deals before. So, yes, I stand behind it 100%. I know that your client, whomever they will be, will be satisfied because I'm here to deliver value to help their business to move forward.

Michael: There's going to be people out there who are saying this sounds great, it's just sounds confusing. What are you going to tell your brother if he says, David, this sounds great, it's just I'm afraid that it's going to be too complicated for me? What would you tell me?

David: Worst comes to worst, we can do it for you. We can set the test up for you. Completely handle it from soup to nuts and that's a consulting situation.

Michael: If I don't have the time to do this myself, I could bring you or one of your experts who is trained in the system to implement and set these testing procedures up for me.

David: Absolutely. There's obviously a cost there to set it up. We're consultants. Before creating the product, I'd been a consultant for the last several years doing this with several clients, getting the results, getting them the successes that we promised, and moving forward. So, definitely, if you feel like you can't do it, you don't want to do it, you don't want to learn, then we are always interested and are very amenable to taking on a consulting engagement. You either going to spend the time and learn it and do it yourself and we'll be there for support, or we can have our consultants come in and look at your situation, give you an estimate, do a couple of things. There are several different levels. We can come in and do a

component separation on your page, tell you what to do; we can start there. We can go in from there and set the test up. We can run the test. Do the analysis. We can do anything in between there.

Michael: What you have here, can you get this system anywhere else other than you?

David: No. I'm it. Here's the lineage...Dr. Deming, Dr. Taguchi, Dr. Kowalik, me. This information, which I have in this particular seminar, there are no books written about it. I go to these seminars, I listen to these guys talking and they say well you have to test. How, what, when, how do we set it up, what tools do we use? Tell me something here. They're telling you the what, but they don't tell you the...

Michael: That's Abraham saying test, test, and he gets all that from Deming, right?

David: Right.

Michael: But he never tells you how to test.

David: No.

Michael: He says test one headline against another, but they didn't tell you how to do it.

David: Exactly.

Michael: That's why no one does it. They don't know how.

David: Exactly. They don't know how. And here I come, I'm an engineer, I've been testing...it is part of me. I don't believe anything. You've got to test it. And so, I'm sitting here and Nick Kowalik is the guy who brought me into the market. Unless you have that lineage and my experience, what are you talking about?

Michael: This is a course on how to test. It's the tools on how to test your offers, your web page, your ads, your postcards; and how to test to get maximum results. That's what you're selling. You're selling tools and a system on how to test to bring real cash money in your

pocket results week after week, month after month, and year after year once you get that controlled; that optimal test.

So, David, if someone wants this Taguchi method or if they're interested in learning more about it, what's the best way for them to get in touch with you?

David: The best way is by telephone. The number is 1-866-300-1568.

Michael: Is that a toll free number?

David: Yes.

Michael: Repeat it one more time.

David: It's 866-300-1568.

Michael: David, I really appreciate you sharing all this killer information on testing and I know the listeners are really going to benefit from it.

David: My pleasure.

Michael: That's the end of the interview with David on the Taguchi method. I encourage you to give David a call if you're interested in learning how to increase your advertising through scientific testing using this Taguchi method. Enjoy.