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INTERVIEW SERIES

**Three Big Money-Making Secrets From
Ken McCarthy You Can Use
Right Now To Put More Cash In Your
Pocket...Even In This Rotten Economy**

**An Interview With Internet Marketing
Expert Ken McCarthy**

 *Michael Senoff's*
HardToFind  **Seminars.com**

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

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Three Big Money-Making Secrets From Ken McCarthy You Can Use Right Now To Put More Cash In Your Pocket...Even In This Rotten Economy

An Interview With Internet Marketing Expert Ken McCarthy

Most people expect a free lunch when it comes to making money on the internet. And because the Internet is full of fraud, most people only look for magical ways to make their millions, instead of taking realistic steps.

It's only after they get burned they start looking for real answers. And that's when you look for Ken McCarthy.

Ken McCarthy has been teaching Internet marketing since the early years back in 1993. So he knows the techniques that work. And according to him, the beauty of the Internet is that you don't have to be a marketing genius to make money.

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- Why you should never be content on simply getting the first sale
- What's the real goal of every Internet marketing campaign
- How to tweak and apply direct marketing principles from marketing icons like Eugene Swartz and Gary Halbert to grow your sales.
- The most important thing to do when marketing to your email list
- How "traffic brokers" drive a flood of traffic to promotions
- The book Ken discovered at book store that changed his life forever
- The single most broken rule of Internet marketing.

Ken says you can do everything else right, but still fail if you do this

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Ken has been running conferences on Internet marketing since the early 1990s, and was the only person Dan Kennedy trusted to talk about it at his seminars. His well-rounded, yet grounded, approach tackles all elements that make up a “no-BS” online marketing strategy including SEO, pay-per-clicks, traffic generation, direct marketing, and more.

And in this interview, you’ll hear how you can start taking realistic steps toward your Internet marketing goals today. But for more information about Ken’s next seminar (including how you can go to the first day for free), go to www.kenmccarthyseminar.com

If somehow, you haven't managed to become a Ken McCarthy Seminar insider in the last 10 years 2011 will be your last chance.

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Michael: Take me back to that first conference. People paid for that, right?

Ken: No, that was really hard to pull off. This was 1994. This was San Francisco. You had Berkeley, which is a major computing powerhouse academically just across the bay. Down south about a half hour by car, you had Silicon Valley. San Francisco itself was chocked full of digital media people, including advertising agencies, and it was really in those days the center of digital media innovation in the whole plant. It was right there in San Francisco. That's why *Wired Magazine* started in San Francisco. But in spite of that, it was incredibly hard to interest people of that day in the idea that the web could be a commercial medium. It was unbelievably hard.

Michael: Why did you put it together? What was the goal there?

Ken: To me, if there's a million people in the room and 999,000 whatever can't see...

Michael: You saw it.

Ken: If I can see it, I don't care how many people can't see it. I saw it coming, and I wanted to be part of it. I wanted to stick my flag in the sand. I wanted to be the guy that put the first seminar on. I wanted to be the guy that was Mark Andreessen's friend when no one knew who he was.

Michael: How did you get the people to attend? Who did you go after?

Ken: The interesting thing is, in those days you could just write Mark and he'd write you back because there weren't a whole lot of people interested in what he was doing. So, he and I started a dialogue via e-mail. We were both trying to figure out how the web was going to pay for itself. The technology was obviously, it was obviously amazing technology. It worked and it had all kinds of potential, but he was aware and I was aware great technology alone doesn't pay the bills. So, he had his theories and I had mine. It was just a no brainer to me that this was all going to happen. So, I said "Mark, let's do a conference." Then I went to the multimedia people and there were two big multimedia organizations. One was the Multimedia Developers Group and the other was the International Interactive Communications Society. ICS was very supportive and they did a mailing to all their members and said "You should go to this. Ken knows what he's talking about. This is going to be a great meeting." The Multimedia Developers Group, he was like "No, this is stupid. This is a waste of time. This internet stuff is not going anywhere. It has nothing to do with multimedia. It has nothing to do with our users. I'm not going to support this. I'm not going to get behind it." He was pretty blunt about it. If you go back, by the way, and dig, you'll see that Bill Gates, Steve Jobs, and Larry Ellison and all the great titans of Silicon Valley were all on the record in that era being outspoken that the internet was a distraction, a total waste of time and it was going nowhere.

Michael: You know if you just wanted to put on a conference, you know why videotape the whole thing? What was in your mind at that time?

Ken: I had no doubt in my mind we were making history. So I wanted a record of it and that it would be useful. Within a year I definitely paid for everything related to that conference times several multiples because I did sell the tapes. We had corporate sponsorship. Pat Bell gave us this beautiful meeting facility in downtown San Francisco. A lot of organizations that did get it promoted it for free for us. So, putting on conferences, you know obviously to make money is a good thing, but you know there's other benefits to putting on conferences. One is to become the instant leader of an industry.

Michael: That was in your mind?

Ken: Oh, absolutely.

Michael: How long was it until you held another one related to the internet?

Ken: The next year I did a smaller conference numerically on the number of people that showed up on the subject of local advertising on the web and I charged \$1,000 a seat. So, it was a totally different model. It was worth doing. It wasn't a super homerun. Nobody...I won't say nobody understood because people showed up and gave me \$1,000 to attend, but the vast majority of people, even in the web business, could not wrap their mind around the idea of local web advertising. They just couldn't get it. They couldn't see it. Of course now it's the biggest growth area in web marketing, but that's 15 years later.

Michael: How did you market it back then?

Ken: I raised my profile. This is a very important principle in marketing. You've got to raise your profile. People have to see you, people have to know your name, people have to associate you with being the guy that can deliver whatever it is you're in the market to deliver. So, after I put on that conference, which was "free", and it was free. Nobody had to pay to get in there. All of a sudden I was the man. For about a year there in San Francisco, I was leading the whole internet thing. So, you know, I was written about in the local trade papers related to multimedia development. I was invited to speak at different places. So, when I announced that I was doing this thing a lot of people were kicking themselves for having missed the previous one because it was obviously such an important event and they wanted to be on the next one, so the ones that came on that basis.

Michael: How many years, until you took a break, did you put on paid conferences?

Ken: So, I had a pretty severe accident that was pretty disabling that slowed me down for five years.

Michael: What year was the second conference?

Ken: 95. I actually somehow managed to get through the second one in the injured state. At that time, I was 35 and I think I was running on 35 years of reserves. I got through that thing and that was it. But what

kept me busy during that era was a hosting company and web development company, which were related obviously. Then I also had a really good alliance with the guy whose name you probably recognize, Dan Kennedy. Dan's probably done a better job of drawing in and organizing the market place of entrepreneurs on earth. You know I think he's probably done a better job than anybody, especially if you look at consistency. So, you know a lot of really bright, active, serious-minded doers would go to his conferences. I had been advising him on online stuff, well actually since 93. In fact, I even forgot this, but I spoke about an online marketing in 1993 at one of his super conferences. So, he knew me and I knew him.

He was very skeptical and I always understood the skepticism of other people. I didn't expect people to instantly grasp the whole thing. I mean I knew. Hey, I'm living in San Francisco. I see these guys every day. I'm talking to these guys all day long. You know if you're living out in Ohio, Arizona, Utah, wherever you are, you just can't possibly see what I'm seeing. So I didn't expect Dan or anybody to get it right away. So he was quite skeptical but he knew that I knew my direct marketing very well because I had another business that was direct mail driven previous to the internet business. So, he knew that I knew my direct marketing and knew it really well. He also knew that I wouldn't just be blowing smoke. Or I guess he hoped that I wouldn't just be blowing smoke. I was always very modest about it. I was never one of these wild-eyed guys. I mean I saw that it was happening. I saw that it was coming. I saw that it was going to be a huge thing. But I was never one of these people that said "Oh, you know it's going to change everything. You know we're going to be doing business at the speed of light." You know all this rhetorical nonsense. I just said "Hey, this is going to be a really great marketing channel, and here's why."

Michael: Did he move quickly or was he slow to move?

Ken: Well, you know his market kind of drove him. He's pretty perceptive. I mean there was a lot of buzz about online marketing, even pre web, because of all the bulletin board activity. So, he had me at 93, so that was pretty quick moving. Then, pretty much I was a speaker at all of his events basically from then on until I guess it was 2004. So, that was about an 11-year run.

Michael: And you were the internet guy?

Ken: I was the sole internet guy. He would not let anybody else get on the stage and talk about the internet. The reason for that was two-fold.

One, he knew that I really knew my stuff. Two, he knew that he didn't have the time or the skill to sort out the real from the unreal. It was just then and now and probably for as long as we're both alive, there's just a tremendous amount of bologna to the internet. He didn't want to present bologna to his clients. He knew he didn't have the ability to discern the good from the not so good but he knew that I really, really knew my stuff. So, his attitude was "Hey, Ken knows his stuff. Every time he comes he's sharing some great stuff. He seems to be on top of everything that's new. Why don't I just make him my designated guy?" That relationship lasted until he sold his company.

Michael: How was that for your career?

Ken: Phenomenal. This wasn't a strategy. I just genuinely like Dan. I liked what he was doing. I believed in what he was doing. I thought he was a phenomenally excellent teacher of reality to business people, so you know we were friendly. It just so happened that it evolved that you know I developed this specific expertise that he needed and I became his go-to guy for that subject. Even like I plotted this strategy out you know step by step. But if somebody wanted to have a strategy it would be this: Identify the leader or leaders in the marketplace you want to be in and figure out how you can get in with those leaders. It usually boils down to a very simple formula. Be useful to them. Be of use. Have something that they need, and provide it to them in a way that's excellent, and most of the time you know people will say "Yeah, come on board and help us deliver this thing to our customers if you're really good at it."

Michael: Were you selling a product from the stage during those 11 years?

Ken: It's funny, I've never been, you know much to my embarrassment, very good at selling from the stage. I'm really a teacher.

Michael: But you had something to sell right? Did you have a packaged product to sell?

Ken: We had books and tapes, you know that kind of stuff, that was meant to give people a background. Because remember this is all brand new. People didn't have any orientation. There were no books. There were no other programs. There was no place to go. But what we were focusing on then was "Hey, you know we will handle it for you. We will handle your hosting. We will handle your web design. We will work with you on strategy." You know, so we had that front-end fee for the

educational materials and then the front-end fee for the design of the web site and then the recurring fees for the web site hosting.

Michael: How did that go? Did you build that up to nice business during those years?

Ken: It was excellent because I was not able to really work the way I would have liked to have worked, so it was really nice to have all this recurring revenue coming in all the time for the hosting. You know we had some pretty famous...first of all we hosted Dan for all those years, and he liked the results he was getting. So, if someone would come to him because he was an advisor. He's a marketing advisor. So people would come in and say "Dan, what about internet?" and he'd say "Go to Ken McCarthy." You know we'd set them up, we'd put a site together for them, we'd run their hosting.

Michael: What did hosting go for per month back then, and what did you charge to design a web site back then, just a ball park?

Ken: Well, we had a different model. I'm calling it hosting now, but we called it website management. So our minimum, and it went up from there was \$100 a month. This was many, many, many multiples of what most people paid for hosting. You know we didn't literally have servers and run servers and so on. We would find a good server company and we would manage the relationship. So, we'd figure it out, you know who to use. We'd put your web site up. Here was one of our important services. If the website provider went bad, as most do eventually. Like 90% chance that whoever is hosting you today won't be hosting you five years from now. Especially in those days, it was the Wild West. I mean companies would literally disappear and leave tens of thousands of companies stranded with no web site, no host. They can't even access their own material. This was very common.

But anyway, one of our services was that would happen to any of our clients because we would see when a company was getting difficult, and we'd just switch them over to another hosting company. You know we might move an individual client you know five, six, seven times in the course of that many years. So, the whole thing was managed. So, it wasn't just "Hey, you know, host my site." It was "Take care of this for me", and that's why we were able to get the multiple. Then, what we charged for web sites is depending on how sophisticated. It could run anywhere from like a simple few pages for a few hundred dollars to you know elaborate stuff that costs thousands of thousands of dollars.

Michael: So, did you have a whole office built now with employees or was this kind of like a home base or virtual?

Ken: It was real lean. I had one person that was really good. We didn't reveal this when we were selling the service. We didn't say we were big, we didn't say we were small, but of course we always projected the image of being a solid entity. But basically it was just me and a designer webmaster. She was very capable and just cranked the stuff out. She was probably doing the work...and I think this is another secret to business. If you want to be successful learn how to do the work of four or five people, and she certainly fills that category and I do too. People are shocked, you know, for instance at our seminar, which has been running all these years and has trained thousands of people and has put on you know these mega events year after year; more than any other company in the whole internet space. Companies flare up, you know they have their run in the sun and then they're gone. You know we've just been cranking them out.

Michael: Okay, so let's say you took that break from your injury. You were doing your own business. You know you're hosting and everything. You spoke at Dan Kennedy's events for some time. When was the third one? What year?

Ken: A friend of mine who was teaching Wharton, which is a business school in Philadelphia as part of the University of Pennsylvania said "Hey man, you should come down and speak and talk about you know the early days of the internet and all this stuff." I said "Well, that might be fun." You know I went down there and I spoke, and it went really well. I said "Gosh, you know I really have a lot to share." This was pre dot com crash because part of my talk was I was telling people "Look, these internet company evaluations are insane. They make absolutely no sense, and I can almost guarantee that if you'll just wait a while, you'll be able to buy any internet stock you want for pennies on the dollar." Then I went and showed them stock prices from the 20s from radio companies. There used to be lots and lots of radio companies, and they were trading at like 50, 100, 200, 400, 500 dollars a share. Now 99% of them don't even exist anymore, and the rest of them you could've bought two years later for a dollar, \$0.50, \$0.22 a share. I said I think the same thing's going to happen in the internet space. So, whenever that was, whenever the peak of madness for internet, it was into 2000 a little bit because there had been a little break in the market, but it hadn't completely fallen off the table yet and a lot of people thought it was going to come back. I was saying, not only is it not going

to come back, but it's going to get hammered to a degree you can't even imagine. So, that was 2000.

The dot com craze really hurt entrepreneurial internet businesses because all of sudden you didn't need to follow any marketing rules. You didn't need to be savvy. You didn't need to track anything. You didn't need to do anything. You just needed to put up a site, declare your brilliant idea, and you were a genius. I mean it sounds crazy, but that's literally what the environment was like from about 1997 to the crash that finally occurred in 2000. There was just no rationality, no reason. Everybody was crazed about everything. So, I really stepped back from any teaching at that point. I mean I still taught at Dan's events because I liked to do that, but I, you know, I just didn't even want to talk about the internet with everybody because everybody was an expert, everybody was a genius, everybody had the next dot com millionaire's success story. When that all crashed, I was very encouraged to come back and start teaching. Again, you can't image how bleak it was when we started teaching, which was 2001-2002.

I went back to San Francisco in 2003 for a visit and whole companies that 100, 200 employees were just gone. The International Interactive Communication Society, which once had thousands of members worldwide, was gone. It was kind of like a neutron bomb had hit the Bay Area and, you know, taken out all the people. The buildings were still there but all the businesses and everything was gone. Adtech, which is now back to very vibrant and health and doing very well, they were on the verge of closing their doors. People were saying that the internet was dead, that it was a phase, that it was a craze, a fad, that it was never going to come back. That's when I decided to start teaching publically. There is a way, by the way, that you can come to the very first day of the seminar for free, and you can find out all about that, what it costs, where it's going to be, the details on the dates, who's speaking if you go to KenMcCarthyseminar.com.

Michael: You knew it wasn't going way.

Ken: I knew it wasn't going anywhere. It couldn't. It was rooted in too deeply. So, believe it or not, in 2002 I think, and I have to check this. I mean I have checked this. I haven't really been able to find any contradiction to it. I think I was the only serious internet marketing training that you could go to on the planet. I mean there was a lot of, you know, silly things going on. Always have been and always will be. But in terms of like a serious training, I think everybody else had just thrown their

hands up and said "This is over. This is lost. Nobody wants to be part of it."

So, the third thing that got me back. You know one I was feeling better. Two, the dot com crash I thought was going to restore sanity. But the third thing that got me back was go to, which paid for click advertising, which is of course Google's model in which it's made Google may be the most successful business on earth. I don't know, certainly one of them. When that first came out, I was like a little puzzled like for a week. I was like "What? Paying for search engine results? That seems like cheating somehow." A lot of us were scratching our heads when that first came, but then as we really looked at it we thought, "Wow, this is really good. I can actually buy specific traffic. I can buy the traffic of specific keywords. I can track the effectiveness of specific of specific buys. I can see hey, you know this word's worth buying at this price, but not at that price. This is going to change everything." So, we did a training in 2001, and it had to be, if not the first, one of the very, very earliest practical like here's how you do it. Nuts and bolts. Put this foot here and that foot there. Trainings on how to actually use Go To, which became Overture, which became Yahoo.

Michael: Do you know the story behind that? Was there one individual at Go To who started that?

Ken: I wish I was a little more up on the details, but the guy that had started Go To had done some interesting stuff from the start. I mean he'd been involved in the search space pretty early on. I did a long archival kind of interview with Rick Boyce, you know the sort of godfather of the banner ad, and he filled me in on all the details. But that guy had been around for a while. I believe he was one of the guys...there were so many crazy things going on in the internet in the early days, and I think he was one of the guys that went out and bought from Yahoo the permanent rights to the word, things like Christmas. So, if somebody searched Christmas his banner ad would come up. Nobody knew how to value these things. I certainly didn't. I kind of totally, in the early days I missed so many opportunities, you know. I mean I did buy some domain names and the house that I have was paid for with a domain name sale. I didn't miss them all, but boy I wish I had just gathered up domain names.

Michael: Can you tell me what domain you sold that bought your house?

Ken: Yeah, e-media.com. That was actually the name of my company originally. The idea is "Hey we've got e-mail. Well, someday we're

going to be sending video and audio and all these stuff, so it will be e-media.” So, I not only got the domain name. I trademarked it. I had the federal trademark patent office for that term. Late 90’s I saw IBM using it, so I sent them a cease and desist letter. I said “Hey guys, that’s a trademark term. You can’t use it in your national advertising campaign.”

Michael: Did they comply?

Ken: Oh yeah, absolutely. But then lucky for me, not so lucky for the other guy, somebody went and started a company and employed, I think he had 16 people. You know he approached Microsoft, and Microsoft was all ready to fund them. Microsoft’s lawyers came back and said “We love it, we’re in, but you don’t own the name of the company you’re using. This guy out in San Francisco does.” A little advice to everybody, if you’re going to put a lot of money and a lot of time into a business venture, do a name search first.

Michael: There you go. So, he approached you and made an offer.

Ken: Now, the thing is I was very reluctant to sell it because I loved the name. I think I registered it in 1993 and he approached me in 1999. So, that was six years. So, I had six years of branding into it. So, it paid a pretty penny and I wasn’t a squatter. I had named the name first and I had built the name up. But anyway, he did have to pay.

Michael: Are you willing to share how much, or is it a secret?

Ken: You know I don’t want embarrass the guy.

Michael: I had to ask. Good story.

Ken: So, there were a lot of things like that going on in the old days. This guy, I think one of the things he had done was buy the rights to...this is the Go To founder...he bought the rights to certain key words in perpetuity from some of the search engines, which was a colossally bad deal for the search engines and a phenomenally good deal for him. Anyway then he started Go To, and the rest is history. But anyway we were, as far as I know, the first people to say “Hey, there’s a science to this, there’s an art to this. Here’s how you buy pay per click traffic. Here’s how you track it.” When it started, you could buy keywords for a penny. So, nobody was tracking anything. They were just like “Woo hoo. You know let’s just buy lots of keywords and hopefully it will all work out.” At a penny a keyword, it did work out. But

obviously it was an auction system. It wasn't going to stay a penny for long. So, we were really the first I think if someone could find someone that was earlier than April 2001, we had a course that was taught by a colleague of ours, and we organized everything and built the audience and put this thing on. That was our first venture back into the training world.

Michael: So, was that mainly how to use Go To using keyword stuff, or did you bring in other experts like more like you do on your current seminars where you'll bring a panel of experts?

Ken: Back then, it was just focused on that. No, it was team. I always like to take a team approach in our trainings. Let everybody who's teaching knows each other and in regular communication with each other, so when we're all up on the stage...We do some panels, but we're pretty much 95% individual speakers. But I think that event had four speakers.

Michael: Do you remember how many people you had at the event?

Ken: Yeah, that one we had 65 people.

Michael: And you charged what?

Ken: I think it was \$895, and I think some people that were late comers paid over \$1,000 to be at that.

Michael: Did you video all your events?

Ken: We've been pretty good at that.

Michael: Do you have those all archived?

Ken: Oh yeah, it would be a full-time job for a couple years for someone to go through them.

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Michael: But you've got them somewhere. With every event you did, did you edit the video and then resell the product for the people who couldn't come?

Michael: Sometimes we did, sometimes we didn't. That model, which is a perfectly excellent model of, you know, you put on the event, you

record everything, and then those that couldn't make it you sell the recordings to them. I know that model and I've used it and made a lot of money with it. In the early years in order to drive people to our seminar and create kind of a mystique around it, we recorded everything but we did not sell the tapes. Interestingly enough, a number of people started copying that model. Now, we do sell tapes. We're kind of back to the old model. But we really wanted to create this thing that you had to physically be there and no matter what it cost or what it took, you had to get yourself there. Then if you didn't get there, you were missing out. I'm glad we took time to do that kind of positioning because within a few short years, after 2002, everybody and their brother was suddenly an internet expert overnight now offering seminars, selling tapes, doing this, and doing that. We always were set aside. We were always off the side on a different level than all these other people, and it's really served us a lot.

A lot of those companies have come and gone. A very sort of sky rocket type. You know they might have a great year or two and then they fall back into the back and nobody remembers their name. You know I'm doing this since 1994 and my seminar's still rolling along just fine. I think it's because we've been very careful with our branding; and part of our branding for a certain period of time in our business, this was a rarified high-level ultimate event that you were either there or you lost out.

Michael: So you did that for 2002, 2003, and 2004. Like how many years did you do that until you started offering you know...?

Ken: I'm trying to remember when we started to get back into the tape sales. We always had tape sales but not of the seminar itself. But in 2007-2008. So it was quite a stretch where we didn't sell tapes at all.

Michael: You've got a program for beginners; people new to the internet that you offer up on your site, people who come to your seminars, have you been able to kind of like do some demographics on them? I mean are they more men than women? Are they more young than older? Are they more total newbie compared to experts? Are you able to get some kind of demographic on your students over the years?

Ken: It's still a mix. It's amazing. You know a good chunk of beginners, good chunk of very experienced people. We had a guy come last year, Josh Aston, who's head of online marketing for Progression Marketing, which is the marketing arm for Lexington Law. Lexington Law is a legal services legitimate credit repair bureau that employs over 700 people.

He's the guy responsible to make sure the lead flow never stops. He came to our seminar last year in Chicago and said it was absolutely the best thing that he's ever been to in his whole experience. You know in terms of an industry event and training. So, there's a guy that certainly knows his stuff inside and out, and he got tremendous benefit from being at our event. Now, we pretty much demand that the beginners, we send them all to the smart beginners program, which is pretty extensive. We pretty much tell them, "Look guys we're letting you come to the seminar, you're welcome, and you'll certainly be treated nicely. But you best go through that program before you come to the seminar. You know, because if you show up without having done your homework you may be lost. If you are lost, we're not responsible because we warned you and we did give you a lot of preliminary material to review." So, I'm a big believer in the promise of beginners and what they bring to the table because a whole lot of people that are super heavyweight experts in internet marketing started out as beginners under me.

Michael: Give me some names.

Ken: We'd be here all day.

Michael: Just give me a few.

Ken: Yannick Silver, Alex Mendossian, Mike Steward, Perry Marshal, Howie Jacobson, Alexander Brown. I don't have my big whole list here.

Michael: They all came in.

Ken: At a zero level. Not knowing a click from a clack. Perry Marshal didn't know what pay per click advertising was until he came. I mean huge, huge leaps of progress individually by lots and lots and lots of people. I was the only guy that knew the stuff that was teaching it from 1994 to 2000. There was nobody else who had anything credible to say about internet marketing. I mean I know that sounds boastful, but until I started teaching and laying out the direct market, you know internet marketing as direct marketing model, and until that took hold around 2000, 2001, 2002, I was it. I remember arguments I had with internet industry heavyweights when I would insist that the internet was a direct marketing vehicle. They just didn't want to hear that. No it's not. It's a branding, it's this, it's that. They just didn't get it. But yeah, the fact is lots and lots of people that are now sort of rock solid foundation experts for the whole industry got their chops through our training.

Michael: At what point did you realize you wanted to really get into writing?

Ken: I had been writing since I was seven years old. For some reason I just got it. Remember when we were in class once when we had to write about a picture? You know there was a picture of a cat or something. The classmates understandably would each write like the cat is on the box or something, and I wrote a full page, I think two sides of a page making up this elaborate story about this cat. I got tremendous positive feedback from all the adults, the teachers, from my parents, and I thought "Well that wasn't very hard. If they like it and they're going to pat me on the back for that, I'll do more of it." When I was 10 years old, I had a pact with myself to write 10 pages a day in long hand every day without fail, and I stuck to that. So, I've been writing like forever.

Michael: Did you save all that stuff?

Ken: I do have some boxes of stuff in the attic, journal stuff from when I was in college, when I was typing on a manual typewriter. You know those 500 sheet boxes of paper, you know, that you buy in the store? Yeah, I have four or five of those. That's just like a fraction of what I did when I was in college. I was just thinking about that just today. I was cleaning some stuff out and I saw some old pictures of me when I was a kid because my mom passed away recently and I went and got a lot of stuff. I realized "God I don't have any archives. When I go no one's going to even know I was here." But hey, you know you live based on what you do and how you help people.

Michael: How old are you now?

Ken: 51.

Michael: 51. Did you ever get married, start a family, you've got kids?

Ken: I never started a family, did have a long-term relationship for quite a while; 18 years.

Michael: Okay, so the internet is a direct marketing model. Then, I've heard you talk about Eugene Schwartz. We know that you wanted to be a writer. Tell me, when did you first come across Schwartz's stuff and Gary Halbert, these type of hard core direct copy experts in your career? How far back was that?

Ken: It's really interesting. I was using direct marketing before I knew what direct marketing was. I was using direct marketing for years before I

knew that there was even such a thing as direct marketing. Because really when I started in the 80's Gary Halbert was around, but you had to be in a very rarified circle to even know his name let alone be a student of his. I mean it just didn't have that big a reach in the 80's. So, I didn't know who he was. I didn't know who any of these guys were. I didn't really get internet marketing until I moved to San Francisco in 1990 and I was in a used bookstore. There was a book called *Mail Order Know How* by the late Cecil Hoades, Jr. I'll never forget. It was \$10 and it was used. At that time, you know, I didn't have that much money and I really debated about whether to buy the book. But anyway I bought it, I brought it home, I read it, and it just blew my mind because I realized that all the things that I'd done, you know producing the dances that were so successful, then running my speed reading company and you know getting students in the door regularly month in and month out. All the other things that I'd done similar to that during that period were all based on classic direct marketing principles, strong headlines, strong benefit statement, compelling call to action, simple reply device, followup, database marketing. Really all that stuff is really just common sense and I learned it just by doing because you know I wanted to pay my rent, I wanted to eat, and I just figured it out. But to read that, my God, there's a whole industry of people that do this and this terminology that explains all this stuff. There's other people that have done it slightly differently and there are other techniques that I hadn't heard of and this was just mind boggling. So, as soon as I've read that book, I use that as sort of a map. It's a survey book. Every short chapter is a profile of a different direct marketing genius. There was an article on Ben Zavinga. There was an article on Eugene Schwartz. There was an article on Dick Benson.

Michael: What was this book called?

Ken: *Mail Order Know How.*

Michael: And there was an article on Schwartz and Ben Zavinga?

Ken: It was written by Cecil Hoades, Jr., and he basically had 150 short little articles. They weren't really chapters. They were little blips. Maybe talk about this promotion and how well that worked. He talked about Eugene Schwartz and you know how amazing he was. Then he'd talk about Richard Benson and Richard Benson's theory on direct marketing. It was just absolutely fascinating. Everything that he mentioned in that book I went out and got into. You know I went out and found the original Eugene Schwartz books. Now, everybody knows who he is, but I don't think at the time people were really aware.

You know got his books. In fact, one of the books I was having trouble finding. I was having trouble finding Schwartz' book *Mail Order*, which he'd written for *Board Room*. I wrote *Board Room*, and I said "I'll give you anything for a copy of that book if you have any left", and a month later, the day before Thanksgiving the book arrives with a note from Eugene Schwartz saying "Hey, good luck. I hope you like it." I made a donation in his name to a local food project in San Francisco. You know I wrote him and I thanked him. I said "Look, you gave me the book for free, but I donated this to thank you." So, he wrote me back and that became correspondence between him and I back and forth.

Michael: Did you all talk on the phone ever?

Ken: Never. God, I wish we had.

Michael: You were talking about it, and I was trying to get this straight. You probably heard the speech from Phillips Publishing, and he talked about how he was doing the infomercial in the earlier days selling the piano course called *The Answer Man*. What else do you know about that? Was he selling other stuff through TV besides the piano?

Ken: Oh, absolutely. People don't realize that there were infomercials previous to 1980. So Reagan's irregulated television spots because believe it or not you couldn't have a half hour paid spot. It was against the law, I guess. Then that was changed. Then all of a sudden we had this explosion of these half hour sales pitches. But when TV was new anybody could buy any amount of time, and one of Eugene's projects was...God, I'm forgetting the guy's name, but it's an artist. Gnagy, John Gnagy. I don't know, some strange spelling name. But anyway that show ran, and it was basically a guy painting. He'd just sit in front of an easel and paint and talk about what he was painting and that was the show.

Michael: Did you ever see it?

Ken: Oh sure. At the time I didn't know any of this stuff, but I remember that show being on TV. I remember in the old days, like in the 70's and 80's if you went to a yard sale, nine times out of 10, those John Gnagy *How to Paint* books were going to be in that yard sale. I mean they sold...I think the statistic was one out of 17 or something, one out of 14 television owners in the entire United States bought the John Gnagy *How to Paint* course off of Gene Schwartz's "infomercial." It was a "real show" but the show was built to catch eyeballs so that at the end of the show people would see the offer for the *How to Paint* course from him.

I mean it was a perfect sale. You're watching the guy paint for half an hour. You like him. He seems to know what he's doing. Then he says "Hey, why don't you buy my course?"

Michael: That's incredible.

Ken: Oh yeah. He was the first guy to sell instructional audio cassettes.

Michael: What year are we talking about, that John Gnagy stuff?

Ken: Late 50's, early 60's.

Michael: The late 50's, early 60's. So from getting that book in that used book store, that's how you first learned about these great direct male copywriters.

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Ken: Exactly. I had known the name Gary Bencivenga because remember when I was in New York City I had heard there was a direct mail copywriter. I had read Bob Bly's book, Bob Bly wrote a book called *The Copywriter's Handbook*, which came out in the early 80s or the mid 80s. That was my introduction to the idea that gee, you could actually make a living as a writer, but a good living. That was a revelation to me at the time. While I was paying attention to this issue of copy writing and being a copywriter...but to me being a professional copywriter in those days, it seemed as plausible as me landing my own spaceship on the moon. These guys were in another world. I didn't know any of them. I had no access to any of them. I had no access to any opportunities to be a copywriter. But I do remember reading that Gary Bencivenga was getting at those days \$25,000 advance against royalties for his copy writing letters. I thought "Wow, I could just write one letter a year and be happy" not realizing that the real money he made was on the back end on those nickels he got on every letter that got mailed. So, I go that little look that hey, there's this other world of writers that make a lot of money, but I had no idea how I was going to get there myself. But then, like I said in 90 I found that book and I realized "Wow, there's a whole industry. There's methodology. There's books you can read. There's case studies you can study." I pretty much read it all. I don't think I missed anything.

Michael: So you devoured the copy writing teachings.

Ken: Absolutely, and I remember a good chunk of it. I've read many of those books several times.

Michael: How much during your seminars is copy writing? Is it talked about? Is it an important aspect for internet marketing?

Ken: I did a two day training on copywriting, on positioning, on info marketing, and the whole thing was recorded, and that is available to people. Then at the seminars itself we don't talk a lot about copywriting because unfortunately internet marketers don't really get how important copywriting is. They're more interested in SEO, pay per click, tracking conversion, and all that kind of stuff. That stuff is important and it is the mechanics and foundation of internet marketing, so that's what we tend to emphasize. But I think the ability to find the drama and the glamour in a product or service is probably the most important skill there is. I always tell people "Look, you know it's 80% coming up with the right offer for the right market at the right time. Then 20% is the mechanics of executing. If you don't have the right product or you're trying to hit a market that doesn't really exist, or you're timing is off, you can be the greatest technical marketer in the world. I mean you can do everything absolutely right and fail. On the other hand, you can be kind of a so, so marketer and really not grasp everything you're supposed to grasp. But if you're hitting the right market with the right product at the right time, you can make a lot of money."

So, one of the things I always counsel all my students, all my clients, and everybody we work with is just endless repetition of the fact are you selling into a real market. The model that I use is the diving board model, which is interestingly enough one of our students was the coach of the UK National Diving Team. As a diver, you can do double summersaults, triple gainers, and all kinds of amazing stuff. I always ask my audiences, "What's the most important thing about diving? What's the single most important thing you have to know about diving if you're going to succeed?" They talk about "Well you need to be fit, you need to know how to do gymnastics, you need to know this, you need to know that." I said "No, no. The most important thing you have to know about diving is that there's water in the pool." That is the biggest single mistake and the single biggest opportunity for those to get it right, that exists in marketing. There better be water in that pool. Don't create a business, a product, or enterprise based on your philosophy that this is great. You need to base your philosophy on "Boy, there's a lot of water in that pool and it's deep, warm, and inviting, and I can do all kinds of fun things with it."

So, I'm very market driven. I want to make sure the markets there. Then have my road repair model of product creation is I just get out of my car and I walk along the road. If there's a hole in the road, I fill it. If there's a bump in the road, I even it out. Holes in the road would be an existing market place where there's something missing, you know whatever that might be. Every marketplace always has something where people want more, they want something bigger, they want something smaller, they want something faster, they want something more convenient, or they want something more glamorous. Every existing marketplace always has a hole, or two, or three in it. So, your job is not to come up with the world's greatest product, your job is to get out of your car, slow down, walk along the road, look for the holes, and fill them. The beautiful thing about holes is they tell you exactly what you need to do to fill them. You know, you don't have to be a rocket scientist or an Einstein character. You just sort of say "Oh well that's missing, let me bring it to the market." Another kind of way to look at this is the bumps in the road. Most markets have inconveniences, they have hassles, they have things that don't work well. Another opportunity is to be the guy that smooths that stuff out, that delivers on time, delivers fast, or delivers things with a smile. I mean whatever it might be there's always a lot of aggravations in every marketplace. If you could be the person that removes those, that's your entry to a marketplace. That's really what we're looking for, is marketers.

You know we're not trying to be marketing geniuses. I mean it's good to read all the marketing books. I've read them all. I love them. They're one of my favorite things to do. I really love my marketing colleagues. I'm endlessly grateful to the Eugene Schwartz's and the Gary Bencivenga's of the world. All that stuff's really important but it pales in comparison to simply having a field for a market and bringing the right thing to a market at the right time and the right way. One of the pre-eminent skills of a good copywriter is the ability to see opportunities in the market but also package and position a given product in such a way that makes it dramatic, makes it glamorous, and makes it attractive. That is such an important skill. You have a great interview, and I want to encourage everybody listening to this to listen to it, about a guy that sold fruit by the side of the road.

Michael: Yeah.

Ken: That thing is a masterpiece. It was beautiful focus and beautiful real life practically. I mean literally he was on the road. Cars were going by. He could see what made a car stop, what didn't make a car stop. He could

see what made a person linger and what made a person leave. He could see what made a person fill their basket with tons of stuff and what made a person just buy you know one peach and leave. That really is marketing. It's really not a theoretical practice. It's really not intellectual practice. It's "Hey, I'm in the market place, I've got my eyes open, I'm seeing what people are doing, I'm testing things constantly." That's one of the things that we bring to people in our seminars. This idea that we don't know, the market knows. Our job is to put things in front of the market and see how they react and then test, test, test, test. I mean I'm happy to say that twice now Google has sent employees to our seminars to speak and to talk about their own internal testing methods. That's happened twice. They'll actually walk through show how they do their testing. By the way, we think of Google as being the smartest guys on the block. No doubt they've got PhD's, mathematical wizards, physicists and all that kind of stuff. But you'll find few companies in the history of the planet that have done as much testing as Google.

Michael: I saw a little bit of that video of that Google guy where you share some of the videos, and he was dispelling a lot of these internet myths that are going around.

Ken: Absolutely. I'm sorry to say there's a lot of mythologizing out there. You know people will proclaim that something is true and go out and teach. That's why I'm pretty selective about who I have train. There's a lot of people that I gave a shot at training, and I realized "Hey this guy's kind of blowing a little bit of smoke", and they don't get invited back. Now, the thing is, this is a key concept of testing, everything is situational. So, there may be a case where if you put a link on a site you're going to get more clicks than if you put a button a site. That actually may be true, and there may be hundreds of cases where that is true, but you can't go out and say that it's always true. I mean that's very convenient for the speaker. It's very convenient for the audience because they don't have to think, but the beauty of the internet, the beauty of direct marketing, and the beauty of mail order and direct mail, and what makes it such a powerful medium and such a great opportunity for the average person is we're responding to reality. We don't have to be geniuses; we don't have to have PhD's in statistical analysis. We don't have to have marketing degrees. We just have to keep our eyes open and see what happens when we put things in front of people. Now, direct mail made that possible because you'd send out a mailing and you could just count the number or orders you got. "Gee, I sent 10,000 pieces of mail, I got one order. Oops. That's not something I'm going to going to do again."

The problem with direct mail, and I was in direct mail before the internet, is that's a brutal way to learn. Gary Halbert talks about it, and I've had this experience too. You save a whole bunch of money and you put out what you think is a great promotion, nothing comes back, and you can't pay the light bill that week. Now, the nice thing about the internet, this is what makes the internet empowering, is that I can test all day and all night until the cows come home and not bankrupt myself if I do it intelligently. I can put up a letter. I can throw a bunch of traffic at it. I can tell pretty quickly, "Hey is this letter really impacting people or not?" Now, how do I know it's impacting people? Because they're clicking on the link I'm asking them to, or they're filling in the options form, or they're making the trial purchase, or they're making the purchase, whatever the measurable thing I want them to do is. The internet really is just direct marketing that is instant and a lot less expensive than physical direct marketing.

Michael: Okay, so look. You've got water in the pool. You've got a market. You've gotten out of your car and you've walked the road. You've filled in some of the holes or smoothed out some of the bumps. Now, what about traffic? I mean you see a lot of the gurus out there promoting traffic systems. Even from my own point as an internet marketer, I want more traffic. I want more names. I want more e-mails. Are you going to teach some of the so-called secrets of getting massive traffic?

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Michael: I'm really glad you brought that up because in contrast in the print world, in the physical world nobody ever expected like free traffic or traffic secrets. You know they knew "Hey, I've got to run ads to generate leads, or I've got to rent a list and mail to it to generate leads, or I've got to do a joint venture mailing with somebody, and I've got to convince them to trust me and validate my offer." I don't know, people just had this realistic sense of "Hey, there's no free lunch in this world." Somehow this idea that sort of floats around the internet that I should be getting this stuff for free and I should be getting more of it. Everybody else seems to be getting lots of it for free. Of course, the gurus really love to fan the flames of that delusion. Hey, there is a way.

You know my knuckle head cousin living in his basement just made half a million dollars and you can do it too. I'm here to tell you that a frighteningly and large percentage of the claims that you see about what people are doing on the internet are just fraudulent. I mean

they're just straight-up fraudulent. That's not to say the internet's not a great marketing medium. It's fantastic. It's the best medium ever. That's not to say there aren't a lot of people that boot strap themselves from literally their mom's basement to you know the eight pushing, or seven pushing, nine figure a year business. One of our students has done that. Those things are true. But when you see like one offer after another. "Hey, this system. This secret, this method. This is it. We found this. Nobody else has ever seen it. It's amazing. It takes no effort. It takes no money. It takes no intelligence." It's ridiculous. Internet marketing is a profession. It's an entrepreneurial opportunity, but it's a profession too in that there are things you need to know how to do.

One of them is traffic generation, and we get traffic from pay per clicks. We have pay per click experts speak at our conferences, real experts, you know Google certified experts. We have search engine optimization experts, real experts. The guy that we have teaching for us now has provided SEO services for AOL, for IBM, for 1-800-flowers, for the U.S. Patent office. He trained the patent examiners how to evaluate search technology. So, that level of expert. So, yeah. Traffic is available. It's available from a hand full of names. You can buy it. You can get it through search engine stuff. You can do it through joint ventures. There's always some odd things that crop up in individual businesses and individual markets that create special situations. But pretty much that's where traffic comes from. It doesn't fall out of the sky. There is no magic system where someone is just going to send you just tons and tons of really good traffic for nothing. I think it's too bad that belief has kind of gotten out there because I don't think it serves anybody. It frustrates people and takes their eye off the ball.

Michael: Any intelligence or any research? Can you predict anything about what's going on with Google related to the internet product developers and marketers? Is it good for them? Are pay per clicks just going to get more and more expensive as more people come into the marketplace?

Ken: You know there was a day when you could get clicks for a penny and that was great, but what's shaping up now is if you can get yourself to the point where your ad spend is \$5,000 a month on Google Ads and you can make that work. There has emerged a whole industry of reliable, capable, very gifted service bureaus that can take over your pay per click campaign for you and ramp it up substantially. Now, if you don't have a business, you don't have an offer and you don't have any conversion stats. You know you can't make \$10 pay on Google Adwords, they really can't help you.

Michael: But if you've got a pay per click campaign, you're spending 5 grand a month, and you're turning a profit, you can turn that over to some real expertise to add some zeros on it.

Ken: Absolutely, and we've had a number of those companies come. These are serious players. These people some of them in some cases are certified by Google. So, they're not just people that have declared that they're experts. They're guys with staffs of 10, 20, 30, 40 people. So, that's one of the opportunities here. It takes time. It's not an instant thing, but if you can get to that point, you can actually pass that off and see pretty rapid growth in your company.

Michael: What is it that they can do? They can analyze what you're doing, maybe tweak it, but they have access to more larger flow of traffic that they can introduce these pay per click ads to.

Ken: Well, the reality is doing Google Adwords at a high level and making it really profitable really does take a lot of sophistication. It really takes people who do that and do nothing else. In other words, you know 40 hours, 50 hours a week, that's all they're doing. That's all they're thinking about. That's where all they're mental energy is going. They're sitting in a room with you know 10, 20 other guys that are thinking along the same lines. So, it's a sophistication play. They just know more. They know more tricks. They know more techniques. They can pay more attention. They can do more tracking than you can do. There's a lot of people who fit this category. They make Google Adwords work but then they kind of become chained to Google Adwords. They're spending three, four, five hours a day every day managing their Google Adwords account to keep it profitable. Obviously, they're good enough at it to make their campaigns work, but you know it's kind of hard to run a business when half or more of your day...I mean let's be realistic, most of us are only productive four hours a day.

So, if you're spending four or five hours a day tweaking your Adwords campaign, it's kind of hard to run the rest of your business. So, you may need to do that kind of intense work in the beginning to get your campaign to the point where its got promise. The good news is there's a lot of really good reliable, authentic, legitimate people you can go to, who can take what you've got working on a small scale and boost it up, and sometimes boost it up really significantly.

Michael: You've had, maybe upcoming or maybe in one of your past seminars you had some guys doing co-registration. It's kind of like affiliates where you have like a travel company who will pay a percentage for anyone you refer over to them. Is that called co-registration? Are some experts making some insane money doing that?

Ken: Yeah, it's not co-registration. It's called cost per action marketing, CPA. Also called affiliate marketing, but affiliate marketing can mean a lot of different things. Affiliate marketing can mean "Hey, I've got an e-book and I get 10 friends to, you know, mail to their list and I pay them an affiliate commission." So, that's great. That's a fine model. But what affiliate marketing means on another level, it's sort of synonymous with CPA, which is synonymous with cost per action marketing. What basically that is "Okay I'm an advertiser and I've got an offer. You know I can't figure this internet stuff out myself. I need a lot of traffic to make this work. I don't want to buy clicks. I don't want to do SEO. I don't want to build up a mailing list. I don't want to do any of that stuff. I just want traffic. So, I go to a traffic broker." They're called affiliate networks. Why do they call them that? I don't know. Is that a useful helpful term? I don't really think so, but that's what traffic brokers in that system are called. They're called affiliate networks. They give themselves all these weird names but basically it's a traffic broker.

Michael: Are there a lot of these traffic brokers?

Ken: Oh yeah.

Michael: How do they become a traffic broker?

Ken: That's a good question. Let me give you the sense of the scope of this. Twice a year there's an event called the affiliate summit. They've got one in Vegas and one in New York City. If you ever go there, they have upwards of 4,000 attendees at each one of these things. They're not seminars. You know you don't go there to learn anything. You have to already know something or you're going to be completely lost when you go there, but they get that many people walking through the door. They have a trade floor and when I went to the one in New York last year, I went to floor number one and it took two hours to get through the whole thing. Then I went to floor number two, and it took me another two hours to get through the whole thing.

Then when I got home and I was talking to a colleague of mine and he was talking about these companies. I said "I paid pretty close attention, I didn't see that company." Finally, we determined that I completely

missed one of the floors. So the point is this part of the industry is massive. It starts with the advertiser, and the advertiser goes to the traffic broker. Then the traffic broker goes out and finds affiliates, individual affiliates. The deal is usually something like this. You get paid based on action, not necessarily sales, but on action. If you can get someone to fill out their name and their e-mail address and indicate their zip code, we'll pay \$4 every time you make that happen. It's a very simple formula. The more data, the bigger the payout. Then the company itself will then take that data and that traffic. The person will come to the website and fill out the stuff and the company ends up with the data. The advertiser itself will take that information, do all the follow-up and do all the selling. There is a variation of that where you're selling a trial on something. So, the trial may be \$7.95, you know, to try it one time. Then of course you're into a continuity program. Sometimes if you can accomplish the \$7.95 sale you're going to be paid \$19 or \$30 because the company's done its math and realizes "Hey, if we can get a certain number of people to take the trial, we know we're going to be able to retain this percentage of them as customers."

Now, a great example of a company that does this on a very high scale, and we're going to have one of these guys speaking at our upcoming seminar in 2011, is Lexington Law. Their online marketing manager is Josh Aston. They employ between clerical and attorneys over 700 people. They are if not the biggest, one of the very, very biggest consumer credit repair companies on earth. They're very good. They're very legitimate. Basically, it's a continuity thing. You sign up and you can pick the level of service you want. You basically have a law firm working on behalf of you and your credit situation. They draft the letters and send the letters for you. They do the followup, and depending on how much you pay, you get a certain amount of service.

Michael: So, is this how they've grown so large?

Ken: Absolutely, and what they do is they've got hundreds of, you know, really aggressive internet people that are finding all kinds of different ways to generate traffic. Sometimes it's SEO's, sometimes it's pay per click, sometimes it's accessing other people's mailing lists. These guys are just sending gargantuan amounts of traffic to these web sites.

Michael: Obviously with something like that you've got individuals promoting something. Have they been able to control any of the fraud? You know the fake names.

Ken: No, the amount of money at stake, they've seen it all, and they know how to detect for it pretty quickly. They know how to black ball people and get them out.

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Michael: So, the people in the game they know to play straight.

Ken: Well, the people that are in the game for real and are serious business people, they're playing it absolutely straight. But again, you'll always have people trying to gain the system. But that's a built in problem that they anticipate and they have ways of identifying. So, the company like Lexington Law, they can't deal with all the affiliates themselves, so they work through an independent, or a related company, called Progression, which is a traffic broker. It's the traffic broker that deals with all the affiliates. On the flip side, if you're an affiliate and you're good at driving traffic...Like I said, it's a profession. You get good at pay per click, you get good at finding opportunities where you can get cheap clicks that convert well, or you get good at SEO. If you're one of those guys, your goal in life is to find really good offers so that when you get financial services traffic or you get health traffic, or in the previous years mortgage application traffic, you knew where to point it to. You knew where to get the best offers.

So, the advertisers are looking to the traffic brokers to get traffic and the affiliates are looking the traffic brokers to find the best place to direct their traffic. The way the traffic brokers make the money is they're brokers. They make a percentage. If they find you, recruit you, get you in the deal, and get you generating traffic, they're getting a piece of all your traffic. These traffic brokering companies, based on the size of the parties they hold at the affiliate summits...I mean they'll take over whole night clubs and have dancing girls, bands, free drinks, and free food. There's a lot of money flying around in there. So, the way a lot of people have started in internet marketing, playing in internet marketing, or participating in internet marketing...you know they're operating at home and they're trying their own venture, and they're getting a wide range of results. But I would recommend everybody that really wants to see the size, scale, and scope of where internet marketing has gone is to go to one of these affiliate summit events, you can buy a floor pass for pretty reasonable, and just walk the floor. Just see the size of what's going on. It is a logical development because big companies need traffic just like everybody else. People that know how to drive traffic are extremely rare. It's kind

of hard to employ them because let's face it, if you know how to drive internet traffic, why on earth would you ever get a job with anybody?

Michael: Do you think it's a viable model...just as an example. Let's say you wanted to fill up a very large seminar. Do you think it would work for something like that?

Ken: Absolutely. I would have to do a lot of offer engineering. I would have to come up with an offer that the affiliates could put in front of their lists. I'd have to design it in such a way that it would be super attractive for the affiliates. For those affiliates playing that game, where you know maybe they would get somebody to do a trial purchase and I would give them, you know if the trial purchase was \$29, they would make \$50, or \$75, or \$100. I'd have to get my math to work. Because to get the very best people you have to pay the very best money. The old model of affiliate marketing, the one that's really traditional and works, you know, in general is if you're an affiliate marketer, you know you get a percentage of the sale, but at this sort of high volume, high stakes end of the spectrum really strong affiliates expect to get at least 100% of the sale and maybe twice the sale or three times the sale price. I would have to get more sophisticated. I'd have to do a whole lot of more work, which sort of takes us back to something we were talking about earlier. One of the things that I like about my business and what's possible on the internet is I get all this activity done with me and a mostly part-time assistant. I don't necessarily want to have a dozen or 20 or 50 employees doing all this running around. My business is pretty simple, but if I wanted to make my business more sophisticated, I would invest a lot of time and money in generating an offer that would be attractive to these huge affiliate networks.

Michael: With the new FTC changes, like for example these affiliate networks, and you create an offer, you've tested it, you make sure the math works, and you go to this affiliate network or the CPA people. How has the landscape changed with this FTC? Is this making it harder and trickier for, you know, something to work like that?

Ken: You know I have to say I'm not an attorney, so it's kind of a legal question. But from a practical answer, I have two things to say. Number one, I personally like to just play it absolutely straight. I don't like to go to the edge of stuff. I'd rather be well within the boundaries. You know for instance I never have ever made income promises to people. If I talk about a specific student, you know it's always his specific case. You know it's not "Hey everybody that does this gets rich." It's "Hey, so and so did this in this industry, started here, did

these things, and got that result.” So, I would say my first advice to everybody is find out whatever the law is and just be well within it. I mean some people are comfortable pushing the envelope, but it’s not my way. The other thing, and this is just a practical thing, is you know there are laws and then there is the mechanical reality of enforcing laws. I’ll go that far. I won’t say any more. It’s like will they find every single person that’s pushing the envelope? Well, they can’t. It’s impractical. Do you want to be one of those people pushing the envelope and hope you can get away? I wouldn’t want to be in that position. That’s what I have to say about all that stuff.

Michael: Let’s talk a little bit about e-mail. How important has e-mail been to the success of your business and the students of your business, using e-mail as a marketing avenue?

Ken: I’ve said this since day one, and it’s because of my direct mail background. To me, e-mail is everything. It’s everything. This is really what’s so strange about the way internet marketing has been practiced by so many people. They’ve been very happy to just get the front end sale, not do followups, not capture customer data, and not take advantage of that data by continuing communication with their prospects and their customers. To me, that’s just madness. The goal is in the e-mail list. This is what direct mail marketers, you know people...we talked about Eugene Schwartz. I mean imagine this. We talked about writing for pay or writing for free. He wrote for free for *Rodale* and *Board Room*. For “free”. I’m putting that in quotes. He didn’t ever ask for a fee. He wanted their list because he knew the value of the list and he would take those lists and sell similar books with his own ad copy, and he was a fabulously rich man when he passed away and his widow is fabulously rich. We say e-mail, and technically that’s correct. It’s an e-mail address. But what it really is a customer or a prospect. So, it just makes logical sense that the bigger your prospect and/or the bigger your customer list, and the better relationship you have with that list, and how do we build relationships. Well, we build them the same way we build them in the real world. We communicate. We write. We tell stories. We share useful information. We offer help, and we stay in touch. Not rocket science here. I run into this problem every day of the week. Some will come and say “Hey, would you look at my business”, and I’ll go “Where are you capturing e-mail addresses?” “Oh, we don’t capture them.” I’m like “What? At a minimum your whole business should be about getting people to ask for something for free from you so that you can get their name and e-mail address and so that you could have a pretext for continuing to be

in touch with them. That should be the core of every single internet business.”

Michael: When someone comes onto your list, how often will they hear from you and your experience? What's optimal as far as how often you should keep in touch with your list, your customers?

Ken: We were talking about before you know on 1/3 reading, 1/3 doing all this crazy pro bono stuff, and 1/3 taking care of business. What I do is not necessarily what I'd recommend to somebody else. I kind of mail when the spirit moves me. Gary Halbert used to do it as well, I think. I know he had a system for mailing. But really the sensible thing is to have a systematic approach. Number one, more than frequency, before you even talk about frequency, I want to say one thing. Make sure that everything you send people is valuable. Like I've heard all these weird ratios. Well, like yeah you can send like one good e-mail and then one pitch. Or two good e-mails for every pitch. I differ. I think everything you send out should be viewed as intrinsically interesting and valuable, even if it is a pitch. But clearly, clearly, this is a common, common mistake. People will start building an e-mail list. They'll have some luck selling to them. Then, all of a sudden they get lazy, greedy, or foolish, and they stop communicating and they are just in constant never-ending pitch mode. I just think that's madness. That's absolute utter madness. That's why so many people they're here today and gone tomorrow. You know they're big names and then two years later, what happened to that guy? I don't know. He's gone. So, the first law is even though e-mail is free, even though you don't have to lick a stamp, go to the post office, or go the printer and write four and five figure checks, which is what direct mail requires to do a mailing, even though it's free you should treat every one of those mailings as if you were paying you know a lot of money for them. This is another really important cost about e-mail. Just the fact that you're list is a certain size, almost means nothing. I mean obviously it's better to have a big list than a small list.

But I can tell you many, many people that have 50,000, 100,000, multiple 100,000 person lists that don't convert anywhere near as well as a well kept 10 or 20,000 person e-mail list because they burn their list out by mailing garbage. So, more than frequency, quality, quality. Am I saying something useful? Am I saying something interesting? Am I saying something that someone's going to read and go wow, that's cool? Or am I sending something that really at the end of the day is insulting? It's like “Hey, you don't really mean much to me, but maybe I can squeeze some money out of you today, so I'm sending you this

crap." I'm afraid to say it. That's the model that a lot of people are following. So, in terms of frequency, I know people that mail every day. Obviously you know certain markets are receptive to that. For instance if you're selling stock advice. Well, you could talk about the market every day because the market changes every day. But I would say almost any topic where somebody has passion about, you can almost not ever send too much material, especially after somebody has initially inquired. We all know this.

When we're into something we get really into it. We cannot get enough good information about it. But if you want some good rules of thumb, and interestingly enough these go back to the print direct mail days. If you're going to be real, if you're going to stick in their minds, you've got to mail something at least once a month. That's the minimum. That's just the absolute minimum. Every month you've got to wow them. That's a good idea for them to expect to get the monthly message from you. If you've got more time, go weekly. If you've got more time than that, go daily. If you're stuff's relevant and good, they'll never get tired of it, and they'll be happy with you.

Michael: Can you give us just a peek? Who are some of the experts you're going to have there?

Ken: Okay, on the SEO front we're going to have Mike Marshal. This is the guy that does work for AOL, does work for 1-800-flowers. So, you know one of the top SEO people on the planet. We're going to have Josh Aston, who is doing lead generation for Lexington Law; you know keeping 700 people busy. We're going to have some heavyweights from the direct mail world who've made the conversion successfully into the online world. By successful I mean they're working for a company. Brian Curts of *Board Room*. The story that apparently has gotten out is *Board Room*; they're into the eight figures in internet revenue. So, Brian's going to talk about, you know, how do you do that? How do you convert the direct marketing model into a good internet model? So, those are some of the people that we've got nailed down for 2011.

Michael: So, where can someone find the price, go for the dates again, and find more information? Are you going to do some of those pretraining calls where they can get a taste of the experts?

Ken: Absolutely. That's our favorite thing to do, and we're going to do that. There is a way, by the way, that you can come to the very first day of

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