

# **16**

# **Secrets**

## **TO Raising**

## **Capital FROM**

## **Accredited Investors**

## **Under the JOBS Act**

By Craig A. Huey

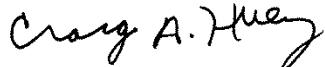
# **Marketing to Accredited Investors Under the JOBS Act**

Raising capital without becoming a public company now is a reality.

**The JOBS Act will help create an economic boom in the United States...and your company can be part of it.**

I wrote this report as a guide to show you how your company can raise capital by marketing to Accredited Investors—a group I've been marketing to for more than 25 years.

I welcome your questions and trust this will equip you with the guidance you need to see dramatic growth.



Craig A. Huey, President  
Creative Direct Marketing Group, Inc.

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## About Craig Huey



Craig Huey is publisher of ***Direct Marketing Update*** and ***The Huey Report*** and president of Creative Direct Marketing Group, Inc., a full-service direct response advertising agency. He is also president of InfoMat, Inc., a mailing list and email brokerage and management company.

Craig is recognized as one of the nation's top direct response marketing experts and the authority on marketing to the Accredited Investor under the JOBS Act. His insightful, on-target strategies have generated more clients, leads and sales than anyone else in the industry.

Craig has made millionaires out of entrepreneurs and helped grow million-dollar organizations even larger.

**Using time-tested direct response marketing strategies and breakthrough techniques, Craig and his team have won 78 major industry awards for excellence.**

Craig creates profitable marketing campaigns and helps small to large companies in the following areas:

- Direct mail
- Online sales letters and sales videos
- Direct response television (short form and infomercial)
- Online advertising and marketing
- Display ads
- Direct marketing website development
- Landing pages
- Email marketing
- Pay-per-click advertising
- Search engine optimization
- Viral videos
- Social media
- Mobile marketing
- Banner Ads with remarketing
- Database marketing
- Collateral material
- Integrated and modeled marketing
- Inserts and newsletters
- Product launches
- And much more...

Clients have included 1-800-Contacts, Agora Publishing, Baby Lulu, Blanchard & Co, Brainy Baby, Chevron Oil, Chronomite, CompuSOURCE, Data Transmission Network, Day Focus Planners, Debt-Free Living, Dyansen Galleries, Educational Insights, Family Life Seminars, Forecasts & Strategies, Giltspur, Group 3 Electronics, Hooked on Phonics, Instant Office Freedom Alliance, Furniture, Investment Seminars International, Jews for Jesus, Laser Eye Center, Lear Capital, Maranatha Music, Micro-Design Resources, Midwest Center for Stress & Anxiety, Mommie Helen's Bakery, Omnifax, Peach Records, Ron Paul's Committee to Stop the Bail-Out of Multinational Banks, Soldier's Angels, South Bay Chiropractic, Spidell's Tax Service, Sterling Travel, Sun Chlorella, Supercircuits, Surf Control, The Hollywood Reporter, The Motley Fool, TheStreet.com, The Weather Channel, True Religion Jeans, Universal Software Association, Weight Watchers, Wesco Auto Parts, Zacks...and more than 200 others.

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# **Chapter 1: What Is the JOBS Act?**

**The JOBS Act** is an important, historic piece of legislation with a large amount of impact and potential for small businesses, startups, hedge funds, investors and even public companies for investors.

It changes how the world's ideas are funded, which gives you more access to the capital you need to grow your business.

On a sunny April day in the White House Rose Garden, President Obama signed into law the JOBS Act, which stands for "Jumpstart Our Business Startups." It was 2012, and the business climate was about to undergo a massive change.

**In fact, the JOBS Act may be the most significant Act in the past 50 years.**

For business owners and entrepreneurs, it's the fastest, least costly way to generate capital. For investors, it's a way to get onto the ground floor or find unique opportunities toward progress.

For the economy, it could produce or become an economic boon of historic proportions.

**With the JOBS Act in place, here are the things that changed:**

- **The General Solicitation Ban is lifted.** This was an 80-year-old ban that restricted you from advertising to the general public about investing in your business. Now, you can market your company or new product or service directly to investors.
- **"Emerging Growth Companies" (EGCs) are redefined.** Now, they are recognized as businesses with less than \$1 billion in annual gross revenue in the most recent year.
- **EGCs are relieved from regulations.** Certain regulatory and disclosure requirements don't have to be in place if they go public as well as five years thereafter.
- **Increases the number of shareholders a company can have without going public.** Now a company can have up to 2,000 Accredited Investors/shareholders. Plus, 500 can be unaccredited investors. The investor must be an Accredited Investor or 2,000 total shareholders.

The gates of investor funding are opened. You no longer are required to register public offerings with the SEC. Now you can build your shareholder base, asking the Accredited Investor to take a stake in your company. Although this kind of funding is now open, it is in its

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beginning phase.

**Now you don't need to go public (though a public company can raise funds under the JOBS Act) or work yourself too hard to get qualified investors.**

Marketing under the JOBS Act requires you only market to Accredited Investors. What's that?

In raising capital, you can use the funds to:

- Expand
- Open new store
- Market and Advertise
- Research and Development
- Hire new employees
- Acquisitions
- Buy equipment
- Whatever you want...

So, in the following pages, you'll see how to market to the Accredited Investor.

## **Chapter 2: What Is an Accredited Investor?**

In Regulation D, Rule 501 of the Securities Act of 1933, an *Accredited Investor* is defined as any of the following:

- (a) “An individual (or married couple) whose (joint) net worth exceeds \$1 million, excluding the value of the primary residence;
- (b) “An individual with income exceeding \$200,000 in each of the two most recent years, or a married couple with joint income exceeding \$300,000 for those years, and a reasonable expectation of the same income level in the current year;
- (c) “A bank, insurance company, registered investment company, business development company or small business investment company;
- (d) “An employee benefit plan, within the meaning of the Employee Retirement Income Security Act (the benefit plan qualifies only if a bank, insurance company or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million);
- (e) “A charitable organization, corporation or partnership with assets exceeding \$5 million;
- (f) “A director, executive officer or general partner of the company selling the securities;
- (g) “A business in which all the equity owners are Accredited Investors;
- (h) “A trust with assets in excess of \$5 million, not formed to acquire the securities offered, whose purchases a sophisticated person makes.”

In 2010, the estimated number of U.S. households that qualified as Accredited Investors (based on net worth) was 8.7 million. That's 7.4% of all households!

**The key, as you'll see, is identifying the Accredited Investor and marketing only to those investors.**

So, now that we know the definition of our target market audience to raise funds, this is how do we do it:

- ✓ Cost effectively
- ✓ With accountability
- ✓ Successfully

In the next chapter is your first step to accomplishing this goal.

## **Chapter 3: How Do You Reach Accredited Investors?**

A variety of ways exists to communicate your investment opportunity to the Accredited Investor.

For over 25 years, my company, Creative Direct Marketing Group, Inc., has tested and perfected marketing and advertising strategies and tactics using old media and new media to investors.

Investors and Accredited Investors are different—and respond differently to marketing tactics and strategies.

**Accredited Investors are a unique group of investors, besides being in the top 10% of all Americans.**

For example, some are self-directed investors; some rely on others for investment and financial information and direction.

Many Accredited Investors are focused on personal financial issues because they enjoy being involved and active in their investments. And for others, their eyes glaze over if you talk about their finances or investments. They much rather leave it up to the financial experts.

Some Accredited Investors are risk averse and conservative. Others are risk takers and aggressive with their investments—and everything in between.

They are not all the same. Their *psychographics*—how they behave based on their perceptions of reality and preferences—are just as important as their demographics.

### **Three categories for reaching the Accredited Investor**

**In reaching the Accredited Investor, I have laid out three categories of marketing/advertising choices to target them for your business/investment opportunity.**

**The first category:** It's the most efficient marketing strategies and tactics because you're communicating only to Accredited Investors. The target market is specific. You don't waste money and time on non-prospects.

And you're compliant with the JOBS Act, which only allows to you to market to the Accredited Investors. Plus, to some degree, you can preselect the psychographic profile of the

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prospect based on your unique opportunity.

**The second category:** Your marketing message is reaching to Accredited Investors, but not all. Some don't qualify for an investment because they are not Accredited Investors. You're wasting marketing money and creating a greater burden to qualify each prospect.

**And the third category:** A very small percentage of the total marketing audience is actually your target audience. Most of those receiving your marketing message are not Accredited Investors.

So let's take a look at these three categories in greater detail and what would be most effective for your investment opportunity.

## **The three categories explained**

### **CATEGORY #1: Highly targeted Accredited Investor**

The most effective way to only communicate to your target audience of Accredited Investors is by using four key marketing tactics—and incorporating these few tactics into one hugely impactful strategy to generate leads and capital.

To come close to 100% targeting of Accredited Investors only, you'll want to use (1) direct mail, (2) a direct response landing page designed only for the campaign, (3) remarketing with banner ads only to your Accredited Investor prospects, (4) email directed only to identifiable Accredited Investors and (5) video—when used with the email, banner ads/remarketing and landing page.

**This multimedia integration works best when direct mail is the foundation because only with direct mail can you precisely and comprehensibly preselect only the Accredited Investor audience.**

These five media, especially when integrated, will produce the lowest cost per lead and the lowest cost per sale in generating new investors. In other words, produce thousands of new investors for you cost effectively.

Let's look closely at the five key elements to a successfully integrated JOBS Act campaign.

### **Element #1: Accredited Investor direct mail**

Direct mail is the most efficient and effective way to target your Accredited Investor prospect. With direct mail, you're able to target only Accredited Investors because the mailing lists can identify your prospect by income and net worth.

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## **No other media can do this in a comprehensive and confident marketing campaign.**

The marketing cost for direct mail may be higher than some other media. But the cost per lead/cost per sale justifies the extra upfront costs because your actual cost per lead and cost per sale will be less—more effective media will cost more upfront.

With direct mail, you have several tactical/strategic choices, as you will see in the upcoming chapter on direct mail.

### **Element #2: Direct response landing page**

A special JOBS Act landing page is necessary to maximize response.

You do not want your prospect to go to your corporate website.

You want your prospect to go to a specific landing page that matches up with the copy of the direct mail, email or other advertising/marketing efforts you are using.

The Chapter 4 on landing pages versus websites explains this in detail.

### **Element # 3: Remarketing with direct response banner ads**

Banner ads by themselves are okay for investment marketing, but not great.

Add remarketing to the banner ads and everything changes—they become a great marketing tactic.

**Remarketing** is a powerful way to keep your name in front of your prospect. With remarketing, your banner ads for your investment opportunity will follow your Accredited Investor prospect around the Web. Your banner ad will be seen by your prospect wherever they are on the Internet.

This is explained on our chapter on remarketing.

### **Element # 4: Accredited Investor Email**

Email lists of Accredited Investors allow you to target your audience, but not completely. The email lists of Accredited Investors only comprise about 25% of Accredited Investors compared to direct mail, so they aren't as complete as direct mail.

Using the same names on the email list and the postal list will have the best impact

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generating more leads at a lower cost per lead and lower cost per sale.

Email used alone will not be as effective in producing leads.

If you analyze the bottom line, email cost will be higher per lead and at a higher cost per sale if used by itself.

**By combining email and direct mail, you improve your ROI on both the email and direct mail campaign.**

The chapter on email details the best, more profitable strategy.

### **Element # 5: Direct response video**

Videos on sites like YouTube will not be effective for the Accredited Investor target audience. But the video strategy can be highly effective when combined with your email, banner ad/remarketing and landing page. In fact, banner ads, email and your landing page are much more effective with a video campaign—as you’ll see on page 28.

## **CATEGORY #2: Targeted, but not as efficient or effective**

### **Display ads**

Display ads and magazines that aim at the high net worth Accredited Investor can be powerful compliments to your marketing campaign. These print magazines are often city or regional magazines with a banner ad component. They target only high net worth prospects.

**Seldom do they produce enough response to justify the campaign by itself without an integrated marketing approach described above in Category #1 to ensure they can be effective.**

And they will not be as targeted, so you’ll be wasting resources outside of the Accredited Investor universe.

### **Facebook**

A high percentage of your prospects will not be on Facebook or actively engage in Facebook, for that matter.

But Facebook can be a complement to a campaign.

It won't generate new clients but it can help in the sales process. And it has limited targeting

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of investors for advertising.

### **Paid Search**

Paid search is inexpensive. But it's difficult with paid search to reach Accredited Investors. This could be a small portion of a campaign, but not as effective as those in Category #1.

And precision is questionable.

### **CATEGORY #3: Untargeted, fewer prospects**

#### **Direct response television**

TV commercials—including infomercials—can be a powerful and effective way to spread your message. But they do not reach enough of your target audience.

Even targeting financial stations, most of your audience is not qualified. But a test on Fox Business, CNBC, Bloomberg and a few others will recruit some of the Accredited Investors you want.

I started my career over 25 years ago with TV. I've created more than 400 TV commercials and 13 infomercials.

So I love this media.

If you do TV on the financial stations, test 30 and 60 seconds and consider an interview on Fox Business, or 30-minute infomercials.

#### **Direct response radio**

Radio is inexpensive and can be powerful—including a 30-minute radio infomercial. You can even target financial stations, where there will be some Accredited Investors—but the vast majority is not.

### **Next steps?**

Most reading these pages will want to start their JOBS Act marketing campaign with the media outlined in Category #1, targeting specifically the Accredited Investor. So the following pages concentrate on these marketing strategies.

If you'd like details on Category #2—Display ads, Facebook, paid search and Category #3—TV and radio, email me at [craig@cdmginc.com](mailto:craig@cdmginc.com) and I'll send you extensive articles detailing

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how to create a successful marketing campaign.

In the following pages, you're going to read about Category #1—media strategies—and how they apply to marketing with the JOBS Act so you'll generate Accredited Investor leads at the lowest cost per lead/cost per sale possible.

## **Chapter 4: The Foundation: Direct Response Landing Page**

A fatal mistake in marketing under the JOBS Act would be to use your own corporate website as the URL/website in the marketing program.

Most corporate websites have multiple purposes with different products and messages.

**In fact, most corporate websites are anti-marketing sites, something that the prospect could not relate to and be excited about. Plus, they are likely to have multiple messages and navigation bars—what I call navigation distractions that depress response.**

And corporate sites don't have a focused call to action (CTA). The sales message is lost, usually muffled and response is killed—losing leads, time and money.

**That's why the landing page is so important. A landing page does not have navigation distractions. It's one, simple clear message. It has a focused call to action.**

And, the landing page has copy and art that's compatible with the marketing materials, nothing else.

To an ad agency or graphic web designer, it's pretty boring. But to the prospect, it's what helps create the quality response.

**The key to success in the landing page is only talking about your unique investment opportunity by utilizing powerful direct response copy. It is not traditional advertising copy or editorial or journalistic copy.**

This direct response copy reinforces the offer that is in your mailing package, banner ad, email—whatever medium you're using.

**The landing page will have longer copy about your offer than you would see on a corporate website, with the specific objective of motivating your prospect to pick up the phone and call, and discover your new opportunity.**

*And your landing page should have remarketing.*

**Remarketing is the power of online marketing where cookies are placed on your landing page so a banner ad will follow your prospect wherever he or she goes on the web. We highly recommend this be part of your program (see Chapter 7).**

With a powerful landing page, you'll be able to motivate the investor and collect leads. It's foundational, but it should always have a video.

The next step in your campaign is the direct mail...

# **Chapter 5: Direct Mail: Specifically Targeting Your Audience Generating High-Quality Leads**

Direct mail is the #1 media to reach the Accredited Investor with your opportunity. It is decidedly effective in generating high-quality leads that will convert into investors for your opportunity.

**The 7 critical keys to success in direct mail are:**

- 1. The right mailing list**—targeting only the Accredited Investor with the best postal mailing list filters.
- 2. The right direct response copy**—the most important difference between success and failure.
- 3. The right direct mail format**—with a variety of choices, you need to make the right choice.
- 4. The right offer**—the most overlooked key.
- 5. The right landing page**—without it, your response will crash.
- 6. The right follow up to the leads**—conversion is essential, no matter how good your business is.
- 7. The right analysis**—you need to always know your cost per lead/cost per sale—this is scientific advertising.

**Done right, direct mail will generate the lowest cost, lowest cost per lead and lowest cost per sale than any other medium.**

One of the reasons direct mail is effective is because you can target your audience with specific mailing lists of only Accredited Investors.

## **Two keys for successful marketing to Accredited Investors**

### **KEY #1: Accredited Investor mailing lists**

The Accredited Investors mailing list is well-defined. Here is what is available...

*(Continued...)*

## Income \$200K+

Age: Household Age	Target Income		
	\$200,000 - \$249,999	\$250,000 or More	ROW TOTALS
18-24 years old	1,622	552	2,174
25-34 years old	87,843	22,633	110,476
35-44 years old	427,336	172,764	600,100
45-54 years old	644,344	294,096	938,440
55-64 years old	463,672	170,039	633,711
65-74 years old	106,780	20,282	127,062
75+ years old	11,463	1,375	12,838
<b>COLUMN TOTALS</b>	<b>1,743,060</b>	<b>681,741</b>	<b>2,424,801</b>

Plus, some Accredited Investors don't respond to mail. They are what we call non-direct mail responsive.

## Non-DM Responsive

Age: Household Age	Target Income		
	\$200,000 - \$249,999	\$250,000 or More	ROW TOTALS
18-24 years old	145	9	154
25-34 years old	4,361	295	4,656
35-44 years old	15,777	1,078	16,855
45-54 years old	4,497	275	4,772
55-64 years old	369	17	386
65-74 years old	50	3	53
75+ years old	13	7	20
<b>COLUMN TOTALS</b>	<b>25,212</b>	<b>1,684</b>	<b>26,896</b>

We can also select by net worth.

## Networth \$1million+

### Direct Mail Responsive

Age: Household Age	Networth	
	\$1,000,000 or more	ROW TOTALS
18-24 years old	2,411	2,411
25-34 years old	62,659	62,659
35-44 years old	511,102	511,102
45-54 years old	1,682,220	1,682,220
55-64 years old	2,786,397	2,786,397
65-74 years old	2,130,973	2,130,973
75+ years old	1,062,192	1,062,192
<b>COLUMN TOTALS</b>	<b>8,237,954</b>	<b>8,237,954</b>

(Continued...)

### **Non-Direct Mail Responsive**

<b>Age: Household Age</b>	<b>Networth</b>
<b>\$1,000,000 or more</b>	
18-24 years old	1,006
25-34 years old	19,828
35-44 years old	195,882
45-54 years old	309,953
55-64 years old	404,546
65-74 years old	330,664
75+ years old	128,842
<b>COLUMN TOTALS</b>	<b>1,390,721</b>

**With these Accredited Investors, you can make different types of selections to better refine your targeting.**

For example, here are some list segmentations where we can select better data for a direct mail campaign:

- Male or female
- Living in a home or an apartment
- Geographically we can select out a geographic area—region, state, even local ZIP codes.
- Income levels or net worth levels
- If they're more likely to respond to the mail (known as direct mail responsive)
- Have an investment interest
- Show proclivity toward self in the direction of their investment choices

And more.

**We know these selections and others inside and out and can help you select test segments to identify your best, most responsive leads.**

### **KEY #2: The mailing piece**

A variety of direct mail formats can be used for a successful direct mail program:

- **Traditional direct mail package.** This is a mailing package with a letter and other components inside an envelope...
- **Magalog.** This looks and feels like a magazine but it's a direct response sales piece...
- **Bookalog.** This looks and feels like a book but it's a direct response sales piece...

*(Continued...)*

- **Three-dimensional (3-D) package.** A variation of a direct response sales piece as described below. If you're doing a highly select campaign to a small audience of fewer than 10,000, we might recommend doing a three-dimensional piece.

These are the most popular formats, though other viable forms and variations are used. Let's take a look at these different formats in closer detail.

### **Traditional direct mail for the Accredited Investor**

A traditional direct mail package is a powerful format in generating leads and sales. For the Accredited Investor, it is one the most popular and successful formats you can use.

Traditional direct mail, if done right, can generate high-quality leads for your investment offer. This is especially the case if your offer (your product or service and investment opportunity) is clear and easy to understand.

If it is not, then I would highly recommend the magalog, bookalog or a three-dimensional piece described below.

**The traditional direct mail package consists of the following components:**

**1. Envelope**

**A powerful envelope has one purpose: To get the Accredited Investor to open it.** The envelope can be a handwritten or a personally typed envelope with name and address of high quality or the computer-generated address-filled, which is more commonly used.

Much of direct mail is counterintuitive, so even to the Accredited Investor, copy on the envelope—called teaser copy—will usually produce better response than a blank envelope.

But that's why we test to see what the marketplace will better respond to.

**2. Letter**

**The most important component of the direct mail piece is a direct response sales letter.** To generate the highest number of leads, a letter should be between two to eight pages long. Most lead-generation letters are four pages long.

**3. Lift Note**

**The mailing package should also have a lift note.** The lift note is a small letter inside the envelope, folded and signed by a credible signer usually different from the main letter. The lift note gives a different perspective or reiterates the unique selling

*(Continued...)*

proposition (USP) of your opportunity.

#### **4. Response Device**

**The letter should also have a response device.** Always give the prospect a manner in which to respond.

Here are the three other powerful and unique direct mail formats that you can use to set you apart from the crowd. Magalogs, bookalogs and three-dimensional mailing formats are ideal for communicating effectively and powerfully with the Accredited Investors.

#### **Magalogs**

The magalog, or magazine sales format, produces outstanding results for both consumer marketers especially.

**The magalog usually produces a higher response than a traditional mailing package.**

And, if your product or service needs more explanation, images, graphs or pictures, the magalog sure produces the kind of results your competitor only dreams about.

**The magalog provides a refreshing alternative to the sameness of the traditional direct mail package and possesses a longer life span and a greater “pass-along” value.**

In comparison to the traditional catalog (with which it has an affinity), the magalog does not attempt to sell a variety of products or investments. It focuses on one product, with a variety of editorial features that highlight the investment opportunity.

**For you, that would be your investment opportunity.**

One of these editorial features is the “sidebar.” Sidebars are smaller articles that usually focus on one point or benefit, and often end with a specific reader “call to action” (CTA) to respond.

Covers should be informational in orientation. Page numbers for the various articles are provided to “tease” the reader inside.

The utilization of bulleted copy lets the prospect know what topics will be revealed in the magalog. These bullets are similar to teaser copy in a traditional direct mail piece, in that they promise substantial information and value.

The back cover should have more bullet statements outlining the articles in the magalog.

**What you say on pages 2 and 3 is critical and can mean success or failure. These pages**

*(Continued...)*

**generally contain a letter from the company president stating the purpose of the magalog, a table of contents, or sometimes, the beginning of the lead article.**

Most formats are 16, 20, 24, 28 or 32 pages long, since printers find it most convenient to print in sets of 4 or 8. Usually, magalogs with page counts in multiples of 8 will be the least expensive.

**For JOBS Act marketing, 16 pages per lead generation is recommended. Obviously, the response, or CTA (call to action), form is one of the most important components of the magalog. The form should take up the last one or two pages.**

In order to make the magalog look more upscale and reputable, four-color is recommended throughout.

Successful magalogs use powerful direct response copy and art—following, not breaking, the rules is critical to its success.

### **Bookalogs**

Bookalogs are not new but are rarer in the marketing world. A bookalog looks like a book, feels like a book, reads like a book—but it's a lead-generation tool. They have been proven to work exceptionally well for investment offers.

**In fact, for some JOBS Act marketers, especially hedge funds, the bookalog is one of many key recommendations. Though a bookalog is most definitely a marketing vehicle, it is not perceived by the Accredited Investor to be a sales piece. It is perceived to be a book.**

A bookalog is actually mailed to Accredited Investors. You test a bookalog campaign, and when you see positive results, you expand it, like all direct marketing campaigns, to Accredited Investors.

Most bookalogs are softbound and possess all the aspects of a normal book (i.e., a table of contents, a dedication and an appealing title that makes the recipient want to read it and so on). Most clients want a limited number of hardbound copies, as well.

I usually write about a 120-page book for my clients.

**The bookalog is a positioning instrument for a company and contains valuable information, generally educational in nature.**

It makes the statement that the company is an authority on the product or service described within. Creating a definite product differentiation, there is an implication that the product is

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exceptional enough to be written about in a book.

**This gives the company credibility, and by the time the Accredited Investor recipient has put down the “book,” he or she has learned a great deal. Yet, in reality, the bookalog has one basic and distinct objective, and that is to sell the prospect on generating a lead because they like your company’s story.**

Michael Gerber wrote and disseminated a “book” titled *E-Myth*. It became a popular “book,” yet in reality it was selling his consulting services. Over the years, Covenant House has mailed “books” about the Covenant House story to millions of people nationwide. The book is really a marketing piece to motivate charitable giving and has become one of the organization’s most successful fundraising activities in its history.

While bookalogs are used by B2C consumers and business-to-business marketers for leads and sales, investment products are probably the most popular.

Bookalogs follow all the proper direct response copy rules. The following are six rules you should be aware of as you create your bookalog:

1. **Copy** needs to follow all of the time-tested direct response copy guidelines—not editorial or journalistic (see page 29).
2. **Typeface** should be easy to read and set at 10-point or above.
3. **The bookalog concept** works best when an appropriate personality or authority is involved—I prefer the company president.
4. **A strong order form** at the end of the bookalog, following all the proper techniques utilized in traditional direct mail pieces, especially the effective use of a Positive Acceptance Statement, is a key component in increasing response. There is also some evidence that two or three order forms can be valuable, largely due to the “pass-along” characteristic of a book.
5. **A simple direct response sales letter in an envelope** should be included with the bookalog. The letter should be no more than one page, providing the reason why the book should be read and a rationale of why the individual has received the book.
6. **Testing is crucial** and can be accomplished in a variety of ways. Just like a direct mail letter, results will depend upon the utilization of the right mailing list, superior direct response copy and creative direction of the book and the right offer to generate

(Continued...)

the lead from the potential investor.

### **Three-dimensional (3-D) packages**

Marketing to a highly targeted group of Accredited Investors can be a difficult challenge. But one of the most effective ways to get your message to the desired destination with the greatest possible immediate impact—and the highest possible response rate—is a three-dimensional package.

**Three-dimensional (3-D) marketing uses highly creative oversized or odd-sized packages that have the appearance of a gift. These packages are usually sent via Federal Express or UPS and are designed to get past the mailroom (if mailed to an office) and into the hands of the targeted decision maker.**

Even the most jaded Accredited Investor will find it difficult to resist opening a mysterious package that has the appearance of a gift.

The package might be an odd-sized envelope, a cardboard or wooden box or a tube. The contents could be a jigsaw puzzle with missing pieces, the beginning of a collection of special items, a lock with an offer to deliver the key—or a variety of other items that come from an especially creative imagination.

**The results from three-dimensional mailings are usually very high. Unlike traditional direct mail pieces, these intrusive hands-on pieces usually trigger a response rate that is 5 to 50 times the normal rate.**

But this should be considered only to a select subset of Accredited Investors because the per-piece price is so high. Our target audience for 3-D packages is usually 500–10,000.

With a 3-D campaign, you're able to break through the clutter, dramatically make your presentation and set the stage for your phone or sales call. If the prospect doesn't call first, a good salesperson will initiate a call with the reminder: "*We're the company that sent you the....*" It's amazing how creative three-dimensional packages break down barriers.

**Which format is best for you? It really depends on your objectives, company product/service, minimum investment, offer and more.**

At Creative Direct Marketing Group, we will be happy to discuss this with you and guide you to the best format choice for a direct mail campaign.

This will be the core of your lead-generation program, so choosing your format properly will help you be more successful in generating new investors.

Now, let's look at the email component of your marketing campaign...

# Chapter 6: Email: Waste or Effective Communication?

Email strategies work.

But they must be done right or they will be a big failure.

Here are 7 key rules for email as applied to the JOBS Act.

1. **The email is going to be most effective** when the email marketing is part of a campaign to the same names on the postal direct mail list of Accredited Investors.
2. **The email has the greatest impact** after the direct mail hits the Accredited Investor mailbox.
3. **Even more impact happens** when your email comes before the direct mail piece hits the prospect's mailbox and then another email comes after your prospect gets the mail piece.
4. **The email should never be a sales message only**—it will depress your response. It needs to be informational with perceived value. It should be a value-added informational letter. Your prospect learns something and sees that it's in his self-interest to read. Strong sales *kill* email response and future relationship. Informational value-added emails create relationships and response.
5. **The email should only use direct response copy.** It should never use journalistic copy or editorial copy that would depress response.
6. **Email can be highly effective** when offering the prospect to see a valuable informational video.
7. **The email has to promote your** offer/premium not the investment itself.

These are just some of the key rules we follow based upon our 25 years of experience with over 100 million emails sent out for clients and literally hundreds of tests to verify what produces the highest return.

It is not recommended you rely on email alone because your cost per lead and cost per sale will be higher in the campaign. But it is effective as an integrated approach. It can be very powerful.

The email universe for the Accredited Investor is 3,020,093 names. That's 75% less than for direct mail.

Finally, I should also mention an email e-zine or electronic newsletter is something that can

(Continued...)

help position what you're doing. It's a very successful way to help build credibility and relationships. This can be an impactful part of your conversion campaign. (See page 44.)

Next, you'll need to understand the role remarketing plays in your online campaign component...

## Chapter 7: Selective Remarketing to Boost Response

Banner ads done right can dramatically increase your number of leads and new investors—and lower your overall marketing cost per lead and cost per sale.

But banner ads, without specific targeting/remarketing, make little sense because it's hard to select an audience of Accredited Investors on any website. Banner ads by themselves would either be in Category #2,—targeted, but not as efficient or effective; or Category #3—untargeted, fewer prospects discussed in Chapter 3, depending on where the banner ad would be placed.

**But banner ads can be very powerful in helping a prospect make a decision to talk to you if you select Accredited Investors.**

*How can this be done?*

**It's with remarketing.**

The fact is the Accredited Investor, even those who would be online visiting say *Investors Business Daily* or *Kiplinger Personal Finance* magazines or high-end sites such as private pilots and boating, most prospects aren't qualified. You're only reaching a small percentage of your target audience.

### Reach 100% of your audience

With remarketing to Accredited Investors, you're reaching close to 100% of your audience in a powerful way.

*Here's how we do it for our clients.*

We create the banner ads. The banner ad is compatible with the direct mail, email or other media message used in the campaign.

**When prospects come to your landing page we've created—whether through direct mail, email or other media—we put remarketing codes on their computers so that it doesn't matter which website they go to later, your ad will follow them.**

To make this work well, you need to have powerful direct response copy for the banner ad, and we usually create an editorial looking ad.

Your offer and/or call to action (CTA) is critical. For example, offering a video if they click

*(Continued...)*

usually outperforms offering a free special report. But it's easy to test to verify for your opportunity.

*Here is how remarketing works for you:*

## Remarketing

**The Remarketing Opportunity**

Remarketing allows you to target your display ads to users who have previously visited your site. It doesn't matter how users got to your site. They could have entered your URL directly; clicked on an organic or sponsored search results, or been redirected from another site. In every case, remarketing allows you to track what that user does on your site, and display ads to them accordingly.

Remarketing campaigns target users based on their online behavior. With remarketing, you can target these customers directly, and encourage them to come back and complete the conversion process.

When he navigates to a site within the content network you advertise on, he will see an ad reminding him to complete the purchase. To make it particularly effective, it should be a special offer—free shipping, or a discount.

**How Remarketing Works**

In order to use remarketing, you need to implement simple Javascript tags on your site, very similar to performance tracking tags. When users reach pages that include those tags, a cookie is placed on their browser. The simplest remarketing campaign would involve a single tag that generates one kind of cookie: every time a user came to your site, they would be tagged as a "visitor," and you can target them on the display networks where you place ads.

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## Remarketing Example

**STEP 1: Shop**

**STEP 2: Check Out**

**STEP 3: Abandon Check Out**

**STEP 4: Visit another site and an ad for the product will follow you.**

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*(Continued...)*

By themselves, banner ads won't be too effective. But combine them with remarketing, and you'll help increase the effectiveness of your campaign.

But key to success is the important component of your landing page—using a direct response video...

# **Chapter 8: Video: The Power You Shouldn't Ignore**

Video, has a power to generate leads and sales you should not ignore.

The video that's most effective to our target audience of Accredited Investors is a PowerPoint video, or something called a "storybook" video.

If appropriate, integrating with live video is a very valuable tactic.

**Even if the Accredited Investor does not watch the entire video on your landing page, if done right, credibility is enhanced, increasing leads and sales.**

A PowerPoint video is formatted relatively simply, with mostly words on a plain background, interspersed sparingly with appropriate graphic images. A strong voice-over reads the script with passion and excitement, creating a powerful response.

Often, an investment decision takes more than one person to pursue the opportunity. Video allows a spouse, son or father to be able to help make the right decision by overcoming fear, objections and the difficulty of explaining to someone else your opportunity.

## **Video helps overcome reluctance and skepticism**

To do these videos right, the video needs to use direct response copy. This is not the time to use editorial or journalistic or even traditional advertising copy. That would kill the sale.

The video should be at least 3-minutes long and no more than 12 minutes.

**The video has four key purposes:**

- 1 It's a powerful, compelling tease in your banner ad or email.**
- 2 Whoever goes to the landing page, it provides credibility, even if they don't view it or watch a portion of it.**
- 3 It helps increase response once someone goes to the landing page.**
- 4 It's a useful tool in your conversion process, including part of the conversion series or due diligence process.**

Bottom Line: A direct response video should be part of your campaign.

And with all the advertising/marketing outlines, all must use direct response copy...

## **Chapter 9: Copy Secrets for Marketing to the Wealthy**

Writing to the Accredited Investor requires some credible copy strategies and tactics.

For more than 25 years, in writing to Accredited Investors, we have developed some critical “rules” of direct response copywriting that always should be followed for increased response.

- You never want to use traditional advertising copy; it will kill your program.
- You should never use journalistic or editorial copy; it will kill your program.

**Direct response copy is a unique, conversational copy that turns features into benefits. It develops credibility and reality in your advertising campaign.**

**Clever marketing can win awards and fame for your advertising agency. That's great for them, but probably money down the drain for you.**

You see, if your advertising agency is creating image-oriented landing pages, banner ads, direct mail, brochures, email, videos, TV and radio campaigns, you're probably spending big money and getting little in return.

### **6 Secrets Your Ad Agency Doesn't Want You to Know About Copy, Art and Strategy**

Don't worry. Using these easy secrets will help you double, triple or even more than quadruple the return on your marketing investment to the Accredited Investor. What are the secrets?

#### **Secret #1 Choose only direct response copy**

Good direct response copy is easy to recognize. Not because it wins an ADDY® or Clio Award for the agency, but because your toll-free phone number is ringing more and your landing page is generating more leads.

Why? Because the hallmark of good marketing is that it motivates your prospect to pick up the phone or go to your website right away. At best, image-oriented marketing helps the audience feel good about your investment offer, but you'll *never* know.

To know more about how to reach the Accredited Investor, see Chapter 3 titled, “How Do You Reach Accredited Investors?”.

*(Continued...)*

## **Secret #2** Direct response copy succeeds because it's based in science

Most advertising agencies create art: clever copy, beautiful design. But if you want to get new shareholders, pretty art is only a small part of the battle.

Sure, my direct response agency, CDMG, Inc. creates art, too. But the marketing we create for you will be based on the science of what makes advertising effective and why. Using tried-and-true rules, we will:

- **Grab** the attention of your prospect.
- **Powerfully position** your company and product in your prospect's mind.
- **Identify** your unique selling proposition (USP).
- **Overcome** your prospect's skepticism and objections.
- **Create** a "branding" effect that will help you gain market share.
- **Motivate** your prospect to respond immediately.
- **Follow** time-tested copy rules that work.

It's easy to see how mastering the science behind direct response marketing gives your marketing materials the power to rapidly grow your Accredited Investor shareholder base and dramatically increase your capital.

And it's even easier to see how not knowing the rules results in image-based ads being huge wastes of time and money. But what are these time-tested and proven direct response marketing rules?

## **Secret #3** You

Yes, our direct response copywriters don't begin with a clever idea. They begin with *you*. They:

- **Discover** what's unique about you, your product or service.
- **Decide** exactly how your Accredited Investor prospects will benefit.
- **Reveal** your unique selling proposition (USP) to your prospect.
- **Create** a specific, clear theme.
- **Develop** a personal, one-on-one communication.

**Your prospects will clearly understand how your product or service serves their needs and desires if you use direct response tactics. Your prospects become your investors because they see what's in it for them.**

*(Continued...)*

## **Secret #4** Direct response copy is a better return on your investment

For decades, direct marketers using direct response copy have:

- **Compiled the response rate to tens of thousands of emails, web ads, paid search, direct mail packages, radio spots and television commercials...**
- Compared marketing copy and strategies with the quantity and quality of responses...
- **Discovered which strategies and tactics were hugely successful, which were moderately successful and which were devastating failures...**
- Analyzed exactly why successful marketing strategies and techniques earned their companies millions of dollars in investors' money and why some didn't...
- **Validated their discoveries through solid accountability, testing again and again.**

Over the years, CDMG has developed a knowledge base of copy strategies and techniques that work, as well as when they work and why.

**We have documented what they've learned into a code of direct marketing rules (see below).**

There's no question there are exceptions to the rules. But great investor direct response marketers know when and how to break them.

All in all, decades of testing prove that almost any kind of direct response copy gets more results than almost any image advertising copy. Check out this proven fact:

## **Secret #5** Long copy almost always works better than short copy

A five-way test was conducted to compare results using several different sizes of brochures, sales letters and a self-mailer.

**Take a look at the results:** This five-way test (shown on the next page) clearly demonstrates two important facts. The first is that a letter is one of the most important

5-WAY DIRECT MAIL TEST	
Package:	Response Rate:
Brochure in Envelope	0.5%
Self-Mailer	1.0%
Long Brochure & Short Letter in Envelope	3.2%
Combination in Envelope	4.0%
Brief Brochure & Long Letter in Envelope	7.3%

(Continued...)

marketing materials you can invest in. The second important fact? As you can see from the test results, response to a long letter can significantly out pull response to a short letter.

**The truth is in generating high-quality Accredited Investor leads using copy that needs to be long enough to properly tell your story to a skeptical audience.**

Your marketing deserves a sales letter that packs an emotional wallop, shows your prospects what's unique about you, explains why your investment opportunity will benefit them more than your competitors do and overcomes their objections. Involving your readers and telling them exactly what you want them to do might take more than one or two pages of copy—using four—or more.

**Lead copy should be shorter than sales copy. Also, the more you're asking for—especially \$50,000 or more—or the more complicated your opportunity is to understand, the longer the copy needs to be.**

Look at this principle for a paid search campaign. For example:

The slide has a header 'CREATIVE DIRECT MARKETING GROUP, INC.' and a title 'Copy length'. It contains two tables comparing 'Short Copy' and 'Long Copy' performance across Clicks, Cost, CPC, Revenue, ROI\*, and Conversion.

Short Copy	Clicks	Cost	CPC	Revenue	ROI*	Conversion
	1,700	\$258.62	\$0.15	\$295.75	-66%	0.18%

Long Copy	Clicks	Cost	CPC	Revenue	ROI*	Conversion
	1,440	\$218.83	\$0.15	\$1,092.15	50%	0.69%

\*The profit margin used to calculate ROI was 30%

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As you can see, long copy produced better ROI and higher conversion.

*(Continued...)*

## **Secret #6** Writing great copy requires mastery of direct marketing strategies and techniques

Your image-based advertising agency wants you to believe that no one can write sales copy like their clever copywriters. Don't believe them.

And beware of nonprofessionals like my Aunt Mary Bell. Sweet woman means well. But she is absolutely convinced she can write great copy—after all, she is a great writer. If you've even glanced at the profit and loss statements from your marketing division, you know another truth.

Here are some key rules we use for a successful campaign for the Accredited Investor. This applies to all your marketing efforts—direct mail, email, landing page, video script, banner ads—or any other marketing media you use.

It's not traditional advertising copy. It's not editorial copy. It's not journalistic copy. It's persuasive word engineering.

I sometimes give 1–3 day seminars to organizations or internal corporate marketing staff. Sometimes, they request my talk, ***101 Direct Response Copy Rules—the Supercharged Response.***

Break the rules and bad things happen.

**Here are a few of these rules, concise, short and without examples...**

<b>Rule #1</b>	<b>Remember to keep the first sentence short.</b> Your reader will form an instant impression of your offer by reading the first sentence. If it's short and easy to read, chances are better that he or she will read on. But if it's slow, long or too complex, the reader might abandon it.
<b>Rule #2</b>	<b>Another important rule is to make sure your intentions are clear.</b> You may tease a reader on the outer envelope or headline of your landing page, but don't make your prospect read five pages to find out what you're selling. Remember, at the opening, you have their attention—so don't be afraid to "fire your biggest gun" at that point.
<b>Rule #3</b>	<b>Use specifics to strengthen your copy.</b> Don't just write that your vitamins are superior. Tell why, and use concrete examples.

(Continued...)

<b>Rule #4</b>	<b>Use specifics in your testimonials.</b> For a photography book promotion, don't use, "Your book is really terrific. I enjoyed it very much." Instead use, "I tried your ideas and methods...so far, I've had 19 photos accepted and paid for—and I'm just getting started." Give your readers "meat," not generalizations.
<b>Rule #5</b>	<b>Make sure what you provide is exciting to the reader.</b> Sometimes what's exciting and important to you isn't interesting to the prospect. So you need to key in on his or her needs and concerns, not yours.
<b>Rule #6</b>	<b>Avoid the passive voice.</b> Isolate all phrases telling what you'll do for the person. Then make sure to revise a passive voice to an active voice. Don't write, "The kit will be forwarded to you immediately." Instead, simply write, "I'll send you your kit now."
<b>Rule #7</b>	<b>Remember that benefits outsell descriptions.</b> Increasing "you-benefit" copy and minimizing mechanical descriptions mean better response. You won't sell a car by describing the type of safety glass or the gauge of steel, but a buyer will respond if you emphasize benefits: great handling, increased gas mileage, high resale value, performance, clean lines, etc.
<b>Rule #8</b>	<b>Another rule is to zero in on reader action.</b> Your objective is to make the prospect say, "Yes, I need that!" or "Yes, I'll invest!" If he or she doesn't act positively, then the only thing you've succeeded in is keeping your name alive as a reminder. Give readers the answers to their questions. Don't keep them guessing.  Also, don't forget to get the reader's head nodding in agreement. Keep him or her reading by maintaining the "yes" mood.
<b>Rule #9</b>	<b>Craft sentences so they're short and easy to read.</b>
<b>Rule #10</b>	<b>Avoid big words when shorter words are available.</b>
<b>Rule #11</b>	<b>Carve long paragraphs into several short ones.</b>
<b>Rule #12</b>	<b>Indent and use white space to their advantage.</b>
<b>Rule #13</b>	<b>Select hot words such as <i>new, now, easy, introducing</i> and <i>save</i>.</b>

(Continued...)

<b>Rule #14</b>	<b>Vary paragraph lengths, but never extremely long paragraphs.</b>
<b>Rule #15</b>	<b>Make sentences and paragraphs flow with natural transitions.</b>
<b>Rule #16</b>	<b>Occasionally insert a paragraph that consists of just a word or two, maybe one sentence.</b>
<b>Rule #17</b>	<b>Use color for subheads, bullets and indentions.</b>
<b>Rule #18</b>	<b>Avoid bureaucratic talk. Don't assume they all know the lingo.</b>
<b>Rule #19</b>	<b>Don't choose odd words that will pull readers' attention away from the sales message.</b>
<b>Rule #20</b>	<b>Weed out clichés and jargon.</b>
<b>Rule #21</b>	<b>Avoid too many commas and semicolons.</b> They'll slow your readers down.
<b>Rule #22</b>	<b>Steer clear of new language.</b> Words such as slang words and phrases may jar or confuse readers with meanings they may not know.
<b>Rule #23</b>	<b>Omit words that convey doubt or uncertainty:</b> “We think,” “It appears,” “It seems,” “You might find.”
<b>Rule #24</b>	<b>Write in a language that's “you,” not “we” oriented.</b> <ul style="list-style-type: none"> <li>• “You'll gain” (not “we provide”)</li> <li>• “You'll discover” (not “we'll show you”)</li> <li>• “You'll get a free” (not “we'll give you”)</li> </ul>
<b>Rule #25</b>	<b>Write in an active voice.</b> “You'll get your free book,” not “The free book will be forwarded to you.”
<b>Rule #26</b>	<b>Use the present tense:</b> “Subscribe now and you'll get a free bonus.”
<b>Rule #27</b>	<b>Write to one person, from one person.</b>

(Continued...)

<b>Rule #28</b>	<b>Don't brag—let the facts brag for you.</b>
<b>Rule #29</b>	<b>Pepper copy with scientifically proven power words:</b> Own, Get, Control, Take, Care, Seize, Capture, Enjoy, Try, Grab.
<b>Rule #30</b>	<b>Use exclamation points, but sparingly!</b>
<b>Rule #31</b>	<b>Don't use asterisks (*).</b>
<b>Rule #32</b>	<b>Use ellipses ( . . . ) instead of dashes (—).</b>
<b>Rule #33</b>	<p><b>Avoid exaggerated claims.</b>      They will destroy your credibility. Superlatives are counterproductive. To claim that your service or product is the best in the world is automatically ignored by the reader and casts doubt on your entire presentation.</p> <p>On the other hand, when you are specific and use actual testimonials, you gain credibility. Let others verify your facts and greatness, and let details and specifics reinforce your claims.</p>
<b>Rule #34</b>	<p><b>Avoid complicated words.</b>      Simple words are powerful words. John Caples once said, “The headline of an ad for an automobile repair kit was, ‘How to repair cars.’ The headline was changed to, ‘How to fix cars.’ The second headline pulled 20% more replies.”</p> <p>Sophisticated, upscale prospects understand short words just as well as long words, but everyone else understands short words much better. To increase your response, always substitute short words for long ones.</p>
<b>Rule #35</b>	<p><b>Have you eliminated all references to “we think” or “our company believes”?</b>      Remember, your prospects don’t care about what you think, they only care about what they need.</p>
<b>Rule #36</b>	<p><b>Do your materials anticipate and answer your prospect’s questions?</b>      Write your copy as if you were face to face with your prospects and anticipating their questions.</p>
<b>Rule #37</b>	<p><b>Do your materials anticipate and answer your prospect’s objections?</b>      An objection is often a question. One way to turn a potential negative into an advantage is with a question-and-answer format.</p>

(Continued...)

<b>Rule #38</b>	<b>Can you relate your product or service to items in the news?</b> Be careful to make sure it is timely and relevant to your product and its benefits.
<b>Rule #39</b>	<b>Have you defined your Unique Selling Proposition (USP)?</b> Do it at the start and reinforce it in the middle and at the end. This is what sets you apart—make sure it weaves through your entire message.
<b>Rule #40</b>	<b>Do your materials position your company as an authority with a solution to your target's worst problem?</b> Make it clear that you are the obvious resource to meet your prospect's needs.

These are the top 40 rules in creating powerful direct response copy that will help motivate an Accredited Investor to respond.

For marketing to the Accredited Investor under the JOBS Act, constructing copy requires using direct response copywriting following the rules. Here's the good news:

- **Writing surefire “get ‘em to pick up the phone and inquire right now” direct response copy isn’t a mystery. It’s part art, part science and our direct marketing staff have mastered both.**
- Your response rate can easily be doubled, tripled, quadrupled or more when you hire a professional direct marketing team like CDMC, Inc. to write your sales copy.
- **Your investment in direct marketing to the Accredited Investor really pays off, while what you spend on traditional advertising is marginal.**

Remember, our CDMG staff of direct response copywriters uses scientifically proven, time-tested words in the hunt for high-quality leads.

But, besides powerful direct response copy, you need a powerful direct response offer...

# **Chapter 10: Your Offer: Critical to Your Success**

## **Critical to your campaign is an irresistible offer**

In marketing to Accredited Investors over the past 25 years, we've learned that certain things help increase response and generate the quality lead you're looking for at a lower cost per lead.

The offer is one of those critical keys to success.

What is an offer? The offer is not what you're getting but what the prospect gets.

The Accredited Investor is only interested in his or her needs. These investors are not interested in you or even your investment.

They are not sitting by their mailbox waiting to find out what you have to offer.

**The way to engage the conversation with your prospects is to give them something that they perceive to be in their self-interest.**

**Something objective. Something of value.  
Something that creates high interest.**

The best way to do this is a free gift you'll give if they respond—a premium. Sometimes these premiums can be in a “Kit” form. Let me give you two recent examples.

**For a real estate related opportunity, the offer we created for our client had two special reports:**

- *Secrets to Lower-Risk, Higher-Yield Investing*
- *The Ultimate Guide to Profitably Investing in Real Estate*

We branded this as the **Income Investor Profit Kit** reports.

For another, it was a **Cloud Investor Kit**. Focus #1: The Technology, and Focus #2 The Company.

With yet another client, we produced three reports and a DVD. Focus #1: The Industry; Focus #2: Investing for Legacy; Focus #3: Retirement Income; plus the exclusive DVD: “A Complete Tour and Overview.”

**If done right, a premium that has high value will give you a quality lead that will**

*(Continued...)*

**convert into a prospect.**

It's critical to be able to have these editorial reports have powerful titles. And "kits" work very well.

The special report(s) may be two-pages long. Or 10 pages, maybe 20. They might be 50 or 100 pages. They could be a PowerPoint presentation. It could be a DVD or a download.

**It could be a variety of different valuable information pieces but also something that helps explain why your offer is in exciting.**

Incidentally, sometimes clients hire us to put those reports together for them, sometimes they are internally generated depending on staff and resources.

So, we can help guide you in creating and presenting a powerful offer that will attract just the right Accredited Investor.

But, did you consider your spokesperson...

## **Chapter 11: Your Spokesperson: Key Question**

Your spokesperson is your voice for generating the Accredited Investor lead. And your “voice” in the conversion process.

- Who will sign the direct mail letter?
- Whose picture will you place on the landing page?
- Who will be the voice of the company?
- Who will be your spokesperson?

These choices can impact response.

**For JOBS Act marketing, we recommend using the company president as the spokesperson.**

Sometimes, an alternative spokesperson can be just as effective.

We do not recommend celebrities. They seldom are worth it. We do not recommend your vice president of marketing or sales. The title alone will depress response.

It could also be a CPA. It could be somebody with credibility as a financial writer.

Often, we'll have a JOBS Act campaign where we use an investment newsletter writer.

We have relationships with dozens of quality investment newsletter writers and can help set you up with the right newsletter writer for being your spokesperson for your JOBS Act campaign.

So many alternatives are available. With few exceptions, our first choice is the company president.

Once you have your spokesperson and the various media you plan to use, you're ready for your campaign...

## **Chapter 12: Creating Integrated Marketing Success**

JOBS Act marketing to the finite Accredited Investor universe can use a single media. For example, only direct mail or only email.

### **But best practice is an integrated approach.**

Because it's targeted to such a small niche market, it's good to integrate a campaign with direct mail, email, video, landing page and banner ad remarketing. This will give you the best response.

If your budget is tight, using only one media can be effective as well. In this case, and the best solution is a direct mail campaign.

**However, it's a better use of resources to utilize a proper marketing budget with the media options listed in Category #1, Highly Targeted Accredited Investor, in Chapter 3 on page XX: direct mail, email, banner ads/remarketing, landing page, video and a conversion series.**

If you need to cut, cut in this order:

1. Pre-email
2. Post-email
3. Video
4. Banner ad Remarketing
5. Conversion Series

That leaves the landing page and direct mail.

How good is your corporate website? The last component to eliminate would be the landing page, unless your corporate website is outstanding for sales and your office.

But if your budget allows, a fully integrated marketing campaign will produce the largest number of investors at the lowest cost per lead/cost per sale.

It's always good to do it right the first time...but remember, a cornerstone of a direct marketing campaign is testing...

## **Chapter 13: Testing to Maximize Results**

Testing is the cornerstone of any direct response marketing campaign. Every direct marketing media must be accountable.

**That's why we call direct response marketing "Accountable Advertising" or "Scientific Advertising."**

- You will always know when you spend a dollar, when you get back a dollar... or 75¢ or \$1.50.
- You always know your cost per lead.
- You always know your cost per sale.

Direct mail. Banner ads. Email. Any media—you always know the cost and return on the investment.

### **Test, Test, Test**

And any time you do a campaign, you test. You never *do not* test.

- Testing reduces your risk.
- Testing gives you valuable marketing intelligence for the future.
- Testing allows you to constantly improve your response rate.

**You can test headlines, components, email subject lines, different websites for banner ads, different email lists....hundreds of variables.**

When we put together a campaign, we carefully chose what to test.

Here is an example of an envelope test for a direct mail campaign. This test consisted of about a 60,000 pieces.

**In this test set, we are testing two essential response boosters of the campaign:**

1. The lists
2. The envelope copy—teaser copy—has two versions: Version A and Version B.
  - ✓ 100,000-piece mailing, 9 test cells
  - ✓ Teaser copy and List test
  - ✓ Universe of potential names: 2,965,422

*(Continued...)*

Here are the results of a recent test:

Cell	Teaser Version A	Teaser Version B
List 1	.61	.69
List 2	.40	.34
List 3	.60	.73
List 4	.55	.60
List 5	.36	.46
List 6	.42	.55
List 7	.71	.79
List 8	.65	.72
List 9	.69	.78

**Version A average: .55**

**Version B average: .63**

**Version B is the winner  
by 13.4%**

As you can see, version B produced more returns—and became the “control.”

With this test identified were the best-performing mailing lists tested.

Let’s say that first, you required a .55 to justify your campaign, and then you only use those list cells performing above a .60.

Second, you can see Version B significantly outperformed Version A. So you’ll mail Version B and forget about Version A.

**Based on what is learned, you’ll create a new Version “C” to beat Version “B.”**

And, you’ll test new cells based on the type of Accredited Investor we have found to be most responsive—improving results for the next mailing.

After you generate the lead, what then? That’s where you should plan for a follow-up kit and conversion series...

## Chapter 14: Follow-Up Kit and Conversion Series

Once you have the lead, you must send the professional follow-up kit to your prospect. This can be sent as a hard copy (recommended) and/or offered as a link for download.

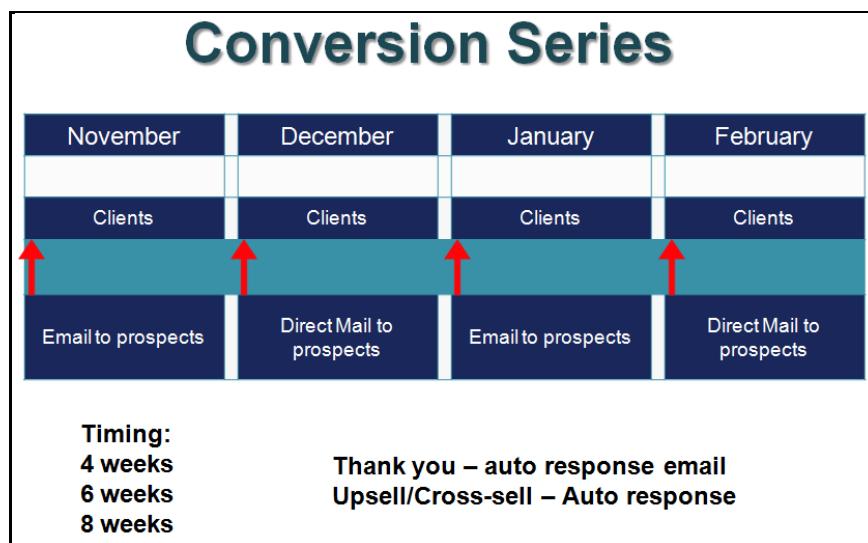
**When we create a Follow-Up Kit for a client, it has powerful graphics to project a company's image, a strong cover letter using direct response copy and the logical components to help convince the Accredited Investor to invest and to qualify him or her as an Accredited Investor .**

A follow-up phone call after your prospect receives the kit will increase your shareholder conversion rate dramatically and should be part of any marketing plan.

**Then the conversion series kicks in.**

The conversion series is a succession of emails and postal letters that are independent of any phone calls by your sales people—complementing the sales process.

This is what the Conversion Series looks like:



This conversion series may be expanded as test results prove a longer series will continue to generate new investment funds.

**The conversion series will pay for itself, as follow-up is essential to maximize your conversion rate.**

Both with the prospect marketing and the conversion process, analysis is part of the process...

## Chapter 15: Analyzing Results

With every JOBS Act marketing campaign, you must analyze the results—this is why it's accountable.

**The basic analysis for each media is:**

1. The cost per lead
2. The cost per sale

**For example, in the direct mail campaign, you can analyze it so you know which lists worked and which did not, which teaser envelope copy worked and which did not—and any other test you did.**

Your results will depend on the variables explained in previous chapters.

I'm often asked, "What type of response can I expect?" This is impossible to answer since response is dependent on so many individual variables...the same with conversion.

But the following can give you a guideline of realistic numbers of Accredited Investor leads you might get and potential conversions.

### **Leads—100,000 mailing**

<b>Response Rate</b>	<b>Number of Leads</b>	<b>Cost per Lead (at a mailing cost of \$1.00 per piece mailed)</b>
.2	200	\$500
.3	300	\$333
.4	400	\$250
.5	500	\$200
.6	600	\$167
.7	700	\$143
.8	800	\$125
.9	900	\$111
1.0	1000	\$100
1.1	1100	\$91
1.2	1200	\$83

*(Continued...)*

1.3	1300	\$77
1.4	1400	\$71
1.5	1500	\$67

Conversion—again many variables impact your conversion. For example, if you have a conversion series of email and postal mail integrated with a salesperson or not. Or, if you’re asking for \$5,000 or \$100,000. Or, how good your salesperson is. And of course, how good and exciting your offer is.

### **Conversion rate of 1,000 leads.**

Conversion Percentage	Number of Investors	Funds raised at \$10,000 per investor
.2	2	\$20,000
.5	5	\$50,000
.8	8	\$80,000
1.00	10	\$100,000
2.00	20	\$200,000
3.00	30	\$300,000
4.00	40	\$400,000
5.00	50	\$500,000
6.00	60	\$600,000
7.00	70	\$700,000
8.00	80	\$800,000
9.00	90	\$900,000
10.00	100	\$1,000,000

If your average investment is \$100,000 or more, you can adjust the above.

**Once you know how successful your campaign is, you then continue. So if you started with 100,000 and your goal was .8%, you go back to the winning versions and list cells and mail another 100,000, 150,000—500,000.**

Just never mail more than the sales team can handle.

So, you may ask...

## **Chapter 16: Now What?**

Marketing under the JOBS Act is a unique opportunity.

**And it provides an even greater chance for success in raising capital for those who market early.**

Why?

**Because right now, this marketing is new to the Accredited Investor and your competition is almost nonexistent.**

It takes time to begin a campaign and do it right. So here's what we suggest:

1. Call Caleb Huey at **310-212-5727** or email him at **caleb@cdmginc.com**. Let's start a dialog, discuss your goals and outline a plan.

If you would like, you're welcome to come to our office and see our work, staff and 78 awards my team and I at Creative Direct Marketing Group have won for creating successful, winning campaigns.

But if you can't, that's okay. Over 75% of my clients have never been to our office.

2. We can then send you a very tight proposal on the project: costs, strategy and schedule. The good news: We will reduce your risk and help you successfully raise capital.

I look forward to talking to you. Answering your questions. Helping you generate new capital. Creative Direct Marketing Group is here to help. So, give us a call at **310-212-5727** or email Caleb at **caleb@cdmginc.com**.

*Nobody Knows JOBS Act Marketing Better!*