



Case Study 28X Increase Using Paid Traffic with Ralph Burns



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Ralph Burns

James: James Schramko here. Welcome back to SuperFastBusiness.com. This is Episode 808. I'm chatting with my good friend/podcasting peer, Ralph Burns. You may know him from [Tier 11](#). Perhaps you've seen him speak at a Traffic and Conversions event. He also is on another podcast, Perpetual Traffic, which he started back in the day with another friend of mine, [Keith](#). And of course, we've heard from [Molly Pittman](#) before, who was also on that show at some point. Welcome, Ralph.

Ralph: Great to be here. I've really finally made it. I've made it onto your show, James Schramko. It's a dream come true.

James: That's very kind. But you've certainly earned your spot. We've got a pretty tasty topic today. We're talking about a 28X case study result. I'm a huge fan of case studies, because it's actionable, instructive concepts. They're not just hypothetical, they're not theoretical. This is something that actually happened.

And what I'd like to try and do is break down a little bit of the process. We reverse engineered it to some extent where someone was at in the beginning, what challenges they were having, what changes were made, and what results were garnered. And the case study that you're choosing comes from your own agency.

What Tier 11 is and who they work with

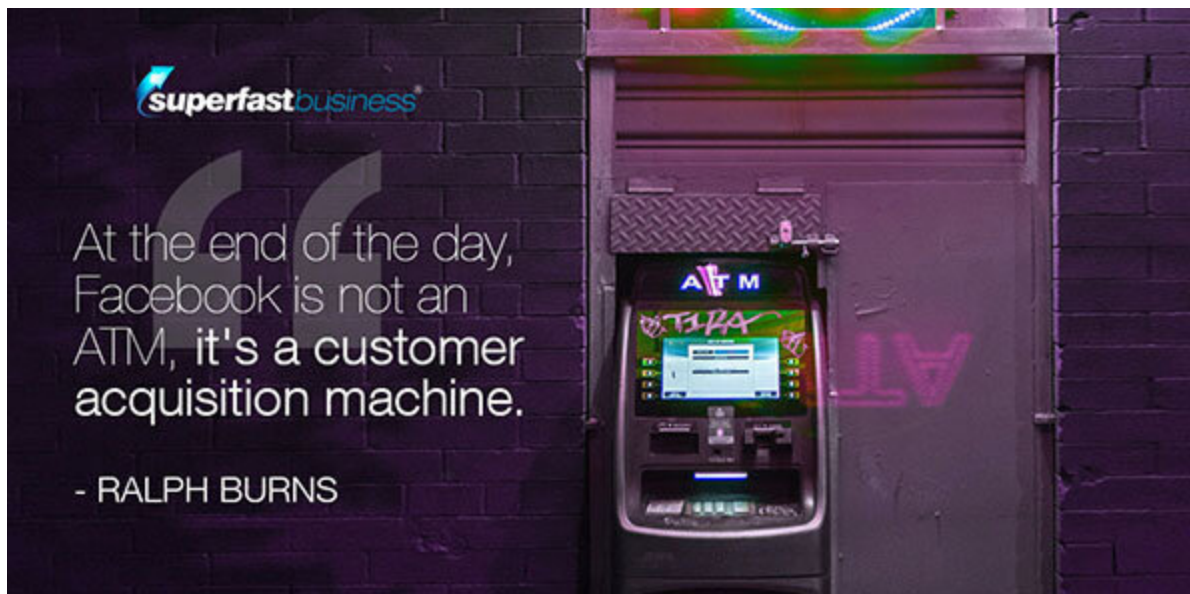
So why don't you just tell us about Tier 11, and what type of clients you're working with, and introduce us to this case study concept?

Ralph: Yeah, Tier 11 is a high volume, Facebook and Instagram, primarily - but we're also on all the other social channels now - direct response, advertising agency. So when people ask me what I do, I'm like, I'm an ad agency. But all our stuff is just digital. And because we spend so much, we spend an excess of about \$100 million a year on Facebook ads, Facebook likes us a lot.

So we get a lot of insider access, we are part of the Partner Manager at a platinum level, which is the highest level. So I'm not going to kid you. It's not because like, I'm a great guy, it's because the agency spends a lot of money and Facebook likes that. And I want to spend more, as much as possible.

So that's afforded us some opportunities to scale and grow as a business. And we've been able to do that almost exclusively on Facebook and Instagram for the last three or four years on Instagram, but I really pivoted the agency about eight years ago, just to this platform. And now it's really, it's all paid social. So yeah, we're direct response entirely.

Customers come to us whether it's ecommerce or digital products. This one that we're going to be talking about here is lead gen digital, and ecomm. So it's kind of all in one. And they come to us because they want to figure out these platforms of how to use interruption marketing to get new customers. That's really what it's all about.



They all want a return on adspend. But at the end of the day, Facebook is not an ATM, it's a customer acquisition machine. And I think this case study will give your listeners a pretty good idea as to how to actually go about doing it in the right way. And that's what we love doing. And I've been doing it for quite some time now. And thankfully, we've got a lot of customers that are very happy with how we've been able to grow and scale their businesses.

James: I've been lucky to be involved in that journey along the way from here and there. We go way back. You and I have shared waves together at Manly here when you came to SuperFastBusiness Live with your, at the time, partner, Keith. And he was in SilverCircle. Molly was in SilverCircle. You're carrying the baton now. You're in [SilverCircle](#).

I love our regular check ins because I learn so much. You're deep into this, and you've had tremendous business growth. You've gone through all the usual sort of capitulations about changing landscape, building team, working out your products and offers. I asked you recently, think about who your very best customers are, and I think we sort of nailed it with this one.

Sounds like they'd be pretty happy with what you've been able to achieve. Why don't you paint a picture for us about, where was this customer at when they arrived on your doorstep?

Ralph: Hmm. Yeah, I mean, this is typical. This is the kind of person I think we tend to attract. But this business, I think, really had the right mindset as far as looking at digital advertising as a customer acquisition machine. And I've said that before, I'll say it again. It's not, I'm going to spend a dollar.

James: Yeah. Why do you say that? People think they can just run an ad and they're automatically going to be rich. And they chew through seven Facebook ad agencies because no one's good.

Ralph: Exactly. You know, the type of customer that our prospect that comes to us and says, I want a seven X return on my ad spend on day one is like, that's just not realistic. I mean, it has happened, we do have customers that do do that. But I think you have to look at it very differently. He or she who is willing and able to pay more to acquire a customer at the end of the day really wins. And these guys understand that, and they've got a very diversified strategy to acquire people. And that's, I think, why it's a good case study.

But they didn't understand that at first. They listened to what we had to say, and looked at this as a business partnership, a business arrangement where we're going to help them scale and grow, but also leverage the platform, so that they will be able to build a business and not just sell an offer. And, you know, if you're looking to do the latter, like you don't really have a business. for example, like if you're just one product, that's not what this company is all about. Like, we want to help build and scale and grow customers and have them be lifelong customers you can sell to over and over and over again.

And those are the types of people that we really enjoy working with, because they've got a much more mature way of looking at a platform like Facebook and Instagram. And then once we achieve success there, then we go out to all the other platforms and you know, duplicate that same success.

Was the client an ideal prospect from the start?

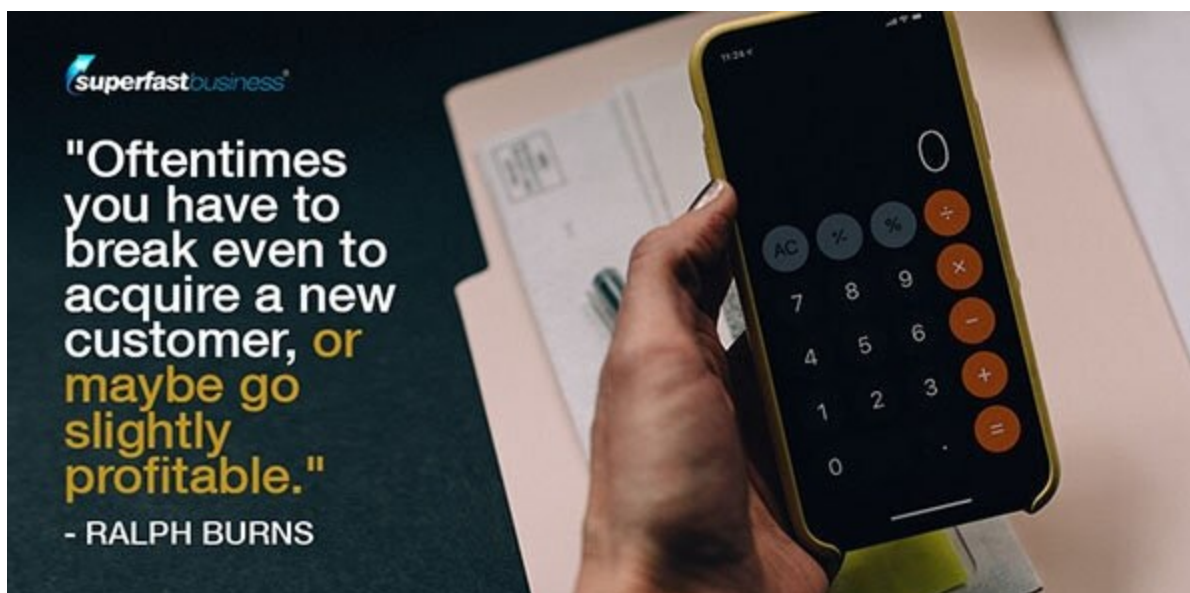
James: When they first came to you, did they look and feel like the type of customer that you were excited to work with? Or were you reserved about it?

Ralph: They were ideal right from the start, because I was familiar with them. The name of the company is 177 Milk Street. So Chris Kimball is sort of their figurehead, or the spokesperson. And he's had a tremendous career and continues to have a tremendous career. He understands media, he's an expert in the space. And he built this company around sort of that expert status, teaching people how to cook, in essence.

And then, oh, by the way, I can teach you how to cook, I can probably sell you a lot of things related to cooking. It's a great business model. And when we came to them, they actually came to us through somebody that I had coached a while back on Facebook advertising.

They were really struggling to figure all that out. They're like, we know our stuff is really good. But how do we leverage the four billion monthly active users on Facebook, to acquire more customers, get more leads, and then cultivate those leads and ultimately buy our services? And they were really struggling. So when they first came to us, their monthly ad spend was about \$13,000.

If we go back and look at their return on adspend, from that \$13,000 they were spending, they were in the red, they weren't making it back even close. They were about \$7,000 or \$8,000 in revenue. So they were acquiring some customers, but what they're really doing is just sort of cycling through a lot of their warm lists. Which is typical. Like, you know, your website custom audiences, your fans, market to them. They know who you are.



Well, they came to us, so we want to start acquiring new customers. Forget about the ones we already have. And that is when you know, we realized, this is a really good relationship. And they understand that oftentimes you have to break even to acquire a new customer, or maybe go slightly profitable.

In their case, right now, if we're looking back on their data just in January, they spent just about \$400,000, about \$382,000. And their revenue just from those ads was \$430,000. So they are definitely ahead of the game on their adspend. They are acquiring customers at a profitable clip, because as soon as they acquire that new customer, once they're in their system, in their email, and you know some of our retargeting, I suppose, but sort of their internal way of doing things, like, they have a lot of recurring products, continuity products, they've got subscriptions, so they're thrilled, and so they just continue to grow and scale and are big believers in what we do.

But they had the right mindset to start. Like, they wanted to leverage this platform to build the business, not to just sell an offer and hopefully make money on your first day. And you know, look at Facebook is like, I put in my cash and I get more cash outlets, different way of looking at it, like, this is a way of building businesses. So that's what we love to do. And we were able to do it with sort of this five-step strategy that we'll talk about here today.

James: So if I understand you correctly, they spent a whole lot of money in January, and by the end of the January, they had almost a whole lot of money back, like almost self-liquidating, in the very early period, which is probably very rare and unusual.

Ralph: Yeah, yeah, it is. I mean, if you really look at, you know, the business that they've been able to acquire through Facebook, if we go back through their entire lifetime, it's even a larger portion of, I believe, if I could just pull that up...

James: I mean, the longer you go, obviously time for the recurring to kick in, they're starting working their way through to the actual lifetime customer value. And what I think I'm hearing is, by, say, January next year, the people who came in January this year will have continued to spend and take in upsells or recurring offers, and they will have had a substantial return on adspend further down the track from what they've already done. And so the game is to get as many people as you can, for \$1, if you could get a dollar back.

Ralph: Right. And that's actually one of their offers, is \$1 subscription, that they know, it's a very good front end offer, they buy that dollar subscription for about \$16, \$17, because they know the value of each one of those subscribers is many times that. I believe in their case, it's about five to 10X what we acquire the customer for. So they're taking the long view on this. I think when you can do that on a front end offer, you're going to win every time, but you have to have sort of the business model where you can continue to sell them, or you're selling some kind of subscription. I know you're a huge fan of that model yourself.

James: I love a good subscription. In fact, [a previous guest I had just two episodes ago](#), for the longest time, you know, he said, recurring subscriptions are overrated, and I ended up flipping him to the good side. And he's a huge fan of it now. So I think it's just inevitable that the world is, you know, from Netflix through to Amazon Prime, we do love a good subscription.

And the really key point here is, it takes a longer term view or as you said, a more mature approach to be willing to buy a customer today for \$16, where you're only going to get \$1 in the first transaction potentially. And you think, well, how is this going to possibly work? But then if that customer goes on to spend five times \$16, over the life of that customer, it's just a matter of how quickly can you roll, because there are other effects here.

The bigger your revenue can come at, the more market share you have, the quicker you can gobble up your competitors, the deeper you can spend on your ads. You can own your market, and then one day, some big fish is going to come along and say, We'd like to buy you, and we'll pay you a multiple of your profit.

And a big part of that profit will be, you know, a percentage of revenue. So if you have a bigger revenue, then your profit is going to be high, your payout price is going to be higher, you got more market force. So they're planting seeds now, the acorns that will become oak trees down the track. Very clever.

The kind of tweaking it took to become profitable

Ralph: Yeah. And absolutely. I mean, plus our agency fee. They're well ahead in that first month. They're very happy with that. Like, we could tweak their offers even more. And part of the reason why I think they're profitable now is because we did tweak a lot of their offers.

James: Yeah, let's talk about that. What did you do? You've gone in there, you've said, Okay, welcome aboard. Lovely to have you. You look like the right sort of customer for us. You've got a mature mindset, you've got multiple offers here that we can work with. What happens next?

Ralph: Well, they had three different ways in which to acquire customers, the way that I looked at it, through this \$1 subscription offer, where it's an irresistible offer. We just had to make people aware of it and give them ample reason in which to opt in for that \$1. Because then at month two, or actually the 12-week mark, sorry, their full subscription kicks in.

So the question was, how could we actually compress that? Could we do four weeks, eight weeks, 12 weeks? When could that sort of secondary monetization occur? So we consulted with them on that a lot. Plus, we actually tinkered with the offer itself, through landing pages and different offers, which we offered as a separate service through what's known as Tier 12. That's sort of our landing page and sort of after the click service, where we created variations of those offers, variations of those pages, and then tested them against traffic and figured out which worked best.

So they knew their metrics. But, you know, they needed our advice as to how to really approach it, and it was all new to them. They really didn't have a digital strategy. For us, it was like, Oh, all right, you've got a subscription. You've got a lead generator, which is, they weren't really leveraging that. And then thirdly, they have this huge ecommerce store with all these cool things that they can sell.

And one of the things that, when we first met with them, we used to do in-person meetings, which I actually really miss, believe it or not, because they're actually local right here in Boston. They're about a mile from where I'm at right now. But this is like, we wanted to help them sort of understand, you get a three-prong strategy, like that lead gen, subscription offers and selling on your ecommerce store, that's a formula for success.

We just have to figure out which products to sell, how to tweak the \$1 subscription to make it monetize even more quickly, and then last but not least, you should always be building a list, which is what they're doing ever since they started with us, they just didn't really know exactly how to do it. So we consulted with them, helped them with their offer, and then used those three ways in which to acquire customers, as well as cross sell previous customers. But that's a very small percentage of ad spend.

The big thing here, like you said, is all about customer acquisition, cold traffic and how do you engage them and bring them into your world.

James: When you make suggestions, who's executing?

Ralph: Yeah, so at first, it was us consulting with them, like we do a weekly call with them, my team, and then I get on, sort of strategy calls. I haven't been on one in probably about three months now. But the point is like, we'll do very high-level strategy calls once a month, let's take a 30,000 foot view of like, what you're doing in your business.

And then the weekly calls are more, what goes on in that seven-day stretch? And then there's daily communications through Slack. So that's sort of how it's done. It works really well. Some of our customers are every couple of weeks, and some once a month. But these guys are pretty involved. And they're active.

And we're also giving them all kinds of ideas for content, one that I can get into here on today's show as to what to do and how to engage that traffic. And that dialogue back and forth for us and open communication is tremendous and really helpful. It really feels like we're a partner in their business, which is a lot of fun, especially when you see them succeed to the degree that they have.

James: So the good partner for you is someone who has a team and can do stuff.

Ralph: Yeah, yeah. And in that case, they do. What we've found is that most people have a team who can create some level of content that we can't create. So for example, in this case, Chris, he's a television personality. All we really needed was to tell him what to do and get in front of the camera and create content for us. They had never really done that before with a specific type of pitch.

So one of the things that we did is, in order for people to engage in their brand, the first thing we did is we tweaked that \$1 subscription offer to a certain degree. But if somebody is going to pull up their credit card, even for a dollar, and then knowing full well that their credit card is going to get hit at four, eight or 12 weeks, depending on how we test it, you got to give them a pretty good reason as to why they should pull out that credit card or, you know, if there's an in-browser way of throwing credit card information in there.

The point is, is we had to give cold traffic a good reason to engage in the brand. So what we used is we used what we refer to as teach and pitch ads, teach and pitch video ads, which are really sort of simple formula. And this is ideal when there is a personality or a team of people who can create content. And if you're not creating content as the business, you should be doing it anyway. We do it here, you do it obviously with SuperFastBusiness.

But we can certainly create content, like slideshows, and so forth. But if there's content that they give us, like, we're just about to sign on a new customer and they have a YouTube channel with two million subscribers and hundreds of videos, we can take all those videos, Facebook and Instagramize them, and then turn them into content and turn them into ads.

What sort of digital advertising content converts?

James: I'm interested, you know, what content do we make for ads? Because I've done a lot of the content marketing, and I'm now doing some ads on the platform, and they're working. I am converting people from cold through to warm and some of them are turning hot and buying. But what are the content thing? You said a teach and pitch. That's one.

Ralph: Yeah, so the formula that we've used with them with a number of different videos, I would say probably dozens at this point, and they continually spit these things out because they understand what it is now. It's a very simple formula. So the first three to six seconds of a video ad, these are all video ads, was fairly simple ad copy.

We do some kind of motion or branding in which to kind of get the user's attention. So in their case, the first three to six seconds is their Milk Street logo, which kind of spins in and then Chris comes on. Everything's on subtitles, so we do an SRT file with all these and we sort of integrate them in so they look really nice because, you know, 90 plus percent of video is watched without sound on, so that's important.

So all he does, he says, you know, something like, to the tune of, Hey, here at Milk Street, like, we like to take old recipes that you might know, and just put a new spin on them and an international flair. One of the things that we've found is this way of cooking scrambled eggs, which is amazing because they come out light and fluffy and taste really, really good. Let me show you how to do it.

So he shows you how to do it. It's literally all under about two minutes. This is a less-than-two-minute video. So it's going to be on Instagram, it's going to be on Facebook. And he kind of goes through the process. Alright, here's how you heat up the pan. And then you put in the oil. And when it's just about steaming, then you scramble the eggs. You don't add any milk, you don't add any water, and then you throw it in there. And then you kind of scoop it around, and then it comes back out. And then I put a little spice on it. And you know, look at how great these eggs look. Scrambled eggs. That's like, so simple.

James: You're making me hungry, Ralph.

Ralph: I know, it's really good. And by the way, the way that he actually creates these, ever since I saw this video, I have never gone back to cooking scrambled eggs the old way. And then the pitch is at the end. So I've just created some motion. I've taught you something of value - like, holy crap, I never knew how to cook scrambled eggs like that. And look at how great they look. This is so simple.

His pitch is, hey, if you like that, then, you know, join Milk Street for \$1. And you know, you'll get this recipe as well as hundreds of others. So click the link below. I can't wait to see you on the inside. That's the teach and pitch video. That's it. And that one scrambled egg ad, I believe, I'll have to pull it up here, but I believe it has spent over a million dollars.

Sometimes the ridiculously simple is powerful

James: It's absurdly simple.

Ralph: Exactly. I love simple.

James: Someone's going to listen to this and think, it just can't be that, Ralph. You're keeping tricks up your sleeve, because that just sounds too easy. You could literally make that on an iPhone today after listening to this episode. I don't suggest everyone does scrambled eggs. Not a good fit for my brand. But you do something similar. Teach one tip and then have the call to action.

Ralph: It's just that simple. Like, show people you can help them by actually helping them. And then say the logical next step. Like, this is selling, so I'm air quoting selling. You're selling them on you. Because I've just shown you how to do something you probably didn't know.

James: It's not a lot different to the TEA formula that I teach, TEA. Introduce the Topic, Explain it, and then Answer it. And, you know, you can put the call to action there if it's a paid ad. I think that's probably one of the significant differences from some of my social stuff, which is warming people up to a paid ad where you can actually move them through to that call to action a little more explicitly.

Ralph: Yeah, I mean, I like simple.

James: Simple is good. What other frameworks have you got for content marketing? As you would know, people who are consuming this podcast are right into this, like you just got to open up the toolkit, please.

Ralph: I mean, I would say the teach and pitch is probably the most widespread.

James: It's the 80:20.

Ralph: It's the 80:20. If there's one thing you can do, you're actually helping people. So it gives all kinds of signals back to Facebook or whatever platform you're on. You can do the same thing on Google. You'd have to be a little bit quicker, probably, in your first 25 seconds to make sure you get to the point, but you know, with Facebook, this is our most-used strategy.

We also did this with the same customer to how to make banana bread in a different way. How to cook green beans. Like, green beans are usually disgusting, right? Like, they taste waxy and everything.

James: Oh, I love green beans. I have them three, four times a week.

Ralph: Oh my god, you and like, five other people.

James: Maybe you're not cooking them right.

Ralph: Well, ever since I watched this video, you know, this how to cook green beans the right way so they don't taste waxy and disgusting, like, I've cooked them the same way ever since.

James: I think, also, you would know that our produce here is, like, world-class. Agriculture is a big deal here, like we actually can taste the food.

Ralph: Oh, totally jealous.

James: We have a little bit of an advantage there, perhaps.

Ralph: I remember when me and my wife went to Australia, we went to our first restaurant, we said, Is this organic? They're like, What do you mean? Well, is it organic? He's like, well, it's grown here in Australia. Everything's organic. I'm like, Oh, okay. And New Zealand was the same way.

James: Yeah.

Ralph: Yeah, it's not quite that way here in the US. But yeah, so the teach and pitch is a really good one. I mean, there's a lot of other ones. We do, like, a pure education video, which is maybe a spin off of the teach and pitch, but it can have a lot of B roll in it, which is like, ask a question. Is being a vegan healthy, for example. Like, that's one way. We have a customer that sells a green juice. And that's one of the longest running ads that they have, is, you know, is being a vegan healthy?

And then it goes into all the reasons why being a vegan is actually healthy. And then at the end, then the pitch is for the powdered green juice. So kind of less teach, it's more educational. I'm not teaching you something, per se, like in the video, but I am showing you and educating you.

James: It's kind of edutainment.

Ralph: Edutainment, exactly. So, you know, and for all these videos that we do, we try to make them under two minutes.

The sort of production values we're talking about

James: And talk about production values, it's going to be asked by somebody. Are we doing this in a studio, high-tech gear and stuff?

Ralph: Yeah, in this case, it is.

James: I suspected it might be. It's a potential obstacle barrier for some people. I imagine you could make it with a quality camera like I'm using here. This one will be good enough.

Ralph: Absolutely. I mean, for Tier 11, for our ads, they're all teach and pitch. If you go to our site, you'll then be retargeted at some point in time, probably. But the point is, is that they're all teach and pitch. And they're all done with an iPhone and just a green screen backdrop. Actually, in a couple of cases, it's like a wrinkled bedsheet in the back, we don't even like, go high tech. You know, you're way more high tech than we are.

James: Facebook just showed me a picture of mine from nine years ago. And I think I had a Kodak Zi8 and I had a sound mixer, and I had these huge light boxes and a green screen. It just looks silly today. Whenever people would come over to my house, and they'd see those huge light boxes, they're like, what are you doing here, like making pornos or something? They're just obnoxiously big.

And now I'm recording this with, like, a couple of little Philips Hue lights and a ring light. Like, the tech's gotten cheaper, better, more accessible, higher quality. So don't let that be an obstacle. I think that's what you're saying here.

Specific input versus Facebook figuring things out

Back to the case study. You've gone in, you had a look under the hood, you've said, Here's what you've got. These are the sorts of content pieces we want you to make. They're putting out the teach and pitch. You start to ramp up the campaigns.

Are you doing the technique where you let Facebook figure out how to make the conversions happen? Or are you giving them very specific inputs?

Ralph: We do do targeting. We do a lot of campaigns for these guys. I mean, at any given point in time, it's not sort of an ideal ad account setup. But what we do do, is we do a fair amount of campaigns, and then each one of those campaigns probably has about five or six or seven individual ad sets.

James: I saw a diagram of yours once at a presentation. I can't remember what system you called it. But it looked like a wiring diagram from the NASA spaceship and I'm like, Oh my god, like there's no way ever that I'm going to be a Facebook agency, because that just blew my mind. I think even you said this is hard work.

Ralph: Yeah, that was probably the Michigan method, which we still do use occasionally. The first time we actually did it, at that point in time, one of our first media buyers actually broke Facebook, because there was too many ad sets in the campaign. The whole thing, the whole system shut down.

James: It was intense.

Ralph: You can believe that. So it's not quite to that degree, but you know, a good Facebook ad account should have ideally between five and 10 campaigns. In this one, you know, we've got a lot of offers going all at the same time. And these guys are, you know, the customer is really involved. And now that they've kind of got the bug, they've figured out this teach and pitch thing like, Oh my god, how much more stuff can we potentially do? So it's added to the complexity of the account, but you don't need to go that complex.

James: No. I did hear someone oversimplify it the other day. I was on a Clubhouse room, there was a social media expert, and he just, very gently, explained to the audience, you make some videos, put it in one of those automated softwares that chops it up and transcribes it. And then you just go and hire someone for \$5 an hour to systematically set up your Facebook campaigns to spend \$1 or \$2 a day, and that will drive visits. Is that realistically possible?

Ralph: I think it depends on the business. I don't know which business that is, specifically.

James: The lady asking was in a makeup and hair type business.

Ralph: I mean, it could. Those are usually the types of accounts that we have contact with, like Milk Street, and then say, Alright, you've reached a certain level. You can reach a certain level of success with that type of thing, but once you want to get to the next level, absolutely.

James: That's encouraging. I'm feeling like you're probably happy to take on someone who's already been to the rodeo before and been bucked off a few times but has good, raw talent.



Ralph: Yeah, the big thing is the offer, really. Do you have an offer that people want? Like, does it have a pulse to cold traffic? I don't care about warm traffic.

James: Hang on, that's an unfair advantage.

Ralph: What's that?

James: So you want to work with people who have an offer that would almost sell itself or already is selling. This is a recurring theme on this show. I mean, just a few episodes ago, we had [a whole episode on outrageous offers](#), because it's just the single biggest problem I see as a coach.

People are trying to sell sh*t. And they get confused when it doesn't sell and they blow their budget and they don't get a return on investment. And they wonder why when they try and write their own offer themselves and put it up on their own website, pixel by pixel, that it doesn't get out of the gate.

Ralph: Nobody wants it.

If the offer's good, how important are copy and creatives?

James: How important is the creative and the image and the copywriting and the strategy behind a campaign, when you have an offer that's good?

Ralph: I think the offer does the heavy lifting. So for example, with Milk Street, like, they had a good offer, it's a \$1 subscription, it's very low friction. You know, sample packs. Like, we started selling on their ecommerce store a variety pack of coffee sugars that were under \$10, \$14, I believe is the price point. Really good offers. Like, I don't want to commit fully to this thing. I don't want to buy the \$40 sugar pack. I just want to figure out, which one do I like? Do I like the cinnamon, the cardamom, you know, the apple spice one?

And those are the types of offers that are really good. It's like a sample pack. You've now acquired a customer, because you've done a video, maybe a teach and pitch video that shows, Hey, this is what we have here. We did the same formula selling their ecommerce.

James: I love sample packs. I mean, huge companies know this. They have sampler bags at the show, because that's how they hook them in.

Ralph: Exactly. Yeah, I mean, we had a customer who just left us. And the reason was their offer was just, they could not get people to buy into a product that cost \$40 in the front end, when everybody else on Amazon is selling the same thing, or very similar, maybe \$15 or \$20. We're like, you guys have to break this offer up into bite-sized chunks. Give them a sample pack of this product, and then maybe two or three others. And it's a fitness company bodybuilding company.

So they couldn't figure it out. And they wouldn't listen to what we told them to do. And so they exercise, they're out. They're like, Oh, well, Tier 11 sucks. Well, the problem is that their offer still will not be able to be sold, unless they actually change the dynamic of it, make it easy for a customer to say yes. And if you have an expensive product, you're going to have to do a lot of selling, pre-click, in order for them to even consider buying.

And then don't look at it like, Alright, I need to acquire a customer for less than \$40. In this case, it's just not going to happen. Unless it's the cure for cancer, or you know, can immediately make you a better surfer or something like that, you know, a great digital product, like one trick.

James: Send me the link, send me the link, buddy.

Ralph: Exactly. I only said that because you've got a surfboard in the background.

James: By the way, anyone listening to this, surfing is a terrible market. There's not a lot of money in surfing. It's a relatively small market. Pretty much every second surfer loves surfing so much they want to build a business around it, and then they discover that it's a really crappy market.

Ralph: Yeah. It's like selling to starving artists, like, that's a hard market.

James: Wait till they run the Olympics and wait till there's a wave pool in Boston, and we're good to go.

Did they hit any snags along the way?

So what next with this case study? We've laid down the foundations pretty well. They're now like, Oh my god, we're able to up our budgets. These are converting into sales. You're getting a bit excited because the customer's happy. Everything's running to plan. Were there any hiccups along the way? Or was it just smooth sailing from the start to now?

Ralph: Oh, there were plenty of hiccups. I mean, there's plenty of testing that we had to do. One of the things that we did recommend them doing, and they were doing this to a certain degree, was getting leads. So the same kind of thing, we used the same strategy for selling the subscriptions as we did for just leads. Use, you know, a front end, either a video or some kind of image. We use a lot of video and images typically together. Those work synergistically.

The videos do help; the images oftentimes will augment the power of the video. It's just the way that we set up all our campaigns. But they also had a lead generator, in essence. They'd get a certain amount of tips in exchange for their name and email address, which now then they're on their list, then they sell them the subscription, then they sell them their ecommerce store. So they had a lead gen mechanism, it just wasn't really working as well. What we did is we installed lead ads.

So we started to get leads very cheaply, you know, under 50 cents each, which still to this day blows my mind. You know, I mean, there are some junk that's in there. But the point is that lead mechanism, especially now, especially in the age of iOS 14, you're now controlling how you actually acquire a name and email and then you can sell them on your list once they opt in.

So we cranked that up. And I think we still spend, you know, about a couple of \$100,000 every quarter just on lead ads, probably about \$40,000 or \$50,000 a month just on leads, because they know if they can acquire a lead for under \$1, they know they're going to be able to sell them, you know, five, six, seven, eight times that, once they're actually in their system.

So that was the second part of it, which we were able to really crank up and alongside selling the subscriptions, as well as selling the ecommerce store supplies as well.

James: The whole episode we had just prior to this one, 807, the big punch line was, your email is still the most valuable asset to build, and [the whole episode was around cancel culture and deplatforming and controlling your assets](#). And it just keeps coming up. You know? So should we be selling the product, or should we be selling the opt in to sell the product, is maybe a very fundamental question.

And I do have a technical question. When you run lead ads, does it just pump a bunch of leads into a spreadsheet or something? Or can you automate that into a CRM system?

Ralph: Yeah, we automate it back into their CRM. We have a tie-in with that, I think we use a third party data tool for that. Klaviyo is great for a Shopify store, if you're an ecommerce owner. If you're selling physical products, you should always be building your list. I mean, we have a lead generator on Tier 11. But we also have, you know, video as the go to, a scheduled call with our salesperson, see if we can help them.

So we do it a lot of different ways. We also have a webinar. The point is, you should have multiple channels. Not hundreds, but multiple channels, multiple ways in which to acquire that first party data. In this case is name and email, you know, the subscription offer, like we mentioned before, is a \$1 offer. That's acquiring buyers, you know? And then we're acquiring through, you know, spices and all these other sorts of things, coffee sugars.

We're acquiring actual buyers of products, that then they can sell over and over again, and then sell them into their internal continuity programs for how to cook better, and obviously subscriptions, a lot of other sort of back end channels. So it's three ways in which to use a front end offer to acquire either an email or a customer, and they're knocking it out of the park right now.

Five steps to effective customer acquisition

James: What were the five steps you mentioned?

Ralph: Yeah, I mean, the first step was when we took over the account, we installed what's referred to as the ecomm ad amplifier. It's a way in which we run \$100 million a year in ads. We need a system that creates order from chaos. Most ad accounts that we come across are usually in chaos. And they might do some form of top of funnel, middle of funnel, bottom of funnel kind of targeting or strategy. But the ecomm ad amplifier, it separates out the account into five levels of traffic with different messaging tailored to where they are in the customer journey. That's the first thing that we did, sort of create some order in the ad account.

The second step was we started to refine their video assets. We gave them lots of consulting on what a teach and pitch video is. Let's start doing these. We'll do that as a front end video, a way to interact with people. And of course, when you run a video, you have retargeting audiences that are created based upon how long they actually watch a video.

So that works well with the ecomm ad amplifier. If somebody watches 25 percent of a video of Chris teaching you how to run scrambled eggs or how to cook scrambled eggs, you can then retarget that 25 percent video viewer with another ad that maybe gives them maybe more on that particular cooking advice or directly to an offer. So they got to understand sort of how to use different video assets in the right way, the teach and pitch video being the big one.

Step three was we cranked up the lead ads, like we had mentioned. So we've spent, I think to date, since we've worked with them, about a quarter of a million dollars just on leads, which is not nearly as much as we have on the other things, but we're acquiring them for so cheap, they back out really well for them.

Step four, and something we haven't talked about was, after we had worked with them for about 12 months, so like, well, I love all the advice that you're doing. But we as a team don't have the internal resources to test our landing pages, test our sales pages. So we don't have, like, an on-staff copywriter. So we've been betaing this product that we refer to as Tier 12, which is our after the click.

Tier 12, we've never really got around to naming it. It's like one of those things, like Five Guys, it's like they never really actually named the business. It's like, yeah, there's five guys that work here. Were like Tier 12. Good enough. So Tier 12 is a landing page and sales page design and copywriting team. We deployed them in a three-month deal, and did seven iterations of their landing page with different testing for pricing.

Something that a lot of people don't test is their pricing. So we in essence did seven different variations. And the seventh one was the one that really sort of took things to the next level and allowed us to spend even more and sort of crank up their spends.

James: What was the test? What treatment did you have?

Ralph: Yeah, initially, it was on the top of the page to have sort of a static image. And on our third iteration, we realized that a GIF at the top of the page that sort of summarized the offer, like 12 weeks for only \$1, and then showing them what they get, all the cookbooks, all these other things, you know, how they actually get access to this insider club and all these other sorts of things. So it articulated it really well in a sort of a quick GIF that was really well mobile-optimized.

So landing page three, or LP three, was the one that really started to crush it. Then we said, Okay, now that we figured out this design, let's now tweak the offer. Which combination of print digital, or print plus digital price point is going to be the one that really takes off?

And on the seventh iteration, since we had already sort of figured out this little moving GIF thing, on the seventh iteration, we finally figured out the real sweet spot in all those pricings. So we varied it quite a bit, we actually have an eighth iteration that we're testing right now. They sort of did this on their own, and we'll probably reengage with the Tier 12 offering in 2021.

So we got sort of the big thing done first, you know, the static image versus a GIF in this case. And then we said, All right, we figured out that part. Now let's figure out what pricing is the best way to monetize. So it was a really sort of methodical way in which we approached it. And you know, the team at Tier 11, or Tier 12, I guess, really did extremely well with it.

James: Was there any price learning that stood out? You know, we hear a lot about ending in sevens and all of this.

Ralph: Yeah, I mean, I'm looking at it right now, it was 12-week period, print only at \$19.95, digital only at \$19.95, and print plus digital at \$29.95. So that was the variation that worked, that was the winner. And we had priced a number of different ways, sort of with all those different variants. We did, like, print plus digital at \$34.95, you know, print at \$24.95, digital at \$19.95. Like all these variations. It kind of makes my head kind of start to swell a little bit. But this was the combination.

And fortunately, our creative strategist who was on this is a math major, so he sort of figured it all out. He's much smarter than me, so...

James: Lucky. And what's the fifth step?

Ralph: The fifth step really is scale up their store offers, just like we said. So the interesting thing with them is that they're an ecommerce company, info company, and a publisher, and a lead generator company, but they also sell or really resell products from other vendors.

So when we wanted to approach this, we said, All right, well, here's another way for us to acquire customers. The big question was, what's your best seller? And what do you make the most money on? What's your best deal with your supplier, and what's your best seller? And it wasn't just your best seller. Because they had a best seller but their margins were really slim. They were, like, a three to one, two to one, as far as cost of goods sold goes like, I don't know, that's not really going to work. We need more margin so you can pay more to acquire a customer.

So we found that these sample packs were the ones that really did well. They had a really good relationship with their vendor, and they were able to sell coffee sugars, spice tins, like the spice sort of variety pack. Most people are like, when we talk to them, most people don't know what spice to use when. I still don't, like when do you use cardamom? When do you use paprika? Maybe you do, James, because I know you're a good cook.

James: Paprika, you use that on Texas barbecue ribs, you use it in chili con carne,

Ralph: Absolutely. Steak, too.

James: I've been doing a lot of cooking in 2020.

Ralph: I know.

James: Because I haven't been going anywhere. And I like food.

Ralph: You're making me hungry.

James: So there's that.

Ralph: So, but that's kind of the big question people have to ask is, what's your best seller? And go into your Shopify store. If you don't know, if you have 100 SKUs, or 1000 SKUs or 10 SKUs, you probably know what your best seller is. But what's the best profit margin? Which one can you afford to pay more to acquire a customer?

And so we figured that out with these sort of variety packs, and now we're doing knives. They've got a good deal with, like, this nakiri knife, and then this other one that's a chef knife. And in those videos, Chris shows you how to use it. Like how to cut an onion in a new way, like I'd never knew that you should cut an onion this way, and you position your fingers in a certain way. And so you're educating, and you're also sort of demoing the thing, while you're actually doing the video. It's a sweet formula.

James: I'm guessing these get shared a lot.

Ralph: They get shared a ton. So in a lot of cases, their likes and comments are less than their amount of shares. So if you have more shares than likes, that's a really good video.

James: Is that really the holy grail? Create me an ad that people want to share? Like, we're putting a piece of content up that we're going to pay to have in front of people and they're going to share it. That really is amazing, isn't it?

Ralph: It's incredible. And that's why you have to deliver that value. So I remember when Squatty Potty came out or Poo-Pourri, you know? Those were great, high production, half a million, million-dollar videos that were produced by the Harmon brothers - they're brilliant guys - and super expensive to do, but they were shared more than they are actually thrown paid advertising at.

James: Amazing.



Ralph: The point is, you don't even have to go that route. But if you're giving your cold traffic audiences value - like here's a knife, here's how to cut an onion - really simple, simple things, you know, it could be related to any business. Think about the most simple things that you can help people on. Like for us, at Tier 11, we talk about, like, all the other agencies are screwing you on pricing, and here's why.

Or, you know, your agency that you're using right now is probably doing this and don't exactly know how to manage all your campaigns in the right way. We'll show you, and then I show them how to do it. And it's like, Hey, if you don't want to do that on your own, or you want to talk to us, then click the link below and book a call. So it's helpful and useful.

If you can create that type of content, you don't have to be super entertaining, you don't have to be Squatty Potty, you know, you don't have to be Poo-Pourri, you don't have to be tall, dark and handsome like James Schramko. The point is, just be helpful and cool, and then have a logical call to action at the end. And it's a formula that's worked really well for us. And, you know, if people can take one thing away, it's just that. And don't worry about the production, like, an iPhone is fine.

James: You've really broken this down nicely for us, you've given us five steps. So the fifth step, by my understanding, is optimizing the product mix. And just doing that fine tuning and fiddling around with the dials and buttons to see if you can get better cost for your products, lower your cost of goods sold, improve the bundling of them, etc. doubling down on what's working is a clear thing.

In almost every ecommerce store I've ever been involved with, I've said, Look, let's have a look at the spreadsheet of all the products you're selling. And it's always an 80:20. It's just a few there that just knock it out of the park. And there's a whole bunch of obsolete stock just sitting there doing nothing.

And I'm constantly doing the same with my own product lineup. I refine and refine and delete off products that just aren't the big movers and focus more people on the ones that are. It just makes sense.

The things you'll want to take away from this ep

So what final tips or advice have you got for someone who's looking to glean some value from this particular case study? Any sort of key observations or must-take action steps to finish up on this episode?

Ralph: I would say this, is that, if you have a business and you're trying to crack the code on Facebook, you're like, Alright, well, I've never really been successful on Facebook, or maybe you have a product or a service and you just have not even tried running ads on Facebook, there's a learning curve that happens.

And with customers that come to us and say, All right, we've got this product that has this huge retail presence, or, We've got a major wholesaling, back end business, we know people will buy our product, I always tell them, I say, If you've never figured out Facebook, you're going to have to spend money to get data. Don't expect to put a product in front of a cold traffic audience and just like that, you're profitable. So it takes a lot of analysis. And like that part to it is, what's your best sellers? What's the one that has the highest margin? is in there for a reason. Because you're going to probably lose money your first few months.

And a lot of folks will say, Well, you know, I already sent this to my list and you know, I got a 5X return. Well, that's great. That's your list. Nobody cares about that. That's like icing on the cake for us. So if you're just starting out with Facebook ads, and you have an offer, look at all the data. Look at where your drop off points are in your funnel. Are they actually adding to cart? What are they doing there? Are they viewing content or viewing a specific product? Which ones are they viewing?

When they actually click on your ad, like, what's that clickthrough rate? How much are you paying to acquire that click? How many people are actually engaging with your ad out to cold traffic? Sort of looking at it in reverse, figuring out where the soft spots are, and then really refining each individual level. And chances are, if it's not backing out for you, it's probably because your offer isn't quite irresistible enough.

And if you can figure out a way to make a very low friction initial transaction where you acquire a customer, where you acquire a lead, and then you sell them on the back end, that's the gold. That's where the real gold is. And 177 Milk Street, they listened to our advice and implemented and changed offers. Now they're thinking about like, Oh, my God, well, you've sold two and a half million dollars' worth of store offers on a million dollar spend, since we've worked with Tier 11. Maybe we should actually have our own spices, our own coffee sugars, our own products that we own everything so that we can spend even more.

So if you're reselling somebody else's product, maybe try there. And then think about, how can I increase my own economics and make this more financially viable to build a business and not just have a one single offer? So if you can do that, and look at the amazing platform that is Facebook, if you look at it in the right way, and realize that you're going to lose some money to start, but you're going to gather a lot of data, that's a good mindset.

You don't have to do thousands of dollars a day either. Like you said, it could be \$10 a day, \$5 a day, but at least you're gathering some data. And I think that's the most important thing. And then, you know, when you reach a certain level, give us a call, and we'll be happy to help you. You know, take it to 11, James.

James: That is super helpful, Ralph. It's always a pleasure podcasting with a fellow podcaster, because you get it. You're a very good guest, and I appreciate that. Always interesting to learn stuff. I've learned some things on this episode. I believe it's very instructional for the majority of our audience here. So I just want to say on their behalf, thank you.

We will transcribe this. Put it up there at episode 808 on SuperFastBusiness.com. Ralph, where can we find out about you? You've mentioned Tier 11.

Ralph: Yeah, you can google Tier 11. We'll come right up. It's tier spell out eleven.com. The guy who has the 11 is holding us ransom on that URL. But anyway, so head on over to tiereleven.com, and check out what we've got.

James: And your podcast.

Ralph: Yeah, [Perpetual Traffic](#) is the podcast. We're not quite at Episode 808. But we've been doing it for five, six years now, and it's a lot of fun. That's over on iTunes, just find Perpetual Traffic.

James: I originally told Keith Krance to have a podcast. I believe that may have been the foundation of your podcast, which is funny. It came from the little incubator, it's definitely a part of that story somewhere along the way.

Ralph: Well, absolutely. And your help has been instrumental along the way, by the way, like to give you some due credit here, but you know, to put a plug in for SuperFastBusiness and you in general. The thing that's been great is you look at things differently than I do, which is the reason why I think we get along. And it's been tremendously helpful and really has helped us scale and grow Tier 11. So I really appreciate that. And I appreciate your friendship, buddy.

James: Me too, mate. And thank you. And I get a lot of joy when I see you playing guitar. Not because it sounds so amazing, but because you're doing something you love and your businesses have been built in a way that you can have a fantastic life and it's great being involved in that, seeing that as a fellow human, you're doing it right.

Thank you so much. Look forward to our many future chats, and we'll wrap up this episode, but I think it's been a good one. Thank you.

Ralph: Yeah, appreciate it. That lime green guitar is coming. I just have to find one, at your request.

James: Do it. Absolutely.

Ralph: Yeah.



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