

# **HOW TO INCREASE PROFITS ON THE BACKEND**

## **THE PSYCHOLOGY OF BACKEND PROFITS**

Most businesses spend too much time trying to gain new customers and fail to recognize the immense goldmine that they have in their existing customers. The fact is that the people most likely to buy from you are those people who have already bought from you! That's why backend marketing can help to boost your profits, even when new customers are few and far between. As a strategy to survive and thrive in a recession, it's hard to beat backend marketing.

### **WHY IT WORKS**

Backend marketing works because people are the most suggestible in buying behavior just after they've made a decision to buy. Once they overcome resistance to purchasing from you, they've given you their trust. You no longer have to market to overcome buying resistance; instead, you market to them to have them buy even more from you.

For the business owner, it works because it's easy to implement backend strategies, whether you are an online or a retail business. It just takes a bit of conscious attention to

the actual purchasing transaction and understanding when to offer customers an upsell or a more expensive item. Once you get the hang of this, it's a very easy way to increase the bottom line without spending tons of time advertising.

## **STRATEGIES ARE SIMPLE**

Strategies are deceptively simple and work best when implemented with consistency. While it doesn't take much to ask someone if he/she wants a pair of socks to go with a set of shoes he/she just bought, if you don't have that step planned out, you can miss that opportunity. It works best when you use these strategies at specific times and quite consistently.

When planning your sales funnel, you should include deliberate methods to sell backend offers. It shouldn't ever be an afterthought; it should be a carefully planned marketing strategy. It may look like a simple question or an additional ad that is carefully placed on a thank you form, but it's a planned attempt to get your visitors to open their wallets wider. Don't miss an opportunity to increase your bottom line, particularly when the customer is in the mood to buy – which is usually when they've just agreed to buy. By paying attention to your sales funnel and strategies, you

can set up a maze of offers that are subtle yet powerful motivators to sell.

## **THE PLANNED SALES FUNNEL**

A sales funnel is the way that you can get an unidentified visitor to self-identify himself/herself and to join your marketing program. The first step is to turn anonymous visitors into real live email addresses that have given you permission to contact them. Without knowing who is visiting your site, you'll never be able to execute a successful sales funnel. That's just the mouth of the sales funnel. After that, you should have some steps set up to place people in particular demographic groups that you then intend to market to in some way.

Whether it is a new or an old customer, they should all be in some area of your sales funnel. Your sales funnel should include backend offers at regular intervals, in emails, in forms, in various types of promotions. It should include various email campaigns. It should track the sales of your offers and how to upgrade people to other lists if they self-identify themselves as big spenders.

## **THE DOUBLE OPT-IN FORM**

When people first visit, your priority is to get them to register via a frontend offer. This can be a free report, ebook, discount coupon, or some other offer that is given to them in appreciation for subscribing to your email list. Once they've entered the mouth of your sales funnel, the double opt-in form, then you have a perfect right to market to them in any way that you choose, frontend or backend.

The double opt-in form also works great as a way to start the process of marketing to new clients because it weeds out spammers and fake email addresses. In order to receive the freebie, the customer has to verify his/her email address by going to his/her inbox and clicking a link to verify. This then verifies the account, and he/she is fully registered and is sent to the download area where he/she can see the freebie.

## **WITHIN THE FREEBIE, DO A BACKEND OFFER**

While your first few emails should remain friendly and casual, whatever it is that you've offered them as bait to sign up, it should include some backend offers. If it's a report, you should include a description on some good tools or services that you're selling or on other products, even

affiliate offers. Ask for referrals too for anyone that might like a free copy of whatever it is that you are giving away.

Next, add their name to a particular marketing campaign. If they haven't self-identified themselves yet, just add them to a generic email list for low-income offers and start to send out these emails once a week or as often as they allow you to. You can set this all up through AWeber.com to automate it.

### **MARKET SOMETHING UNTIL IT SELLS**

Once people are in a sales funnel and on an email list, you just continue to market to them per your plan until a sale is made. If they are your existing customers, they've already identified who they are and how much they are willing to spend. If they spend a lot, put them on an email campaign that offers them larger frontend and backend offers. If you don't know whether they'd be willing to spend more, offer them a low-income frontend offer with a high-income backend offer, just in case.

### **HAVE MANY, MANY OFFERS IN YOUR FUNNEL**

If you want to do backend offers, you have to have many products in your inventory. They don't specifically have to be your own products; they can be affiliate products. However, you need sufficient inventory to mix and match your offers so that people won't get tired of seeing the same offer every time and get more resistant to being marketed to out of pure boredom.

### **THE THREE-TIERED SYSTEM**

In your inventory should be three categories of products: low-, mid-, and high-range products. The reason for this is that you are going to cycle through the entire line up of products in whatever demographic your customer is in. If they self-identify themselves as being willing to buy in the mid-range, then you can shift them out of the low-range products and start cycling them through the mid-range products, and so on.

This three-tiered system works well because it allows you to keep track of what part of the sales funnel they are in, what they've already bought, and what you still need to market until it sells. After that, it's just a matter of learning when to give incentives to have them buy more on the backend.

## **GAIN TRUST WITH YOUR LOW-END PRODUCTS FIRST**

Some strategies work best with different tiers of products. You can't really do an immediate backend offer the moment someone buys a low-end product, unless it's very subtle, like something that is included within the content of a freebie. Otherwise, it's not enough time for customers on that tier to really ascertain the quality of your products and to trust that you will deliver what you say you will deliver.

If that's the case, you might want to offer more significant freebies to move them up a notch, like an invitation to a teleseminar or a free coaching session. That way, they can test your products before you actually move into marketing to them for bigger amounts of money.

## **LIMITED ONE-TIME OFFERS**

Once you've gotten a mid-level product sale from a customer, you can start to offer them one-time offers on the backend. These offers are great deals for your regular customers, who now understand that you have good products and they have enough trust in you to purchase more. Once they've identified themselves in this category



due to their moving into the mid-priced level of products, you can start to market the limited one-time backend offer.

### **BE CLEAR IT IS "ONE TIME"**

After the sale of a mid-priced product, send the customer to a sales page with some related product on it. Tell them that because they've bought a specific item, they are given this "one time" chance to make another complementary purchase at a discounted price. Make it clear that once they leave the page, that price will no longer be offered. Sweeten the deal by adding some bonuses to your special deal that are also included in your "one-time" offer. These bonus items will no longer be available for free with other packages unless they make this deal. Should they leave the page, the offer is gone forever and so is the discounted price. This really lights a fire under people's butts and is a great way to make use of a backend offer at just the right time.

### **WHY IT WORKS**

The customer who is led to this backend offer has already indicated that he/she is willing to buy mid-priced products from you, so money is not an issue. They probably are also highly interested in your lineup of products. They might decide to wait until they have more money to come back

and buy some more from you later, but if you showed them how they would save tons of money from you by buying now, they are more likely to buy the one-time offer. In addition, one of the psychological triggers that people have is a fear of loss. If a deal is really good, they already trust you, and they know that they will most likely want this product in the future, the fear of loss will get them to buy now, knowing that that offer will never appear again and that they will only have themselves to blame for missing it.

### **TRY A ONE-TIME OFFER ON YOUR THANK YOU PAGE**

Instead of going to a totally separate page upon buying the mid-level product, you can include the one-time offer on your thank you form as a special way to thank people for patronizing your site. This is also a nice way to show people that you are paying attention to your buyers and rewarding them for their loyalty.

## **BONUS OFFERS**

Along with the regular lineup of products in your sales funnel, you should set up multiple bonus offers that you can offer on the backend at various times. You can offer them in an email that confirms a download of a product. You can

offer them in email campaigns at specific times when some action is taken, whether it's joining a forum or participating in a survey. Once you have someone's attention, it doesn't hurt to offer him/her something special by way of a thank you during his/her interaction with you.

### **WHAT TO INCLUDE IN YOUR BONUS OFFER**

Include value packages that will wow your customer into buying more from you later on. They should be offers that are unique to your website, even if you've decided to offer an affiliate package within it. It should not be a duplicate of a bonus offer located somewhere else or people will feel marketed to instead of feeling honored to be asked to buy.

Value packages can include multiple items that you sell separately, but when packaged together, brings the price down to an unbelievable low price that you wouldn't get by buying them separately. It has to be a really good deal that shows that you are contributing value to your customer's day.

### **BONUS OFFERS WORK WELL IN THE HIGH-INCOME TIER**

A good bonus offer can be priced in the hundreds and be sold to high-income tier customers very easily. These are loyal customers who already have given you their utmost trust and are willing to shell out the big bucks. Make many such offers available to your high-income customers, who will see it as an opportunity to buy in bulk and to save individually.

You can fatten up the bonus offer quite well with infoproducts that don't require additional shipping or handling on your part. While the customer may feel that they're getting a heck of a deal by getting multiple reports, ebooks, even video courses, they don't cost you much to produce, offer, and deliver. Thus, the bonus offers can include tons of these items, making them highly valuable to your high-income customers, but they don't cost you much to give away anyways.

If a person on the mid-level tier buys a high-income bonus offer (which can be offered occasionally as a test), they should immediately be moved to the high-income list. They will have more opportunities to see what other high-value products you have and they've self-identified themselves as having a strong interest in your products. This will also help

you to target your high-end bonus offers to them more often.

## **STRATEGIC UPSELL**

The whole idea behind backend offers is to increase your profits by getting people to buy more. It can mean getting them to buy additional products, but it can also mean subtly influencing their buying behavior during their checkout so that they are likely to upgrade their purchases. The upsell is a classic marketing strategy that is a backend offer due to the fact that the customer has already made a commitment to buy. What you're doing is now offering them reasons why they should upgrade their offer at a time when they are more suggestible to the idea.

## **ONLINE TIMING**

In retail, the upsell is characteristic of the cashier at a fast food restaurant who asks if you want a combo instead of a single. If you've ordered the combo, they will have been trained to ask if you want the large combo, and they will point out that it's only a few cents more. People are by nature greedy and want the most for their money. If they are already committed to buying, and the upsell is placed

within the right price range and in a similar line of goods, they will often take the bait and upgrade their purchase.

Online, how would you do that when there is no cashier online? People are buying things off an e-cart, more than likely, and how do you interrupt the transaction without seeming too self-serving? The key is in the order form. You can set up the order form to include an upsell offer at the bottom or top that brings to the customer's attention that there are other types of products, very similar in nature to the one in the cart, that have a higher value, but offer more.

This is done prior to actually allowing the customer to check out, and either at the top or the bottom of the form. They haven't quite completed their offers, and now they are made aware that there is an even better deal just around the corner. Just allow them to view the other deal and upgrade their offer and then complete the checkout after that.

### **SWEETEN THE DEAL**

Always sweeten the deal by offering free shipping or some other incentive to purchase the upgrade. The upgrade itself will be enticing, but if you tell them that on orders of \$50 or more (the price break between the regular and upgrade), they get free shipping too, it will help them to decide to

upgrade. It may cost more in the short run, but they will feel better at having gotten the best deal and be happy that you bothered to show it to them. Otherwise, they might be upset to later find out that they could have gotten that deal, but didn't, and no one mentioned it either, which will make them upset with you.

## **STRATEGIC CROSS-SELL**

Next to the upsell, the cross-sell is the next best backend strategy. This is where you offer them a complementary product to go with whatever they're buying to increase the amount of products you sell. If you sold shoes, for instance, the cross-sell might be socks. If you sold e-books on organic gardening, the cross-sell might be tools for the garden. Unlike the upsell, which is a similar product, these products can be vastly different. You can sell pie, for instance, and cross-sell ice cream because everyone knows people like to eat pie with ice cream. Whatever goes along is what is offered at the moment of purchase, and it can be combined with value packaging too.

## **CREATE SPECIAL PROMOTIONS TO CROSS-SELL**

Cross-sells take a little more thought than upsells. You need to try to think about what types of products complement the products in your product lineup. If you don't have a cross-sell product within your own products, look at affiliate offers and see if you can offer one of those as a cross-sell. The key is to make it a little different than the actual order, but something that might appeal to the purchaser of a specific product.

Cross-sells work very well with lower- and mid-level price range customers. You may not be able to immediately upsell someone on the entry-level email list, as he/she isn't too sure of your products to commit to larger purchases yet. However, he/she may be willing to add something additional to his/her purchase if it provides him/her with an additional benefit at a cost that isn't much higher than the original cost.

Once you've planned the cross-sell product, be sure to promote it, not just on the backend, but on the frontend too! This is one strategy where the more you talk about it and make people aware, the more likely that they will take you up on your offer. For instance, you might be selling women's dresses online, and you have decided to cross-sell it with special pantyhose. The idea is that for every dress they buy,



they can also purchase pantyhose in packages of three for that week only at a special price.

You promote the cross-sell on your website, but you also remind them of the cross-sell when they are checking out if they buy that complementary product, like the dress. By this time, they will know that it's just another promotion and may or may not take you up on it, but at least they've seen it two or three times by the time the checkout form comes up with their total. At that point, they will be primed to include the pantyhose in their order, just by virtue of being marketed so many times as a good deal. It really does pay to repeat the promotions you set up, whether on your website, on your forms, or in your email newsletters for what's coming up. Let people know what you're doing to get them excited about your offers.

## **PARTNER FRONTEND AND HOG BACKEND**

If you get enough traffic to be of interest to venture partners, it would be a good idea to share the limelight with more powerful marketers than you. The reason for this is that if you allow them to market on your website or forum, you can attract many of their customers to your site, increase your traffic, and then get them on the backend as

they buy one of the venture partner's products that you are helping to promote.

## **LINE UP INTERVIEWS**

To locate venture partners, all you have to do is to look at some of your competitors' sites. If that makes you uncomfortable, look for a bigger name than you where you stand to benefit from the relationship more. Send a letter of introduction and explain to him/her what a fan you are of his/her products, services, or philosophy. Propose in the letter to partner with him/her in the future for a workshop or interview forum to be able to show your customers the right way to do whatever niche he's/she's in and that you will sell his/her affiliate products during the event. It will be hard to say "no" to something this nice, but even so, many big names are very picky about who they partner with as they have limited time and are solicited often.

Send out multiple letters to see who you can snag for an interview panel or a workshop. Tell them how many people are on your list and how they might benefit from the arrangement. Make sure there is some benefit to them too; otherwise, they won't bother. Once you get a number of them to agree to it, start to promote the event with your

list. It should be a major draw if you target it as an informational session and not as a sales seminar.

### **LINE UP BACKEND OFFERS**

Once you know who is showing up and what affiliate offers you will be promoting, you can start to line up backend offers too. Remember to have a capture page for new customers, as you will probably get numerous new people interested in hearing the coaching session or interview panel. Free workshops are popular too.

Set it up online and make people register for the event before it starts in order for them to get a few freebies right away. Here you can start the first backend offer. During the event, promote your products and the participant partners' products and make sure people know that they can expect future goodies in their email later. Set up the email campaign to start to market the backend offers more for you than for the interviewing participants to get the most out of it.

### **SEVERAL BACKEND OFFER LEVELS**

In order to get the most of a backend offer, there should be many such opportunities available. It's not a linear process where someone buys a product or service and then shortly afterwards is given one choice of a backend offer. That would be too limited. Instead, consider how many times you can cycle through backend offers any opportunity you get. They should be stacked in ways that at some point, your customers will always be marketed offers that are new and exciting. It all starts with the registration of an email in your sales funnel, but from there, you should plan multiple levels of backend offers and multiple types of offers too.

### **TAKE EVERYTHING AND PUT IT TOGETHER**

Embedded in free reports, you should have upsell links to e-books that can cover the same or similar subjects more in-depth. Within the e-books, you might have backend offers for trial memberships to online forums to help people in their niche. In value packages, you want to give someone who has expressed significant interest in and appreciation of your products the opportunity to sell it for you for a commission. This way, they can buy your products at a discount and sell them to make income too.

Mix and match strategies. For instance, you might do a one-time offer for a value package, and then later in your email

campaign, use a bonus offer to thank them for being loyal customers. Sometimes, you will want to do an interview format and add cross-sells and upsells into your affiliate offers. It's not about just doing one thing; it's about learning how to do multiple types of backend offers that can generate income and yet not be oppressive to your customers. Instead, they should welcome your offers because they are timed right, priced right, and provide them value.

### **DIFFERENT TYPES OF BACKEND OFFERS**

Unlike a frontend sale, you can be highly creative with backend offers to make you more money. Many of them may not even look like backend offers because the customer himself/herself won't be the source of your income; someone else will be that source. He/She will just trigger the income stream via a contract you have to promote someone else's product or your pay-per-view content. Thus, don't limit yourself to offers of products and services; instead, mix them in with what appears to be free information or content when you're actually getting paid to promote that too.

A highly creative backend offer is to sell an informational product and then later offer them the master resell rights for that product so that they can sell it too. Originally, they will get a .pdf file that is readable only, but with the master

resell rights, they will get an editable document. You can even tailor the master resell rights so that some of your backend links may not be modified, while other affiliate offers can be modified to provide the new seller with another way to make income by changing the affiliate id.

Another type of backend offer that has nothing to do with selling anything is to give your customer the incentive to bring referrals into your program. In this case, you may be giving out \$10 per sign-up, but you can word it so that it's not really a payment, but a receipt of money. For instance, say you have a membership club online. You are trying to gain members, and it's a paid forum. You might offer someone \$10 per sign-up for referring friends, but only if that friend stays as a member for 60 days or more. That way, what you're really offering is a reduced price, but instead of the new member receiving that, it's the referring agent who gets it.

A referral program is a strong backend offer that can be done while giving the perception of giving money instead of taking it. However, a good referral program is one that is a great source of income in both new customers and sales. It works best with existing customers who already have bought your products and services and are happy to refer others

into your program. They get a little pocket change and you get an army of satisfied people promoting your products and services for you. You only pay when a new customer fulfills the necessary conditions for payout and if he/she happens to put in the referral code to identify who referred him/her to you.

## **TRACK YOUR RESULTS**

Keep track of which backend offers are creating more income and why. This can give you valuable insight into your customers' buying behavior. If you just set out offers willy-nilly and are just looking at the total income from all sales, you miss the opportunity to fine-tune your system so that you almost appear to be reading your customers' minds.

Some of this tracking can be done with autoresponders and a system like AWeber.com to track sales based not only on products, but on customers too. If you set up three email lists as we've advised, you can track multiple campaigns and figure out what is working and what is not.

You can even do split testing with backend offers. Split testing is when you send 50% of your visitors to one page and 50% to another. If you are testing an order form, for instance, you can just do split testing and see what

approach works better. If you only use one approach, all that will tell you is what doesn't work. It won't tell you what does work. With split testing, you will see more sales for pages that have either hit a psychological trigger, had better product placement, or was more in line with what customers wanted. With split testing, you can not only change products that are being offered on the backend, you can also do minor tweaks like font color, font size, headers, placement, and more to really get a good idea of what works best on your site. Once you really analyze the results based on your sales figures, tiers, and customer preferences, you will really boost those profits into the stratosphere, which is what backend marketing is all about.