TheBlox

Offers

An order of magnitude is growth in a size of 10X.

What Is “An Offer”

- The most basic way of describing this is the value you provide to the customer in exchange for money.

- But for the purposes of this class, it has more to do with the way the proposition is framed in an effort to emphasize the value.

What Are Basic Offers?

- Basic Offer: “Here is our product, it’s this much money.”
- We Suggest Ambiguous Benefits like This:
    - Highest quality ingredients in our formula.
    - Best customer service
    - We as a company are authentic and transparent.
- We try and sell them with crumbs:
    - Free trial week at gym before membership starts.
    - Free shipping if you sign up in next ten minutes.
- All of the above are just outright basic. They might have been innovative in the 80’s, but the bar has been set much higher. The above is considered default expectations, we need to go bigger.

Americans Have Developed A Spam Filter Of Sorts For Boring Offers.

- The last slide’s examples won’t cut through the clutter.
- They won’t represent a great enough reason to try you.
- Even if they believe & trust you, which none do at first, your offer won’t represent a great enough value to pay for the “switching costs” from whatever they’re currently using to satiate their needs.

Consumers Have More Anxiety Around Buying New Things Than An Entrepreneur Can Compute

- People don’t want to look stupid
- They don’t want to lose their money
- They’re unsure how to be financially responsible
- And then after all that, you are on the opposite side of the table betting everything you have to become the best in the world at solving their problems. You have such altruistic intentions that it’s hard to even imagine a world where people fear you. This dissonance between their fear and your intentions makes it hard to see things from their side of the table.

Lame Offers Are The Leading Cause Of Your Bottlenecks

- Ads not working?
- Landing pages not converting?
- Sales calls not landing?
- Press not giving a damn?
- Customers not referring their friends?

Your Offers Need To Be An Order Of Magnitude Better Crafted Than What You’re Currently Proposing

- Words your customer should be using to describe your offers, “too good to be true”, “ridiculous”, “out of this world”, “if this is true, take my money”.

- Here is the trigger check…when they think about trying this out, does it feel almost irresponsible to say no? And does the offer itself discuss how it’s not risky to determine you’re telling the truth?

Examples From The Blox Universe’s Three Main Public Offers

- The Blox: A week-long bootcamp
- BetaBlox Flagship Program for scalable tech startups: a 6 month business incubator.
- BetaBlox Coaching for traditional small businesses: a multi-year remote mentorship program

- Be real with yourselves right now….who would buy this? There are tens of thousands of people who sell things like what was just described, what the hell makes us any different?

- To cut through the noise which almost all of us have to fight, we have to change “the offer”. So much so that it almost feels like we’re changing the entire business model.

Make Them Out Of This World, Too Good To Be True, and Ridiculous.

- The Blox: a week-long educational bootcamp that is also the largest live-in startup competition in the world. Not only is there a life-changing curriculum being taught, it’s filmed for a docu-series that will leave you with press, exposure, a community of alumni, and video assets.

- BetaBlox (equity): six months of weekly coaching, classes, office space, access to investors, a demo day, and more in exchange for 5% equity in your business. Meaning unless you make it big and sell your business, we will never make a dollar.

- BetaBlox (revenue share): A three phase, multi-year mentorship and education focused incubator. We stand by our system so wholeheartedly that we’re prepared to charge you in the form of 2% of the next million dollars we help you make.

What Is The Actual Problem They Have

- You think you know this already….but do you really?
- Truly ask yourself and get as deep down into the onion that you can about what the real reason people are
- BetaBlox’s product is a suite of coaching products. But the two main problem entrepreneurs have is (a) they don’t care about any of the noise, they just want entrepreneurship to be easier and they don’t care how help comes in and (b) they have no idea how to differentiate between the thousands of coaching options that are available to them. Because of this insight we change the model to essentially say, don’t pay us until we crush it for you.
    - Does this absolutely suck that we can’t just say, here’s our coaching program and this is what it costs? Yes. Horribly. My signature red hair is going grey because of this.
    - But I’m prepared to put my money where my mouth is. I’m prepared to not make it with some shitty clients in an effort to get volume and demand. And with volume and demand I’m prepared to work harder to ensure I provide what I promised.
    - It would be so easy for me to sit back and play victim. Why is no one buying? How can they not tell we’re the best? Am I charging too much?

Tie The Offer To A Guarantee

- “Guarantees” have proven to 3X revenue whilst only called out 5% of the time. That’s a good ROI. But this stat is old, and every year that goes by the efficacy of the standard guarantee becomes less-and-less potent.

- When all we do is say “Satisfaction Guaranteed”, or “Money Back Guarantee” it’s not enough. We have to be more creative and bake a badass/ridiculous guarantee into the offer.

- People buy for one reason and that’s to have their problem’s solved. They don’t get off on spending money. If y’all stand by your products/services than we know they solve people’s problems, so start saying it with your chest.

- Perhaps tie their payment to pre-and-post testing. Or use pre-and-post testing case studies to explain the results in the offer.

Guarantee Examples

- If your car is stolen with a properly installed “CLUB”, they will pay your insurance deducible for a year. Meaning, this is going to work or we’ll pay to get your car back.

- "If you ever find an account error, we will make it right, right away...refund any fees incurred and send letters of apology to anyone inconvenienced...and even pay you $10" - The Maryland National Bank

- "No waiting. If you have to wait more than 5 minutes for emergency room care, the accounting department will refund 25 percent of your bill." - The Mission Oaks Hospital

- "If there is any delay, it is you we pay. If we are not on time, we pay you $5.00 each minute late up to $300." - Benjamin Franklin Plumbing

Concerns

Example concerns from a home painting company.

- Your company will use high quality paints that won't peel and will look professional.
- Your company will paint within hte lines and will not miss spots.
- Your company will complete the job on time.
- Your company will take precautions to not get paint on your furniture and household items.
- Your company will air out the house or take steps to reduce the toxic paint smell.
- Your company will cater to them if they change their mind about the color they original chose.

Match The Concerns To The Guarantee

We guarantee that our paint job will be professional, neat and detailed and if you don't like the color we are happy to change it for a reduced cost. We also guarantee that our workmen will leave your house looking spotlessly clean and that we will not get pain on your valued possessions, carpet or furniture. We also guarantee to have your house completely painted in just 2 weeks. If you are not absolutely delighted with our service, we insist that you tell us and we will refund double your money back"

**Example concerns and fake guarantee from KingKong.CO with a fantastic blog on "outrageous offers".*

Common Mistakes

- It’s seldom about just throwing a bunch of shit up against the wall and hoping it sticks. Find a way to make what you’re offering perhaps do less things, but make those things far more impactful in their life.
- Free things. “When you buy we’ll send you this free plush toy”. Most of the free shit y’all want to give out is what I would classify and “conference crap” that no one actually wants. In fact, I would pay some of you to stop manufacturing it cus it’s bad for the environment.
- Small discounts. “Buy now” and receive 10% off your order”…or… “buy now and get free shipping”. Because everyone does this, these offers no longer stand out.
- Raffles. “If you buy now, you’ll be entered to win [fill in the blank prize]”. Let’s pretend the prize is a thousand dollars; this sounds great and feels like a lot to you. But how the audience is going to interpret it is a thousand people are going to apply for it, meaning the value is more like $1000 divided by a thousand people, making the value to them a single dollar.

Step One: Identify Fears

- Why are they buying?
- What are their main concerns?

Step Two: Brainstorm

- Craft idea offers that address their concerns.
- Start out with like thirty ridiculous offers.
- Remember that these need to be ridiculous. They need to be an order of magnitude better than basic.
- So ridiculous that I want all of them to make you go broke they’re so expensive, or that will put you in jail because they’re impossible to actually do.
    - You’re not going to go to jail or the poorhouse because you’ve got ridiculous ideas in your diary.
    - But if you are too conservative when crafting these ideas you’re not going to come up with anything that is an order of magnitude better or bigger.

Step Three: Narrow Focus

- Look through that ridiculous list and find the most compelling ones.
- Start to ideate. Ask yourself, are any of these actually possible? Perhaps if I just increase the price a little, or delay profit a little longer, or stop worrying about what people think…could I make any of these work?
- Narrow the list down to a few and really workshop them.

Step Four: Test The Offer

- Is there a way to test it in a sandbox? As in, only a small and exclusive cohort of customers know about the offer.

- Run this for a few weeks or months, dependent upon sample size. Long enough to get some real data, and not so long that the experiment never ends.

- What does the data say? More leads? More conversions? Better looks on their faces when they hear the offer? Lower cost per click? Higher referral rate?

Step Five: Double Down

- If the test worked…
- Inject it into ads, website, social media, landing pages, everything. The offer is now an integral part of your story.

Some Important Definitions

- Cost of customer acquisition
  - All of the money we've spent on advertising divided by the amount of customers we earn.
- Lifetime Value Of A Customer
  - The TOTAL amount of revenue we'll earn from an average customer throughout their entire life.
- Lifetime Profit From A Customer
  - This is the same thing as Lifetime Value Of A Customer, but instead of revenue, it's profit.

A gross oversimplification of the game of entrepreneurship is to make sure that the cost of customer acquisition is less than the lifetime profit of a customer. These are the ways to make that possible

- Spend less to acquire more customers (better marketing)
- Increase customer retention (“customer success”)

Examples: Lawn Care

- We're the most trusted lawn service in Kansas City. If we ever miss a single week we will leave $500 in an envelope on your front door.
- If we don't make your grass 20% greener within three months we'll mow/treat it for the rest of the year for free. [then use pre-and-post testing pictures and software that indicates it's color improvement].
- We'll mow and edge your lawn for the first month for free. If you don't think we're doing two times better than whoever you used before, we'll give you an Applebee's gift card and part ways as friends.

Some of you are thinking right now, can I afford to infuse such a valuable offer at the onset?

Instead, you should highly contemplate asking yourself if you can afford to have a basic offer?

Basic Offer

We're the best lawn mowing service in Kansas City. We pride ourselves in transparency, quality, and and customer service. Money back guaranteed.

- Cost of acquiring customer: $3,000
- Lifetime profit of customer: $3,000
- Actual Profit: $0

Ridiculous Offer

We're the most trusted lawn service in Kansas City. If we ever miss a single week we will leave $500 in an envelope on your front door.

- Cost of acquiring customer: $1,000
- Lifetime profit of customer: $3,000
- The cost of our ridiculous offer. Let's pretend we miss one week, from every customer, and actually do leave that $500 in cash on their doorstep: -$500
- Actual Profit: $1,500

It’s Not Just Ads That Will Perform Better

- Your landing pages will finally get conversions because something on them finally pops.
- You’ll have a hook when talking to customers at conferences, networking events, or random things where you find yourselves in front of them.
- Your word-of-mouth will spread faster because your customers will have something of yours they can actually remember because it finally stands out.

“Marketing is about different. Business is about better.

Having a grand slam offer will get tons of people to say yes to you. Then the problem becomes delivering on the promise.

For me, I’d rather have a delivery problem than a demand problem. It’s much easier to fix a machine that’s got electricity going through it rather than a machine that has no juice going through it and then try and speculate what’s wrong with it.” - Alex Hormozi

“Offers” Also Work For The Lead Generation Step, Not Just The Sale

- Sometimes where you’re stuck isn’t the sale, but instead the lead. In the growth hacking class we call this the “lead generation” step, where the customer gives us their permission to continue the conversation.

- Perhaps we need to say something in the copy to join the newsletter that is ridiculous. So ridiculous that they feel stupid not signing up.

- Keep in mind that “joining a newsletter” is an example, you all have different calls-to-action to acquire them as a lead. Things like “free demo call” should be moved to “During our demo call, if we don’t make you 5% more educated on your industry we’ll Venmo $100 to a charity of your choice”.

Don’t Forget About Referral Incentives

- We also need a ridiculous offer in the referral section.
- Right now you all say things like, “10% off your next order if you friend signs up in the next week”. SMH
- We’ve already established how much you’re willing to spend with the cost of customer acquisition. Why aren’t you prepared to say something that is so ridiculous that is of equal value?
    - For example, if your cost of customer acquisition is $500, then you should have the courage to spend $500 on a referral.
        - When your friend signs up we’ll give you $250 off your next order, AND we’ll give them $250 off their next order.
        - Or something that is more closely tied to your actual venture. “If you can get your neighbor to sign up, we’ll aerate and over-seed your lawn for free this year ($1,000 value!)”
    - In other words, if you’re willing to spend X amount of dollars on your cost of acquiring a customer, than you should be willing to spend X amount of dollars on your referral incentive. Like, why is Mark Zuckerberg entitled to your let’s say $500, but you cheap out and give you customer a $50 gift card?