

Are You Walking Past A Fortune?



by Tom “Big Al” Schreiter

© 1987 by KAAS Publishing

Phase 1 (Hidden income)

Do you get letters and checks like this?

Mr. Food Supermarket
Main Street
Anytown, USA

Dear Loyal & Satisfied Customer,
Thank you for shopping at Mr. Food this month.
Enclosed is a check for \$400.

Statement:

Your purchase rebate	\$ 40
Advertising savings	\$ 40
Referral income	<u>\$320</u>
Total check	\$400

Sincerely,

Store Manager

Check #1234

1/30/90

Pay to the order of our valued Customer:

The sum of Four Hundred Dollars \$400.00

How many times has your supermarket issued you a rebate check? Five times? Ten times? They haven't? Well, they should.

Every time you purchase food at your local supermarket, you increase its sales and profits. As a steady customer, don't you think you deserve a *purchase rebate*? After all, they would lose the extra profits from your purchases if you didn't shop with them. Shoppers deserve a *purchase rebate*.



What about the \$40 in *advertising savings* shown in the Mr. Food letter? Since you are already a customer, there is no need for Mr. Food to spend advertising money to convince you to purchase from their store. Mr. Food might as well pass this savings on to you.

And what is that \$320 *referral income* for? You told a few friends and neighbors you enjoyed shopping at Mr. Food. They changed from a competitor supermarket, and now shop at Mr. Food. You performed *word-of-mouth advertising* for Mr. Food. Now each month you should receive a referral check because your friends and neighbors shop at Mr. Food.

Remember, if it weren't for you, these people would still be shopping elsewhere.

Does all this sound far-fetched? Hard to believe? Well, it happens every day. Many businesses now share their advertising dollars with individuals in the search for more customers.

Let's consider this concept from the viewpoint of a local furniture store. When the furniture store retails a \$1,000 dining room set, its profit and expenses may look like this:

Cost of dining room set from manufacturer.....	\$400
Overhead of rent, employees, insurance, etc.	\$200
Advertising budget to bring customers to the store	<u>\$300</u>
Total.....	\$900
Profit	\$100

What if the furniture retailer gave that 30 percent (\$300 advertising budget) to individuals who performed *word-of-mouth advertising* instead of spending it on radio, TV, and newspaper advertising?

If you refer a customer to the furniture store, or if the advertising media refers a customer to the furniture store, the result is the same. One customer, buying one dining room set, produces \$1,000 in revenue to the furniture retailer. It shouldn't make any difference to the furniture store retailer *WHO* gets his advertising budget, an individual or the media.

Does business really work this way? Can an individual receive referral or advertising income from manufacturers or retailers for the simple act of referring another person?

Yes! It happens every day in almost every industry. If you haven't heard about it or taken advantage of it, you could literally be *walking past a fortune!*

Long distance service can be *free*

The secret is that not every company in every industry is willing to share its advertising budget with individuals. Only a few companies have programs that allow individuals to share their advertising budgets.

As an example, one of my friends, Bill, has a telephone, just like everyone else in his neighborhood. The difference is that he never pays a long distance phone bill. Here is how he does it.

Bill subscribes to a long distance carrier that doesn't spend its advertising budget on full-page ads. Instead, it gives cash bonuses to individuals who refer or recommend new customers to its service. Because Bill has referred several new customers, his cash bonuses not only pay for his entire long distance phone service, but there is plenty left over for his savings account.



This long distance telephone arrangement is a *win-win* situation. First, the telephone company has a no-risk advertising campaign. Its competitors can spend thousands of dollars on full-page ads and face the possibility that no new customers will sign up with their service.

Bill's long distance service is really playing it safe. If Bill doesn't refer any customers, they haven't spent or wasted a dime of advertising money. It only pays for results. It's like having a guaranteed advertising campaign.

Bill wins too. Most people will say they like their long distance service. They may even encourage others to use it. They don't get paid. But Bill has a pocket full of brochures about his long distance company, and he gives one to anyone interested. If they decide to use the long distance service Bill recommends, Bill earns a monthly bonus for not only the first month, but also every month they use the service.

A few of Bill's friends think he's crazy to bother with passing out brochures and mentioning a particular company's name in conversation. One of Bill's recent "word-of-mouth" advertising bonus checks for a month was over \$2,000. Bill says he can put up with the bother.

This man earns an extra \$200 a month

Another friend, Mike, knows everyone has to eat. Mike searched out a grocery company that didn't want to be limited to a few stores or locations, but wanted to market groceries nationwide. Instead of opening and staffing supermarkets, they decided to operate a large warehouse and ship groceries via United Parcel Service directly to the consumer's door. Does this work?

The grocery company doesn't have to invest capital in stores or courtesy clerks. The savings easily pay for shipping non-perishable groceries directly to the consumer's door. The grocery company also saves a fortune by refraining from paying for full-page newspaper ads.

But how do they get their message out to potential customers across the U.S.? *Word-of-mouth* advertising is the answer. Because people let others know about their convenient, price-competitive, to-the-front-door service, the grocery company can use its advertising budget to reward their "word-of-mouth" advertisers.



Mike simply says, "Are you tired of standing in checkout lines? Would you want your groceries delivered to your door for the same price? Read this."

He hands the person a brochure explaining the service. If the person becomes another satisfied customer of the national grocery service, Mike earns a monthly *word-of-mouth* referral bonus.

How does Mike feel about this referral or networking concept? “It’s a lot easier to get a \$200 word-of-mouth monthly bonus check for a little conversation than to get a \$200 raise.”

Why it works

The networking, or referral, concept is simple. Businesses who participate love the no-risk advertising it provides. Individuals love getting their piece of the advertising pie for doing what they have been doing for free - talking.

Among the types of products and services that successfully share their advertising budget with individuals are automobiles, appliances, legal insurance, food, clothing, sports equipment, buyer discount services, candy, health foods, travel, soda pop, water filters, auto clubs, and the list can go on and on.

Somewhere, almost any product or service is now being offered through referral or network marketing. Remember, not every company will share its advertising budget, but surely one of its competitors will.



“Just two more referrals and ...”

Phase 2 (The concept expanded)

Remember the Mr. Food supermarket? If you have an average family, you may spend as much as \$250 monthly for groceries. In one year's time, your purchases would add up to \$3,000. You can see that every family added to Mr. Food's customer base is very important to Mr. Food.

Let's say you refer your neighbor, Alice, to the wonderful service and food selection at Mr. Food's supermarket. Alice's family purchases an additional \$3,000 worth of groceries from Mr. Food. You are now responsible for \$6,000 in grocery sales for Mr. Food's supermarket. Surely, you'll be earning a nice cash bonus.

But what if Alice refers her brother's family to Mr. Food? That is an additional \$3,000 in sales. Of course, Alice will receive a word-of-mouth advertising bonus for referring her brother, but what about you?

You didn't actually refer Alice's brother. However, if it wasn't for you referring Alice, her brother would never have known about Mr. Food. You might consider yourself *INDIRECTLY* responsible for introducing Alice's brother to Mr. Food.

Now you are responsible (directly and indirectly) for \$9,000 in annual grocery sales for Mr. Food.

You	\$3,000
Alice	\$3,000
Alice's brother	<u>\$3,000</u>
Total	\$9,000

What do you think you deserve for referring \$9,000 in annual grocery sales to Mr. Food? 5 percent (\$450)? 10 percent (\$900)?

What if Mr. Food could stop its full page newspaper advertising altogether and let you be responsible for filling Mr. Food with

customers? Does this sound difficult? It really isn't. You see, you wouldn't have to do all the referring yourself.

Imagine spreading the news of the wonderful Mr. Food Supermarket to five friends. If the five friends you told are not hermits, they could spread the news of the wonderful Mr. Food Supermarket to 5, 10, or even 15 of their friends. These individuals could pass the news along to their friends, etc.

It is possible, by sharing the news with just a couple of friends, that eventually, everyone in town could be contacted. That's *networking*. Filling the Mr. Food Supermarket really won't be quite as hard as you imagine.

Now, how much *word-of-mouth advertising* bonus do you deserve? You deserve the entire advertising budget. Of course, you would share it with your network of friends who helped you spread the news.



Can you see how receiving just two percent of an entire supermarket's sales could be exciting?

If you haven't thought of it already, I'm sure there is more than one supermarket in your county. There may even be a clothing store or an automobile dealership in your community also. The potential is mind-boggling!

Your words are as good as gold

How big are the advertising budgets of companies you presently do business with? Procter & Gamble spent over \$1.4 billion on advertising last year. J. C. Penney spent over \$500 million on advertising.

These are only two of the hundreds of thousands of companies that advertise every day. The total amount spent on advertising is more than a trillion dollars each year. You don't need to share in a very large percentage of a trillion dollars to live quite comfortably.

Just look around you to see all the advertising spent in your local area. It's everywhere. For instance:

1. Billboards
2. Television
3. Cable Television
4. Radio
5. Newspapers
6. Magazines
7. Direct Mail

But none of these advertising methods are as effective as *word-of-mouth* advertising. Potential customers will give far more credence to a friend's recommendation than to a message on a \$5,000 billboard.

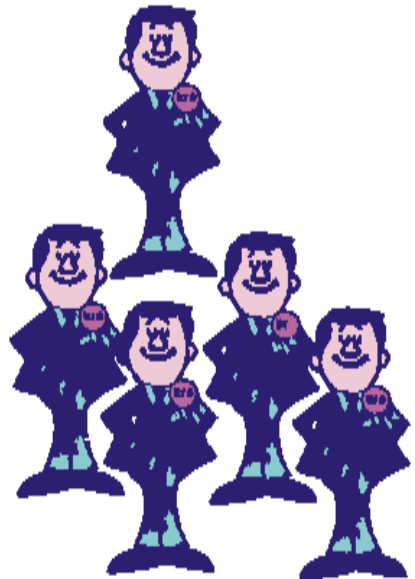
There is power in *word-of-mouth* advertising that can never be bought through regular advertising channels. Smart companies are more than willing to share their advertising budgets for this powerful method of increasing business.

The power of multiplication

Most of us learned that by adding more effort, or by adding more service, we will add more to our personal earnings. This is true, but very limiting. There are only 24 hours in a day. We can't have any more.

Multiplication of our efforts through networking can compound our results. Having 24-hour days limits the number of individuals we personally can refer. However, our referrals have 24 different hours in their days to make personal referrals. Our network can compound our personal effort to produce staggering, combined results.

The president of General Motors receives a salary based upon the power of multiplication. If he earns \$1,000,000 per year in compensation, it isn't because he can paint car fenders 100 times faster than assembly line employees. No, the president is compensated not only on his personal efforts, but on his ability to multiply his efforts through the work of thousands of GM employees.



You can have the same power to multiply your efforts and income through referral marketing. Your personal network will extend far beyond the people you personally introduce. If you can imagine a family tree, with you as the source, you can visualize the power of multiplication.

Anita's method

Back in 1975, I met Anita, a mother of 11 children. With a disabled husband, Anita kept herself busy just caring for her family. Now, Anita is the perfect example of multiplication. Her family used a variety of household products, cosmetics, and health products from a company, which shared its advertising budget with individuals.

The monthly rebate from her personal purchases was a great addition to the tight budget. But the real multiplication power came from Anita referring acquaintances and casual contacts to her company's products. The paperboy, the grocery store checkout clerk, church members, and almost any contact received a brochure showing how they too could buy directly from Anita's company and receive purchase rebates and referral bonuses.

Then Anita stopped. She didn't even bother to mention her company's shared advertising program again, but the multiplication factor kept working. The individuals Anita originally referred to her company continued to refer others. Generation after generation of new individuals continued to introduce others to the company's shared advertising bonus concept. *All these individuals were indirectly the result of Anita's original efforts.*

The results? Anita's monthly referral bonuses grew to \$2,000 per month, then \$2,500 per month, then \$3,000 per month. What did Anita do with her time? She spent it with her family. Her income kept increasing because of the power of multiplication. The company's sales increased monthly because of the initial groundwork Anita performed months earlier.

Incompetents can receive referral bonuses too

What special talent is necessary to receive financial benefits from this *shared advertising* concept? Does one have to be outgoing? Well-connected? Or can anyone take advantage and qualify for sharing in a company's advertising budget?

Everyone can get a monthly referral bonus check. No unique qualifications are necessary. In fact, you don't even have to share this concept with competent people!

About 15 years ago I became interested in health foods. I found a company that delivered the products to my door. My wife joked that my total qualification was the ability to use the products, nothing more.



I gathered enough courage to give a brochure to Don, a recent acquaintance of mine. A few days later I stopped by his apartment to visit. Don's girlfriend informed me he had been arrested for dealing drugs, and would be out of circulation for a few years. I took this as an omen to go back home and watch TV.

What I didn't know was that Don had shared this concept of *shared advertising* with a few customers, friends, and acquaintances. They continued to use the health foods, and I received my first monthly referral bonus check. My career was born!

Quite frankly, all my income was from this indirect use of products from Don's efforts. It would be another year before I could finally grasp the shared advertising concept. Meanwhile, the monthly checks grew from a few dollars to a few hundred dollars.

I never heard from Don again. I'll always be in Don's debt for proving that even incompetent people like myself could participate in the shared advertising concept.

It's not who you know — it's who they know

Thank goodness. If my referral bonuses depended on who I knew, I would need a different career. We are all limited in the number of people we know, but the multiplication concept is powered by the thousands of people others know. If you really stretched the point, everyone in the world could be contacted through a long sequence of referrals.

Just how powerful can this multiplication power be?

It pays to be fat

Back in 1983, I was fat. While feeding my face with nachos at a local bar and grill, I met a couple of fun “party guys.” Quite honestly, they weren't the type to have an interest in a shared advertising concept, even if they could remember our conversation the next morning. However, they mentioned they had a friend who was looking for an opportunity to break away from his routine career. I would have followed up on this, but it would have interfered with my new nacho passion.



A few days later I got a telephone call from their friend. I agreed to meet him (at a Mexican restaurant, of course), and tell him about the shared advertising concept. The concept was simple enough that it only took one plate of enchiladas to explain in detail.

The result? First, I got fatter. I looked for a company that supplied some diet food and had a shared advertising program. If I was going to lose weight, I wanted to be paid for it. Second, my new acquaintance wasn't fat, but knew some people who were. He saw this as a perfect opportunity to earn some referral bonuses. He went on to build an impressive referral network.

By introducing him to referral marketing, I have earned over \$250,000 just from this *one* contact! I'm seriously considering eating more nachos and getting fat again. It pays!



The point is I didn't know this man. I barely knew the "party guys." Referral marketing can be a gold mine just around the next corner; you never know.

What's in it for you?

- 1. A simple change in buying habits could mean a monthly rebate from participating companies.*
- 2. If you find a product or service you like, don't keep it a secret. Others will like the product or service too, and you'll earn bonuses for referring them!*
- 3. You could possibly experience an exciting career change. Many people enjoy the great second income referral marketing provides. Others, like many, many friends and myself enjoy referral marketing as a full-time career.*

There are plenty of companies that will share their advertising budgets with individuals. Why not look into the possibility today?



For more information, simply ask the person who shared this booklet with you.