

"Advanced Conversion Systems: David Bullock and Glenn Livingston Discuss The Similarities & Differences In Their Mad Scientist Methods"

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Dr. Glenn Livingston: This is Glenn Livingston

David Bullock: And David Bullock.

Dr. Glenn Livingston: How are you today, sir?

David Bullock: {chuckle} I am fine.

Dr. Glenn Livingston: David and I have been talking for a while about our various approaches to marketing research and marketing intelligence. All really aimed at enhancing the conversion of any sales process. People tend to think of us as the online geeks if you will. Really, we both come from offline corporate consulting background where we learned and cut our teeth on fairly large deals. In my case, it was advertising. David, I think in your case it was...

David Bullock: *Apple* equipment, I was doing a lot of large automation sales in the automotive industry.

Dr. Glenn Livingston: Yeah, you did over a hundred million dollars in sales.

David Bullock: Right.

Dr. Glenn Livingston: Yeah {chuckles}

David Bullock: {chuckles} Those are my numbers.

Dr. Glenn Livingston: Yeah, I worked with companies rolling out multi-million dollar advertising campaigns and international research studies. Why don't we start with you Dave? Why don't you tell me a little bit about how you came to evolve your methodology and how you're looking at markets now? What are you trying to accomplish these days?

David Bullock: Well it really started in 2003, when I was looking at an *Inc.* magazine article, I read about as I had spoken before, *James Kowalick*. He had figured out how to use the *Taguchi Methodology* with advertising and he actually worked with *Dr. Taguchi* for several years. I mean they've been personal friends for twenty years, so it really all started there. But I met *Dr. Kowalick* after I'd done all this sales development. All the business development, all the invention. I had patents under my belt. So when I met *Dr. Kowalick*, this was basically the icing on the cake of the process engineering, the sales marketing and now I had this new tool that allows me to optimize a process. It was any process. He showed me how to use it with a recipe for salsa and vanilla wafers and then we applied that to advertising and this was a very deep rabbit hole. But it got even more interesting when he introduced me to his innovation methodologies.

Dr. Glenn Livingston: I'm sure that most people listening will know what the *Taguchi Method* is, but just for clarification. If we were going to do a first grade synopsis of the *Taguchi Method*, we would say that it's an ad optimization algorithm of sorts, that allows you to test thousands of possible combinations and many, many variables at once, so that you optimize your sales process much, much faster than traditional split testing or full cycle testing. Yes?

David Bullock: That was good; I'm going to make it even simpler than that. It's split testing on steroids.

Dr. Glenn Livingston: {laughter}

David Bullock: I mean you can split test one thing at a time. Here this one, you're going to check multiple things at the same time and get a result with less time, less effort and less money spent. So it's a time saver more than anything else.

Dr. Glenn Livingston: Gotcha.

David Bullock: It's been used in just about every application known to man, from direct mail to pay per click to landing pages. The automotive industry building engines. So it's pretty robust. It's been around for like the last forty years. That's where it started, the *Taguchi Method*, *Dr. Kowalick* introduced me to that, but then the thinking. There was something to they called *Esoteric Taguchi*, which is a different way of thinking about processes and what the impacts are in the environments. When that thinking really starts to take hold, and it took about a year, year and a half, then a whole new world

opened up and I started to get introduced into the innovation methodologies. Because what we found was, having the tools are great. I mean, you can have something like the *Taguchi Methodology*, which will tell you exactly what to do, but the question is you have to have a very good input into the test so that it works. Having the tools is one thing, but knowing what to do with the tools to actually make them work is completely different. That took me down a completely different path for about two years.

Dr. Glenn Livingston: Kind of like that slogan for Othello, a minute to learn how to play, a lifetime to master.

David Bullock: Exactly and I'm finding that there's this huge rabbit hole of business innovation that has come about from learning this *Taguchi Method* and then realizing it was just a tool, but you had to figure out how to create innovative input. That took me then to *Triz*, which is a Russian innovation methodology, based on the analysis of millions of patents, but from that methodology, *Dr Kowalick* showed me something that is about four levels above *Triz*, which is called higher-level thinking. That allows you to look at any problem, break it into very small pieces and innovate within the problem itself to get different outputs. So, I'm applying that now to everything. The world does not look the same to me anymore. {laughter}

Dr. Glenn Livingston: So to summarize what I understand about you. You discovered this split testing on steroids.

David Bullock: Right.

Dr. Glenn Livingston: Then you realized that as powerful as it was, it was just a tool and it's only as good as what you put into the algorithm or computer.

David Bullock: Mmhmm.

Dr. Glenn Livingston: And then you investigated a Russian creative input generation formula called *Triz*.

David Bullock: Mmhmm.

Dr. Glenn Livingston: That was based on the analysis of patents.

David Bullock: Mmhmm.

Dr. Glenn Livingston: That lead you to higher level thinking tool for, I didn't quite follow. For producing output? For producing input? I don't quite understand.

David Bullock: Well, it actually does both. If you produce the proper input, the outputs exponentially increase. The nice thing is that from a business development standpoint, if you apply this thinking anywhere along your sales cycle, you get increases. You get differentiations; you get innovations that are deemed profitable. It's kind of like

your search continuum. Your thinking allows you to see an insight as to how people actually are looking for products and services. Because what I was doing in the marketplace, the new thinking arrives actually far and above the tools that could ever be created because the thinking allows you to use and recombine the tools that you currently have in the marketplace. So you and I both, we have tools which are available. You use keyword tools and surveys and Excel spreadsheets for analysis. Those tools already exist. What I find so massive about what you've done, is you've been able to reconfigure those to get a specific output from the system.

Dr. Glenn Livingston: Yeah, it's all about the mindset and how you look at the data and how you analyze it.

David Bullock: Exactly. I'm learning more and more that it's not about the tools, it's about the thinking. To be able to really see what you can see in your marketplace to connect with the customer. Then to develop things the customer will respond to.

Dr. Glenn Livingston: I'm wondering if an example might not help people to understand.

David Bullock: Okay, innovation, one of the things that we looked at on a website is what could we put in between the website and the person's eye so that they would respond. Now, seemingly that is a very obvious question or a very obvious thing to do. But what we found is that we started testing things like video and audio and removing things from the page to find out what needed to be in betwixt the computer screen and peoples eyes to make them respond. From that, we found out the criteria for items on a page are.

Dr. Glenn Livingston: The main point that you made just before was that there was a real difference between just using the tools and using them effectively with creative input and creative output and I thought if maybe you had a good example of someone who came to you and was trying to use the tool.

David Bullock: Got it. A very good example of using creative input, or using higher level thinking to create the inputs is; I had a client just two weeks ago and they were creating headlines for their campaign and they sell a gardening device, but what came out of it is that, they had the headlines and the headlines all said the exact same thing because they could not get out of their own head. What I found out is that copywriters, as well as, most business people think the same way, so they are in the same conversation with themselves, subsequently, they are in the same conversation with their customer.

Dr. Glenn Livingston: Even if they think that they're writing twenty different headlines, they are all just slight variations on a theme.

David Bullock: They put the very same headline on, over and over again and what was so interesting was I could not articulate to the customer that these headlines need to be different. But I could not articulate exactly what different meant, but in working with

them, what I found out was this; if your headline does not give a very different mental picture in the persons mind. For instance, that headline that says; they laughed at me when I sat down at the piano, but then when I began to play...

Dr. Glenn Livingston: Right.

David Bullock: If you look at that, that has a very significant emotional and psychological, as well as, physical image that it puts into your head. Look at those ten words.

Dr. Glenn Livingston: You know, it paints a picture and through the psychological test called the *Thematic Apperception Test, TAT*, basically you show people a picture and you ask them to tell a story about it and you tell them that story has a beginning, middle and end and you know something about what the characters are thinking, feeling and doing. What I associated to your presentation there was that maybe that's a good test for a headline, that would be a good input. It would be something that really conjures up a picture that's a snapshot of a story that has a beginning, middle and an end. Then you can think about what people are thinking, feeling and doing.

David Bullock: Mmhmm. Exactly.

Dr. Glenn Livingston: Like that guy at the piano, sitting down at the piano.

David Bullock: The guy at the piano. Now one of the things that came out of my research, which actually was in semantics, I mean, I went deep into what words do and how they actually impact us. I'm big on stories. There's a book by *Robert Tobias*. It's called *The Master Plot*, I think I spoke about this before. Where he talks about there are twenty very robust stories that all human beings are in. *David and Goliath*, the underdog, excess wealth, a fall from grace. These are stories that we see over and over again and we respond to. The question is from the innovation side on input, it's what story does that input, say that headline or that picture convey? What story is the customer in? And is the story consistent with your advertisement.

Dr. Glenn Livingston: Gotcha. So it's almost like this episode of *Star Trek – The Next Generation*, I don't know if you ever saw that or if I sound too much of a geek here.

David Bullock: {laughter}

Dr. Glenn Livingston: But there's this episode where a culture communicated only with the headlines of stories. Gorak and Nusteram.

David Bullock: Yes, I remember. I remember.

Dr. Glenn Livingston: Yeah, and it's almost like what you've discovered. What you were saying is that there is a handful, maybe two or three dozen at most of our typical stories that hit the core emotional hot buttons that make people buy, and it sounds like

what you're doing with your work is you're trying to identify which of those stories are most consistent with the product features and benefits with the way that the advertisement is written.

David Bullock: Well that's it exactly because my methodology is more about, what do you see on the page and what's it doing to you? Your methodology is more along the lines of, you figure out all the conversations that a person could possibly be in, before they are in the buying situation. While, I'm actually doing none of that work at all. I'm only finding out why they are in the buying situation, what story are they in and what most resonates right there when they're in the purchase mode.

Dr. Glenn Livingston: I see it as what's working for you is having pre-identified these twenty stories and intercepting people at the point of action.

David Bullock: Mmhmm. Okay.

Dr. Glenn Livingston: I intercept people at the point of action but rather than pre-classify people on the twenty stories; I'm looking to see how the conversation in their head comes together for this market in particular when they are buying. I think that we probably both reach the same conclusion. Its most like, I think that you start with the forest and you fill in the trees and I start with the trees and I fill in the forest. {chuckles}

David Bullock: {laughter} Yeah, you're right because the bottom line is the conversions go up, buyers buy more.

Dr. Glenn Livingston: Yeah.

David Bullock: So we get to the same spot, but first, I started thinking about your methodology verse mine. I started looking at, I'm more of a brut force, I mean it's a force survey, in the moment, here you go. I'm really not looking to match their language. I am matching their language, but I'm doing it via their inputs a little bit further in the phase. I'm doing a brut force survey. I'm not asking any questions, I want to know what you're going to do right now.

Dr. Glenn Livingston: You're saying people, not that they vote with their feet, but they vote with their wallet and you will infer what is making the money come out of the wallet but looking at the differences in the pages that gets the money to come out of the wallet.

David Bullock: Exactly.

Dr. Glenn Livingston: When I developed my methodology, I had just lost two million dollars so I was very, very risk adverse. {chuckles}

David Bullock: Yes. {chuckles} I'd imagine.

Dr. Glenn Livingston: By the way, I didn't have two million dollars to lose, it was not fun, it was really not fun. I was extremely risk adverse, so rather than jump out into a market and put up a possible sales pitch before I really understood what these people are thinking. I go in and I break up the market into as many pieces as I possibly can beforehand. I survey them to find out what exactly what they're thinking and what level of frustration they are having in finding an answer to their problem in each segment of the market.

David Bullock: Mmmm.

Dr. Glenn Livingston: You know, that way I can estimate my cost of acquisition because the portions of the market that are responding more thoroughly and indicating that they are feeling more frustrated finding new information. I actually have a little matrix that helps me figure out from that percentage of people in that part of the market what percentage of people are actually going to sign up for a newsletter. Or what percentage of people are going to buy something if I offer them something comparable to what's out there. I can actually go through and eliminate the unprofitable pathways beforehand and I'm ruthless about that because I just don't want to take the risk. Sometimes I think, maybe I'm really banging my head against the wall and I should do more of what David does because he jumps in there, he puts something out and he has people voting with their wallets right away. Your time to market is much quicker than my time to market. The downside to me, the downside risk is always really small.

David Bullock: I think your right, when I came into the market and started to apply my methodology, say to pay per click, I mean that's where it was. It was more of a, I don't believe that this can work because the Doc used to tell me that the pay per click you can buy traffic, which means, you can buy conversation on a day to day basis, there has to be a way to make that work. The distinction was that we realized that you have a very interesting contrast with pay per click, you want people to click, but you really don't because clicking is both a helpful act, as well as a harmful act.

Dr. Glenn Livingston: What do you mean?

David Bullock: Oh my gosh. If someone sees your ad and they click on it and they're not qualified, it costs you money.

Dr. Glenn Livingston: Oh, sure.

David Bullock: Okay, so now, I remember we were sitting at a table one day and he said to me; David, can you explain to me the contradiction with pay per click. I said yes, it's I want you to click, but if your not going to buy, I don't want you to click.

Dr. Glenn Livingston: Got it.

David Bullock: Okay, now I remember that conversation so well because it really set my mind to think; how to I create ads or how do I create campaigns, that I don't even

want you to see my ad IF you are not going to buy, or you're not predisposed to buy. So that's my thinking that I went into the marketplace with. It just so happens that my segmentation, like I have one campaign that has 85 keywords and there's twenty different segments there. So I probably came to the same conclusion that you came to, but I just came about it a little bit different. The segmentation is key. Segment that channel, because I don't even want you to see my ad, unless you're going to buy.

Dr. Glenn Livingston: Okay, trying to put my head around where this overlap is. There is one way in which we overlap very much like that and then there's another way, where I think that we might be a little bit different. I think that the contradiction in the pay per click, which is what you are basically saying, is you only want highly qualified people to click on your ad.

David Bullock: Yes.

Dr. Glenn Livingston: Otherwise your spending money for tire kickers.

David Bullock: Exactly.

Dr. Glenn Livingston: That would be reflected in, like the estimated cost per acquisition that I get on the surveys, because if I'm getting a lot of unqualified people clicking. I would find that it's costing me a lot of money to generate a single survey and I would go back and I would try to revise the ad or I'd survey to get them matched right so that I've got a reasonable cost per survey. That's my matrix that corresponds with the cost per acquisition/cost per sale.

David Bullock: Yep. Mhmm.

Dr. Glenn Livingston: So in that respect, I think that we are really after the same exact thing. The place that I think maybe I'm a little bit different is that, I also say to myself, there's a difference between and I've heard it put in different ways. Like *Alex Mandozian* says, there's a suspect and there's a prospect and then there's a lead. Right? I think that a suspect is just something that types in the keyword and sees your ad. Now a prospect might be someone that clicks on it and a lead is someone that is going to actually fill out a form and want a relationship with you in some way. I became intrigued with the process of converting the suspects. So what I would say to myself is where is it that every other marketer is going to be kicking themselves and saying, I just can't do this. That's where the greatest opportunity is going to be. Especially online, like someone who just types in the word guinea pig, there's loads and loads of traffic on that one word, but they are not really ready to buy a guinea pig or even necessarily sign up for a newsletter just yet, because they are tire kicking. They are trying to figure out what the market is like and they need an education. What I wanted to figure out was, how do people proceed from searching for guinea pig, where they are kind of tire kicking, to like guinea pig care, who is someone with a little more seriousness and thinking maybe I want to get one for my kid. Or guinea pig cage for someone who's now really looking to build

or buy a cage, so they're going to take the guinea pig home or go rescue a guinea pig or something like that. It's a silly example, but is illustrative.

David Bullock: Mmhmm.

Dr. Glenn Livingston: Because I think that if you can understand that whole continuum. If you can understand the continuum from the remotely interested buyer to the highly qualified lead or prospect and you can understand how that mindset evolves as people continue to search because search is generally not an isolated event. It goes from the first word to the second word, they read a couple of pages and then they pick up some more words and they type them in. I think that if you can pick them up early, then first of all you can intercept them on much, much less expensive advertising. In a pay per click environment, the early words are less expensive because they don't convert as well and there's a lot less competition...

David Bullock: Of course.

Dr. Glenn Livingston: Because the other marketers don't know how to do it, so you wind up with all this volume and no competition and you can just blow people away, but you have to understand how to step people from a to b to c to d.

David Bullock: Interesting.

Dr. Glenn Livingston: So I think that the real power is in combining the two. I think that the real power is in understanding how to develop a qualification process, because you don't want to spend too much energy and resources on people that are not genuinely interested, but also then understanding how do you get the people that are not quite qualified yet, to want to be qualified.

David Bullock: Well see, that's one of the parts that when I set up my experiment, the very first one that I did. It was the worst conditions known to man. Meaning, no capture page, I wasn't trying to do any follow-up. It was a one shot. You're in, you want to buy or you're not going to buy and so I set up my initial experiment with, unlike yours, you're anticipating a low-level cost of entry and then stepping them thru a continuum to get them to buy.

Dr. Glenn Livingston: Yeah.

David Bullock: That part of the experiment I deliberately negated that part, to see could I get a one shot sale directly. Again, I set up an experiment and so I was trying to get a visceral response that they were compelled to buy. Now, based on the copy and considering I'm getting still even with that same experiment a five X RY return each and every month and it's been doing that for eighteen month, again, without any follow-up. I kept that experiment extremely true without any follow-up. From that data, I realized that you could create a site or a situation that was so compelling that people would buy, but

what I find that you have to do is you have to handle on that page the persons that's at the level A thru the level I'm going to buy now.

Dr. Glenn Livingston: What's really appealing about that type of a process, besides the fact that if you want to set up a business with no customer service and you don't have to deal with auto responders and...

David Bullock: Mmhmm.

Dr. Glenn Livingston: I think that if you're really going to build a business, my process is more laborious than yours. I'd say about 200 hours to put together a project.

David Bullock: {laughing} I hear ya.

Dr. Glenn Livingston: Be nice! But what I'm thinking is; gosh, if I went into a market using David's process, where we really hit, build a sales letter and knew the sales letter was working and then I add all of this search continuum information.

David Bullock: Oh it's incredible.

Dr. Glenn Livingston: Yeah.

David Bullock: Because of my upbringing in the engineering and manufacturing side, there's an inherent need for speed in everything that I do. I mean, I want to get the keyword, identify the market, drop into the market, start testing, know what's happening, am I making money? Yes or no? Because there is no maybe. Either my cost for acquisition is lower than my profitability per customer acquired or not. Either I'm making money or I'm not making money. With some of my earlier experiments, my cost per testing period may be thirty days and \$75. I'm in and I'm out, but after that thirty day period, it starts to climb. Because now I've honed in on the process. I work with clients now and they say well how long will it take you to set up. I'll say, I'll be ready by tomorrow and the pages are set. Do you have traffic, yes or no? Good. Well that traffic there. Good. The pages are set and I'm starting to get data immediately now. The part that is very significant here is that, when I'm designing the inputs, the inputs themselves are such designed that they tell a complete story so I know what story I need to be in.

Dr. Glenn Livingston: Yeah.

David Bullock: And which trees, for lack of a better term, I need to bark up or which channels I need to amplify.

Dr. Glenn Livingston: Every time you and I talk, I start to feel very megalomaniacal. {chuckle} I think you and I could just take over the world.

David Bullock: {chuckles} The thinking again, is quick and when I saw your methodology, I understood the thinking. It made sense. The search continuum makes

sense and I've incorporated that thinking into my keyword research, but I'm still popping up the pages and sending that traffic and starting to test to find out. Once it's profitable, then I roll out more traffic to that same test.

Dr. Glenn Livingston: You've spoken with Ari Galper...

David Bullock: Mmhmm.

Dr. Glenn Livingston: Who's got another unique and different technique for assessing the market and improving conversion. We all three have access to each other's tools and technologies and I think that in part it's a matter of personality. Where what lens you want to look at the market with. I know intellectually, that it would be best to look at the market from all three perspectives.

David Bullock: Mmhmm.

Dr. Glenn Livingston: As I'm looking at some very expensive markets now and as I'm doing that, you know, I've got a bunch of money in the bank from previous projects and I can afford to risk a bunch. I'm going to be implementing all three of these methodologies so that I really don't miss anything. But we become comfortable with one way of looking at the world and when you have the level of success that we've had, it's kind of hard to want to do he other guys.

David Bullock: Believe me, I understand. I know what I'm doing in my little piece, but when I'm exposed to you or I'm exposed to Ari's thinking. Now I can see Ari is getting the people, getting their language in the conversation to plug up every hole on the site. There's everything that needs to be here to facilitate the sale, he's on buying facilitation mode. Great, that makes sense in any business at any time. You're looking at, I want to know what the conversations are before I even start. That makes absolute sense. Really, I'm looking at both of your methodologies to provide input. So all I am really testing is what is the sequence? What are the most important stories that I have to tell and of those stories need to be amplified to have an emotional end or instantaneous visceral response to the advertisement so that that person in an analogy rips the newspaper page out, ad in hand and comes to visit me at the store?

Dr. Glenn Livingston: Right.

David Bullock: I come from an offline; my experience is belly to belly sales, when sometimes there is a million dollars riding on that P.O. being signed or getting an agreement. That being said, I am very that idea of they saw it, they understood it and they want to buy now.

Dr. Glenn Livingston: It's actually a very important point that you're bringing up that I want to ask you about because whatever message you use, you have to set a criterion for success, right?

David Bullock: Yes.

Dr. Glenn Livingston: So that, whether you're using *Taguchi* or your doing surveys, or running regressions or doing some of the things that I do...

David Bullock: Mmhmm.

Dr. Glenn Livingston: You've got to decide what behavior do you want the user to take and then aim all of the optimizations towards that end.

David Bullock: Yes.

Dr. Glenn Livingston: I correct about that with *Taguchi* also, yes?

David Bullock: Absolutely.

Dr. Glenn Livingston: What I'm wondering is, when you do a typical project are you always looking to generate the order online and that's the goal toward which your optimizing for? Or will you sometimes run a *Taguchi* test to drive phone calls or to drive, like you said, instore visits or something like that.

David Bullock: Yes, I do different things. Sometimes I'm looking for just the opt-in. Sometimes I'm looking for the opt-in with a phone number, so that a follow-up call can be made. The opt-in page is not so much a poll to get more information to get them into an auto-responder series. Sometimes I want them to raise their hand take action so that a contact can be made. So every time I design a test for an experiment for any of my clients, I'm looking at what is this process that we're in. Now that we've broken it down into pieces, now what is the purpose of this piece of the process, i.e. if you were doing keyword research, you're looking for a keyword conversation. That keyword and the ad itself is to do nothing more then to just start and initiate the conversation, to put them over to the opt-in page. Now, if you have a lower cost product where you can almost get an impulse buy, you want to throw people over into your sales process as quickly as possible. Whereas, if you have a process like say, the person is going to start paying you five to ten thousand dollars a month for consulting, I don't want anyone that cant afford that to even see the paid and/or opt in because then I have to call them and find out that they're disqualified. So depending on what you're doing, you have to be very sure and very clear on the purpose of that part of the process. Do you want to stop them there, or do you want to just pull them forward so that you can engage them in another way.

Dr. Glenn Livingston: I see, so you really have to define what you are trying to get them to do before you can use any of these tools successfully.

David Bullock: Absolutely.

Dr. Glenn Livingston: In direct marketing and very much in the internet marketing niche and all the educational materials that are available, for the most part it seems that people are promoting unipurpose pages, so there's a ...

David Bullock: {chuckles}

Dr. Glenn Livingston: You're laughing. There's a singular call to action and everything is geared toward getting the person to order or getting the person to opt in, but sometimes there's more than one goal that a page has. Like, there are some markets that are hard to get a foothold where you might want to have *AdSense* and an opt-in form on the page. There are some markets where you might want to have an opt-in and an order form on the page. I'm wondering when you run a *Taguchi* test, how do you take that as a consideration? I've got ways that I do it with my multi-area tests, but I'm curious how you do it with yours.

David Bullock: We usually run a split-level test. I call it the yes and no phase. An opt-in form, meaning, does it help me or hurt me. Either it's there or it's not. I usually run two level tests that way. Where say I'm running seven different items, but I'm only going two levels deep. Meaning, it's there or not there.

Dr. Glenn Livingston: When you say that it helps you or doesn't help you, it's towards what end? Towards making the sale? Or towards...

David Bullock: So much depends. If it's an opt-in page and I'm earnestly trying to get opt-in's. Let's look at what an opt-in really is, an opt-in is future traffic. That's really all it really is. When you get that email, what you're doing is you're storing up the possibility of having traffic to your website later because you're in a communication.

Dr. Glenn Livingston: Like potential energy.

David Bullock: Potential energy, that's exactly what it is because the reader has to put energy into the page so that they move forward with the page. If the reader shows up and has no energy to move forward with the transaction because they have no need or concern, you go no where in the sales cycle. Knowing that and looking at that, you have to decide; okay opt-in. Do I want these people on my list, yes or no? Good. If you decide yes, what needs to be on this page so that people will opt-in to my list? Do I have something to say to them later, either by phone, fax or mail and or email, such that they will move forward in the transaction in which I am throwing them to. Now what I find is this; in the internet marketing space, there is that general idea if I just get the lead; if I could just get the email. I'm going to bombard these people with so many different offers, somebody's going to buy.

Dr. Glenn Livingston: Right.

David Bullock: Okay, that is why you have these unipurpose opt-in forms. The segmentation is not there to know what conversations those people really want to be in,

so that they will accept your offer. They're working on the law of large numbers and not the law of I'm in the proper conversation with these people. Case in point; I haven't sent any ancillary offers to my list, ever! They don't see anything else.

Dr. Glenn Livingston: You're really trying to maintain a laser targeted niche to market match.

David Bullock: Absolutely. It's a keyword conversation and when these people say David Bullock come across at optimization, they know that it's me telling them about this type of product that will do this type of thing for them. Now, I am always looking for other methodologies and or tools that help that process; meaning, better innovation for the inputs, better tools for organization of the projects themselves, so that people actually do execute. Always doing that, but the idea of just throwing offer upon offer upon offer to my list is out of the question, to me.

Dr. Glenn Livingston: Oh sure.

David Bullock: For me.

Dr. Glenn Livingston: Yeah, because when you do that, what you're really doing is training people not to read your email.

David Bullock: Exactly. Funniest thing is that I've found that with the response rates on the email. People respond back to my emails; Hi Dave, I've read everything about you. I've read your blog. I went to your various sites. I read your offer. I have a few questions and then an order shows up.

Dr. Glenn Livingston: Yeah.

David Bullock: That's the best conversation to have. I love that conversation. Then if they say, I have a question, well look, speak to one of my students or speak to such and such, get that question answered and feel free to give me a call back. Now, I'm in a real conversation with that individual and they don't just see themselves as someone that I'm throwing offers to with the possibility that they might buy if it catches their fancy or my copy is right. I'm looking for real relationships here with small to mid size businesses that grow into large to mid size businesses. It's not, I'm a marketer selling marketing information to other markets to sell to other marketers. That's not that idea. I don't live in that market.

Dr. Glenn Livingston: Right.

David Bullock: At all.

Dr. Glenn Livingston: Just on a practical level, what tools do you use?

David Bullock: The world is going to get really mad at me. I use an *Excel* spreadsheet for doing my analysis, one that I created some years ago.

Dr. Glenn Livingston: That's funny, I do the same thing.

David Bullock: I use an *Excel* spreadsheet. I use a simple rotator and a simple tracker. My admin and I handwrite the various pages because we can control them better and we put them into the marketplace as a standard rotator and a regular standard tracker.

Dr. Glenn Livingston: There's nothing to buy.

David Bullock: No, there isn't. Not anymore, it's an evolution. Let me tell you what happened, I pushed very hard early on because I thought that this was such an arduous process. You got to do twelve different pages, oh my gosh! And because I was doing it and I didn't have a method for doing it easily and effectively. It was difficult to get done, but now that I have a method as to; okay, here's the master page, the sub pages come from there. The sub page, okay, I'm done. I'm in and out of a test setup from a mechanical standpoint within an hour and a half, I'm done. So I push very hard to create these tools, great tools. But they don't work in every environment. As soon as I ran into some environment that would not run the *PHP* or the *Java* was not getting the cookie drop correctly, I found out I had a problem. I wanted tools that worked and deployed quickly and easily, not new fangled tools that looked nice but didn't give me the results that I wanted. So yeah, now I use a tracker, a rotator... {chuckles}

Dr. Glenn Livingston: That's so funny.

David Bullock: and an Excel spreadsheet.

Dr. Glenn Livingston: I don't know if people listing to this are going to be part of the internet marketing crowd or not but the history was, *Perry Marshall* kind of announced you to the world and took the internet by storm and everybody was trying to figure out how to do *Taguchi's* and what was it? Two weeks later...

David Bullock: Oh gosh, five different other tools.

Dr. Glenn Livingston: All these tools jumped out and you could pay three hundred dollars a month for this or three hundred dollars a month for that and as it turns out that David Bullock is sitting with a spreadsheet and a version of *Notepad* to make this work.

David Bullock: The funniest thing is look at what really goes on here. You have to have some variation which goes into the marketplace. The marketplace sees it, they vote with their dollars. You have to see which one won and which one didn't win. Do the analysis, the analysis tells you to pay attention to this and don't pay attention to that. Try this formula and it will probably work based on the actual algorithm and that's it. Yeah, and it's gone full circle for me because again, I was in a situation with a client where I had my best tool and it wouldn't work because the environment wouldn't allow it to

work. It just would not. I went back to, what do I know worked. Okay, I know this worked. I have absolute control. I don't have to worry about the code working or not working or showing the wrong creative. I don't have to worry about that. It works. This works. You saw that. Great. Did your response? Yes or no. All the setup, I can be in and out of a test, really and truly in about an hour and a half, totally setup, done.
{chuckles}

Dr. Glenn Livingston: Perfect. David, if you're not really getting your traffic from pay per click now a days, where are you getting your traffic?

David Bullock: I've moved into a whole *Web 2.0* article generation, blog generation, social networking. I'm really trying to connect with the people where they want to be connected, as opposed to try to pay for it. I have a team in place that handles all of those aspects of traffic generation and with the social networking now becoming more and more prevalent. Say with *Delicious* and *Technorati* and the *MySpace* and the forty-two things, you can almost get traffic instantaneously.

Dr. Glenn Livingston: Really?

David Bullock: Oh my gosh! *Squidoo*, oh my goodness. I'm working with clients now that found out several problems with doing what I do as I was working as a consultant early on. First thing, people don't have traffic, they don't. So I had to go learn how to go get traffic.

Dr. Glenn Livingston: Right.

David Bullock: So I did. I learned how to go get traffic without doing any of the search engines spamming or using any of those mechanical tools, but I...

Dr. Glenn Livingston: It's all white hat.

David Bullock: It's all white hat because that way I can go build an infrastructure and it stays there forever and I don't have to worry about it coming down. So, I build it once it's there and that's what the prevalence of the *Web 2.0* social networking, actually *Web 3.0* social networking, which is coming around the corner. You can actually get traffic almost instantaneously. There's a shift now in the marketplace where the search engines are now looking for recently and relevance and not, it's been here forever and it's been seasoned.

Dr. Glenn Livingston: Gotcha.

David Bullock: That being said, learning how to take advantage of that lead to a whole level of traffic generation. Both in a local market, especially because local markets are wide open. Local market FCO is really untapped. For instance, a chiropractor that is here in Murphy's Burrow, Tennessee, does not need traffic from California.

Dr. Glenn Livingston: The object of being and FCO guy who went after all the Murphy's Burrow, Tennessee traffic is pretty...

David Bullock: Slim to none. It's all white hat. I have a team in place that handles all of it. I can basically say I want this market and we deploy an eight step process in that one market and we can get all the white hat traffic that we want, again, almost instantaneously, really within fifteen minutes of deployment.

Dr. Glenn Livingston: I'm relatively quiet in this part of the conversation because when I first started internet marketing, I learned that you could either be an expert at conversion or be an expert at traffic and so I've kind of ignored everything about getting traffic, except for pay per click.

David Bullock: Hmmm.

Dr. Glenn Livingston: Also, I'm very good at public relations, I can get into the paper and television and stuff,

David Bullock: Mhmm.

Dr. Glenn Livingston: I figure that whoever has the best sales pitch, wins.

David Bullock: {laughter}

Dr. Glenn Livingston: {laughter} So I've worked on having the best sales pitch and the best way of segmenting my market, so that I could avoid bothering people with irrelevant message and laser target for the right messages. It's worked for me because then affiliates when they come to me and say, well, can I promote your stuff.

David Bullock: Oh yea, but your market and your model is very different than mine. I realized that I deal with big offers, six hundred, six thousand dollar per pop offers. Things that are industrial. I call it the corporate community, where the corporation will buy twenty five thousand of this and it will fit right into their infrastructure. I realized that that's where I came from; I applied a lot of the manufacturing methodology, large-scale methodologies to what I do. I'm looking for one to many leverage, all the time and affiliates; I've not really delved really deeply into that mode of creating traffic because I have a client now with 360 thousand people on their mailing lists. That is traffic. Why do I need a lot of affiliates, when I have that pent up demand sitting. It needs to be what? Segmented, proper offers made...

Dr. Glenn Livingston: Segmented, studied and converted.

David Bullock: That's it! Again, I look at the reverse of what normally has to happen. Okay, I have to go find traffic. Okay good. I have to go make offers. Great. I have to go build a mailing list. Okay great. Go about it the other way. Let me go find the people who already have market presence. It's like the ultimate joint venture. Go find the

presence in the marketplace already and then plug into that the offers that people there are willing to buy. It's so much easier.

Dr. Glenn Livingston: What's your biggest challenge no a days?

David Bullock: Finding the proper clients that I want to work with. Really. I get calls on a day-to-day basis because my offer has gone beyond testing and tracking and *Taguchi*, to business development. Let me look at your business and let's see where we can monetize your business differently, because if you do something different, you will get a different result. So it's almost like business innovation, but its really trying to find out people who can see my offer and really grasps that I'm looking at your business as a totality. For instance, okay, you have a website. Okay. How are you getting traffic? Lovely. Is that traffic converting? Okay. What else do you need? Okay good. Are you building this mailing list? Are you tapping that asset? There are about six or seven ways to monetize any community, meaning any mailing list and most people only handle two of them.

Dr. Glenn Livingston: So your ideal clients would be a client with a large mailing list, already doing half a million dollars a year, who's got an understanding of direct marketing principles and understand that the optimization techniques that you provide can be applied to ever aspect of the business.

David Bullock: Yes.

Dr. Glenn Livingston: And those people are kind of few and far between.

David Bullock: They are few and far between but when I get that call that someone has read everything about me and it and the methodology, they seem to rise to the top and contact me. Again, my marketing end on my PR is created specifically to find those people. It's not created to sell a particular product.

Dr. Glenn Livingston: Right.

David Bullock: It's to draw those people out of the woodwork, so that they say; Oh my gosh, this guy can help me.

Dr. Glenn Livingston: But you kind of have to widgetize your expertise so that you do have a product to sell, so that people have a vehicle to experience you for a thousand dollars before they wind up trusting you with their business.

David Bullock: Absolutely and I've done that. The product is in place, that's fine. I have e-books, I'm developing more e-books and interviews and more content. Those products will always be out there. But again, from the continuum, it's a product continuum basically. I have those products, but because of how I've always worked. I like to work with the business owner. If he has a thirty-nine dollar e-book, but he is

selling \$24,000 a month worth of small e-books, okay, that's something if we got him a 10% bump, he's happy. 20% bump, he's happy. 30% bump, he's very happy.

Dr. Glenn Livingston: Yep.

David Bullock: So again, it really comes down to an economy's the scale. If you have the same thirty-nine dollar e-book, but you can't seem to sell more than four, that's problematic.

Dr. Glenn Livingston: That's funny. Are they willing to give you equity for that type of improvement? How do you usually work your consulting deals?

David Bullock: Usually, I'm looking for some type of equity, maybe not equity in the company, but a percentage of everything that I produce, via the system that I produced.

Dr. Glenn Livingston: Right.

David Bullock: That works great because then I'm constantly challenged, so how can I do this better and what else can I do? It just builds. You can have a situation where you may come in with a retainer of say, a thousand dollars a month and you start, but when you're done building it, it's ten, fifteen, twenty thousand dollars a month and you can do that multiple times. It's a matter of taking the same resources and redeploying them. It's something called *Feature Transfer*, where you can take something from one situation and use it somewhere else.

Dr. Glenn Livingston: What do you mean?

David Bullock: I was talking to a guy the other day, case in point, we were putting together a demo video of doing a *Taguchi* test. The actual setup, if you look for this, here's how you do it. One of my students was putting this together. And what I told him was go ahead and do that and speak what you see there as one part of the video then I want you and I to have a conversation while we look at the very same experiment. When my insights are piggybacking on top of your insights and let's see what happens. I got that because I was watching a DVD of *The Matrix*, they have the commentary of the people who were in the movie, or produced the movie talking as the movie is going.

Dr. Glenn Livingston: By the way, *The Matrix*, that is the coolest movie I didn't understand. {laughter}

David Bullock: {laughter} That is, the bad thing is I probably watch *The Matrix* probably one a month. For some reason, I think that I understand something there and every time I see it, I see something different. One of the things that *Morpheus* say there is; you're in a situation where there are rules, but you can bend them, again, depending on your thinking and your belief in bending them. So really, when it comes down to, in a business, what can you do. The question really becomes, what can't you do? Or what

cant you try? If you do something different with the business, you will get a different result.

Dr. Glenn Livingston: You really open up peoples thinking about their businesses, we tend to become very myopic and you've got all of these optimization and innovation tools and you really open up their thinking about it.

David Bullock: Oh yeah its great when you're sitting there with the business owner and you say, have you ever think of doing this, this, this and that and they look at you like; no. And then you put the pencil to paper and it's like, well that's an extra thirty thousand dollars a month, easily. That's low hanging fruit.

Dr. Glenn Livingston: Right.

David Bullock: Or they think that they have one market and you identify three. You just increased their exposure 3X in one conversation.

Dr. Glenn Livingston: Gotcha.

David Bullock: It's great when you see that light {chuckle} bulb go off. I got to ask you a bunch of questions.

Dr. Glenn Livingston: Okay.

David Bullock: How does your methodology differ from mine?

Dr. Glenn Livingston: I think that the primary way is that, this is something that you do, usually before you roll out a product, sometimes even before you develop a product, but before you roll out a product or when you want to reposition a product in the market. For existing sales processes and you've got to know that there are some different needs in the market and you feel like there are several different kinds of customers but your not quite sure how to break them up into groups and you would like to be 100% confident, that's one of the places my method excels. I do some of the things that you do as well.

David Bullock: Mmhmm.

Dr. Glenn Livingston: After I have gone through all of my surveys and my coding and my regression and I'm up with something that's profitable. Well, that's when I start to do *Taguchi* testing and all types of multivariable.

David Bullock: Mmhmm.

Dr. Glenn Livingston: So I certainly don't ignore your end of the world.

David Bullock: Good.

Dr. Glenn Livingston: That's one of the main differences, the other difference is that I'm testing to a large extent based upon what people say and there can be some danger in that, because what they say is not always what they do. In fact, there's usually a discrepancy, but I compensate with that by looking at the percent of survey completion which is an action.

David Bullock: Mmhmm.

Dr. Glenn Livingston: As opposed to the words that they use in the survey itself. I get very involved in looking for hyper responses because if you follow the 80/20 rule to its natural conclusion, you find that about half of the profits in any business come from one or two percent of the customers.

David Bullock: Mmhmm.

Dr. Glenn Livingston: And so, when I'm running a survey, I have a lot of different measures to figure out how responsive people might be, like do they really engage in the answers to the questions. If you ask them their most important question about health care or something like that, do they give you a three-paragraph answer or is it just one or two words. Will they leave you their phone number, because people that will leave you their phone number are interested in more of a relationship and really have a more significant problem they want you to solve. I look at relationships between multiple utterances.

David Bullock: Mmhmm.

Dr. Glenn Livingston: Meaning that, when you ask people what's their most important questions about something. Like their most important question, about health care and they kind of ignore that question and they give you three or four responses.

David Bullock: {chuckle} Yeah.

Dr. Glenn Livingston: Well, that means that there's these things that are bursting through their head.

David Bullock: Mmhmm.

Dr. Glenn Livingston: What's interesting is that, if you look at the relationship, it's a low-level relationship, but if you look at the correlation between, you know, if someone says this and someone says that. But they say more than one thing...

David Bullock: Mmhmm.

Dr. Glenn Livingston: That's how you can piece together what the search continuum looks like and how the conversation evolves in their mind.

David Bullock: Mmhmm.

Dr. Glenn Livingston: I can illustrate more clearly with guinea pigs. Usually if you're asking someone their most important question about guinea pigs, the vast majority of those questions are going to be like; how long do they live? What do they look like? Are they safe for kids and stuff like that. But then, you are also going to get a couple of questions about cages and health care and do they have anything contagious, do they smell and things like that. If you see that, while the people that are asking how long they live also tend to be the ones that are asking do they bite? There must be some underlying issue there.

David Bullock: Mmhmm.

Dr. Glenn Livingston: I will start to look for underlying factors by looking for the relationship between those multiple utterances. If you code these open-ended questions into categories and you use correlations.

David Bullock: Mmhmm.

Dr. Glenn Livingston: Which is a simple function in *Microsoft Excel*, you can use called correlations.

David Bullock: Mmhmm.

Dr. Glenn Livingston: Then you take out the significant correlations and you see what patterns they form. It really tells a story about the market. I think that's probably something that I'm doing that you're not doing.

David Bullock: I was sitting here thinking here as you were talking. You speak a lot to how people feel and what they say about those feelings. Me, I just look at what they do. {chuckle} You have such a powerful position because people act on feelings and you're finding out what they are. You're finding out what the conversations of the concerns of what they are before they move to action. You actually test them pre-action.

Dr. Glenn Livingston: Yeah.

David Bullock: I had to write that down. You actually catch them pre-action, so you know what the powerful conversation is before you even begin to start and really engage them.

Dr. Glenn Livingston: I'm looking for the emotional hot buttons and the language that is associated with it, that really motivates them to purchase.

David Bullock: Mmhmm.

Dr. Glenn Livingston: I want to know what the story is that they need to hear and how do I prove it to them that this is a trustworthy and reliable source.

David Bullock: Okay, now you just said, you see from a buyer facilitation side, what I'm looking for to put on my site. I call it trust and credibility, so I'm always looking for what do I need show, prove or demonstrate. See, we come to the same spot.

Dr. Glenn Livingston: Yeah.

David Bullock: What do I need to show, prove or demonstrate to this viewer, in this moment in time, such that they make the assessment that it is safe for them to move forward in this transaction with me at this time. I mean that is my goal, when I am on that page trying to make it. That's all I am trying to do. Subsequently, putting together for lack of a better term, connecting the dots or putting those items on the page, so the question can come up and be answered. It can come up again and is answered. I think we are both looking to get that done, it's just that we're going at it different ways. I am jazzed to see what we do from here, thank you so much...

Dr. Glenn Livingston: Absolutely.

David Bullock: What kind of results are your students getting, people who has taken your course.

Dr. Glenn Livingston: Oh, people are doing terrifically. The hardest problem I have is getting people to actually implement it, the ones that do are all getting great results.

David Bullock: Excellent.

Dr. Glenn Livingston: I'm convinced that this is the easiest path up the mountain.

David Bullock: Mmhmm.

Dr. Glenn Livingston: Even though it's kind of long and steep. I think it's the easiest most sure way of the mountain, so I just don't balk at it and I dig in and I do it. But I think that a lot of my students, like no one refunds. I think maybe one refund all together in the main course that I've had.

David Bullock: I've had none on my side.

Dr. Glenn Livingston: Yeah, which is this is amazing. This marketing information is going to last me a lifetime. But it's only like 20-30% of the people that actually...

David Bullock: Execute.

Dr. Glenn Livingston: Execute. This is the first time that I am really launching a teaching product, so I don't really know if that's the statistics that people get for every teaching product or if its just because there's a little more labor involved with my teaching product. I wish that I had more people that were out there and executing,

because frankly, I would like to joint venture with them. I would like more people to thoroughly understand what I'm doing and have proven it so that I can slowly form a larger company and I can execute more effectively in larger projects.

David Bullock: I understand. We had the same goal, because my initial goal was to sell products. Show people what the thinking was, what the methodology was, so that when these other client would come, I would be able to hand them off and deploy. But I found the very same thing. What I'm finding is execution is key, so what I have been doing for the last six months is developing tools and/or inventions so that people do execute, developing systems so that people will actually do the test. The worst thing to say is, yes, I know I should be testing, it would really make a difference, but I'm not.

Dr. Glenn Livingston: Right.

David Bullock: Wait, wait a minute. You know you should, but you're not. Okay, do a one legged test. Monitor your site, change something on it and find out if it made a difference or not. I'm finding that people don't even do that. I'm finding that people say, oh my gosh, its working and I think they are fearful that if they do anything different, it will work less.

Dr. Glenn Livingston: It's amazing to me how many people just don't keep a testing diary.

David Bullock: Mmmm.

Dr. Glenn Livingston: Make a copy of your site before you change it.

David Bullock: Exactly.

Dr. Glenn Livingston: Push a button, make a copy, put it in another folder. Write a little note in your testing diary that you saved a copy of the control and if you screw anything up you just...

David Bullock: Put it back.

Dr. Glenn Livingston: That's all you do. It's amazing how many people don't do that and all the horror stories I have heard about people that have tweaked their site into oblivion. Really one of the wonderful things about the internet testing is that, you can copy everything.

David Bullock: And put back {laughter}

Dr. Glenn Livingston: Yeah, you can work with a safety net.

David Bullock: Doc ordinarily works with the direct marketing side, when you print that thing out and you put it in the envelope. It's gone. You can't do anything else. It's

done. It's in the magazine. It's gone into the mail. I gravitate to online marketplace, just for the fact that if I made a mistake, I can fix it instantaneously.

Dr. Glenn Livingston: Right.

David Bullock: I mean, oh the phone numbers not there. Oh ok, hold on. Oh, there's a type there. Oh, oh ok. Hold on. I don't think that people really understand that the internet as a media is the perfect test platform. It's low cost if you know how to do that. It's easily changeable, so you can always put things back and/or change in a heartbeat, in a minute. And I don't think people really understand the power in that.

Dr. Glenn Livingston: It's a 100% retractable.

David Bullock: Oh my gosh!

Dr. Glenn Livingston: And there's no real incremental cost other than a little bit of time for adding variables and options to your test.

David Bullock: Exactly, so if you start with your methodology and to know exactly what conversations people are in and do the surveys, know what they're talking about and then have the language. Then apply that language into a multivariable, *Taguchi* tracking methodology. I'm really starting to see it now, I'm convinced, its best of both worlds. I mean you can really go into a market and completely just take it over. {chuckle}

Dr. Glenn Livingston: Which is what's been happening. We're taking over the world my friend.

David Bullock: Well, we'll have to get together and do some different things in the future, but yeah, between the two of us, I think that between the two methodologies, anyone who would apply both, be diligent, learn both, learn the thinking for both. I think they could really take over their market and not think too much about it.

Dr. Glenn Livingston: Sure. Well, this has been fun.

David Bullock: Okay.

Dr. Glenn Livingston: This has been terrific. I hope we can do this again.

David Bullock: Very good.

Thanks very much for your time and attention. If you would like to find out more about the Comprehensive Marketing Research System that I have used to succeed in

market after market, please visit

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