John McIntyre: Hey everybody, it's John McIntyre here, The Autoresponder Guy, it's time for episode 64 of the McMethod E-mail Marketing Podcast where you'll discover one simple thing, how to make more money with every single e-mail that you send. Today I'll be talking to Mike Colella, the founder of Adbeat. Now AdBeat is an awesome piece of software that lets you spy on your competitors. You can drop someone's competitor's URL into the software and it will tell you all the ads that they are running, where they are running them, how long they've been running so you can figure out if the ads are profitable, what the landing pages are, if the landing pages are converting, you can have a great foundation to start your own campaign. So that's AdBeat.

So I thought I’d get Mike on today because I'm diving into paid traffic myself for my own business and I thought why not get some paid traffic guys, Mike's one of them, to come on and talk about paid traffic and e-mail marketing and sales funnels because it’s going to help me and it's going to help you. Today, me and Mike are going to talk about how much you need to make with your funnel, to make it work. There's a big misconception here that if you go and create a funnel and you promote it, if you don't make money with it straight away then it's not working. That's not exactly how it works. You need to make a certain amount and you can test and tweak away to get there, anyway, I won't spoil the surprise. Forget the mistakes of paid traffic and how to avoid and the split-testing mindset and that is absolutely key and I’ve talked about this before and [inaudible 00:01:14] sales and marketing book with Perry Marshall.

Now to get this show on this episode of the e-mail marketing podcast, go to the mcmethod.com/64. Now this week's McMaster's insider of the week, if you don't know McMaster's is my private training community where you can get, there's a forum, there’s training products the McIntyre method pages it converts a bunch of different products to help you build your sales funnel and create your e-mail marketing in your e-mail auto-responder. There’s also a forum where you can ask questions for me and for the other people in there, that's McMasters, this week's insight is Julian said, I gave it a go yesterday, that his handwriting copy, and I've got one of John Carlton's headline stuck in my head all night.

Here's the headline, The Naked Girls All Laughed Behind The Little Podgy Guy's Back until he got into a knife fight with three enormous badass bikers. Now I don't know about you but that's a cool headline, I just wanted to bring that up. The main point I’ve mentioned is, is that Julian went and got started handwriting copy, and that's why I wanted to mention it, it's because, handwriting copy? That's how I learned to write copy. That's how [inaudible 00:02:11], that's how [inaudible 00:02:13]...

That's how all the best copywriters in the world learned to write copy, and most of them. I've mentioned this before but I think it bears repeating again and if you want to become copywriter or if you want to get a better copy about sales, better at marketing, go handwrite some copy from the old days, go and get one at Gary [inaudible 00:02:27] sales John Carlton, something like that, write it down with a pen and paper. It's fun. Now if you have a review, if you want to review this show, you'll make my day and put a huge smile on it but you also help me spread the word of e-mail marketing podcast and get more of this marketing goodness out into the wild. Go to iTunes, search for the McMethod E-mail Marketing Podcast and you can leave me your review there and I will read it out on the show. Now go on list your question and then we'll get into this and to be with Mike Colella.

The question is, where do I get started with paid traffic? If I want to get started with paid traffic, where's the best place to start? There's a whole bunch of different places to start, I am going with Facebook basically you need to just pick one and stick with that. Don't pick one and then do it for a week and go this isn't working then go another one and then another, and then another one, because you'll never make any progress in any of them. You got to pick one traffic source and master it. Whether it's Facebook, whether it's Google Adwords. Google Adwords is very competitive, it's been around for a bit longer. So I'd say go with Facebook and then what you're really going to need is you're going to need a sales funnel. It's not just as simple as setting up an ad and saying sales space Facebook, it's not really going to work like that.

You're going to need, I'm going to mention this on another episode soon that you need to have a sales funnel, when someone comes in and they don't just get the sales page, they get a squeeze page or an alley or something like that, then they buy the product then you have a series of upsells that you sell them which would dramatically increase lifetime value with the amount of cash that someone can spend and that first goal which is going to push you closer and closer to profitability.

That's it for now, let's get into this interview with Mr. Mike Colella. Paid traffic and Sales Funnels. It's John McIntyre here, the order is finally going, I'm here with Mike Colella. Mike is the founder of AdBeat which is an awesome piece of software that allows you to check out what's your competitor is doing on paid advertising. Now I haven't had on this podcast, I haven't had many guys so far aside from Perry Marshall to talk about paid traffic specifically. Recently I was going through traffic blackboob, I think it's Paid Traffic Blackbook 2 and Mike is one of the presenters on that program so bring some of these paid traffic guys on here because plenty of people come to me and they ask me how do you build a list?

You can go and do it through SCO and go to contents app but that takes a long, long, long, time. Actually that's a good long term strategy but what if you want to build a list today? That's where paid traffic comes in and I'm into it because I'm just getting into it myself. There's a lot that I want to learn here, there's a lot that I can learn. I know that there's a listening to this. Maybe there's a listener who, you want to know how to do this too. Some of the basically how to take, how do you go and buy a list? Not buy a list, going by traffic send it to an opt in page and turn it into leads. So we're going to talk about that today. Mike, how are you going?

Mike Colella: Hey John, I'm good, glad to be here.

John McIntyre: Cool man good to have you on. Before we get started into the building a list and paid traffic stuff, I give the listener a background on, I've done a little bit, but a background on who is Mike Colella, a bit of that AdBeat and what's you're getting up to these days?

Mike Colella: Sure. Before AdBeat I basically gotten involved with online marketing through affiliate marketing and I started promoting a bunch of different fitness products mostly info products in the fitness space and doing really well with that. With advertising a lot on the Google Display network and some other traffic sources and after doing that for a while, had the idea to build AdBeat and started building that product out and we've been doing that for quite a while and now it's been in the marketplace for over 3 years now.

AdBeat is just briefly, it's a competitive intelligent platform that allows you to see what is happening in across the Internet and across 20 different countries even with display advertising. You can basically see what your competitors are doing. See what ads they're using, what landing pages they're using. That's kind of the idea there.

John McIntyre: OK nice. This space like I’ve not taken a bit of a look at it so far, we can go in you can punch in and say someone's website and run through the course and where you can like punch in someone’s website and that 'll bring up all their ads, all their campaigns, ad copy, the banner ads, everything that's going on in there campaign look for ideas to basically just copy and then rollout your own campaigns.

Mike Colella: Yeah I mean that's basically the idea. You can get some really great ideas on adcopy. You can get great ideas on landing page copy and you can really just see what's working with display advertising in particular. We don't cover search advertising. That's not really my area of expertise. Display is, for everybody that doesn't know, that's banner ads, that show up all over the web. A lot of different sources of traffic for that sort of advertising.

John McIntyre: Cool man. Let's get into some of this, how to build a list with paid traffic. We talked about it real quick before we jump on a call here. Give a bit of an overview, let's start a little, a big picture overview of what's going on right now with building list with paid traffic and then we'll dive into some of the details.

Mike Colella: There are guys out there I know, just to give an idea, the upper end of what's possible. There's guys out there building list of a million plus subscribers using display advertising in many different markets. Anything from health and wellness to personal development, to golf to, finding across the board there's guys out there doing that, building list primarily through using display advertising a lot of paid traffic to an opt in page. It's incredible in terms of what's possible. The size of the list you can build and how much traffic is really out there. If that's the model that you're focused on and you're dedicated to putting the work to make it all happen.

John McIntyre: OK. So they're doing like you look in the ads on the Google network, they push people to a squeeze page, is this like a typical squeeze page or are they doing something funky these days?

Mike Colella: You'll see anything from a very basic squeeze page which is to headline and a little bit of copy to something more elaborate like a quiz style page that asks them a bunch of different questions before asking for the opt in. Even a short video of opt in page and then asking for an opt in obviously in exchange for some value, some free content or [inaudible 00:08:45] or whatever.

John McIntyre: OK.

Mike Colella: So it's across the board. It depends on the market really. A lot of ads about testing or seeing what's working in different markets.

John McIntyre: OK. Now there' a big thing here with because obviously its' going to cost money to get on and build a list like this but one strategy for this is immediately after they opt in, you give them an offer of some kind.

Mike Colella: Yeah

John McIntyre: This is standard practice, right? What you want to do is you want to recoup your ad cost on the front end? Is that what these guys are doing? Or is it better to not do that, then do it on the auto-receiver.

Mike Colella: It would be hard I think to use this model with paid traffic to an opt in without trying to recoup a good chunk at least of your ad cost, right there on the day zero after opt in. It just depends on the market and depends on how well built out your funnel is but I can tell you there's guys out there that are dealing anywhere from break even on the front end like on day zero they're basically recouping ad cost completely to maybe even running at a slight profit.

And then there are some guys that'll actually go negative on the front end and my not recoup that ad spin into a weeks and to an auto-responder sequence. It just depends on what you're doing especially if you have some sort of a high end product on the back end it may take weeks to develop in terms of building trust and educating the market or whatever or what it is you're going to offer them. You may not be able to break even on day zero so you may have to be willing to put in some money and sink in to that auto-responder sequence before you see the return.

John McIntyre: I'm just speaking to a friend here in Thailand and he works for some of these guys and he mentioned that a lot of the big companies, they're often happy with, if they can get 50% of their adspin back so 50% are all on the front, they're usually happy because they know based on the funnels that they've had in the past that they can go and make the rest of that and some profit back using the auto-responder in the back end.

Mike Colella: Yeah. For someone who is just starting out, that's going to be challenging because you're not going to have that funnel built out properly on the back-end. You probably don't have the product line that's needed and you just don't have the auto-responders all set up. Most people don't have the patience to set up a hundred plus auto-responder emails before they even sending in any traffic.

For someone who is more advanced and is really established in the market, that's probably totally reasonable, 50% on day zero. But it's definitely possible to do a 100% of your ad spin on day zero and so recouping all of that either with an affiliate offer on the thank you page or offering your product at a discount, one-time offer style. There's a lot of options to make it work and almost anything you can think of is out there being used.

John McIntyre: OK. We could get into some of the funnel stuff in a minute but first, it will be good to take a quick look at, when someone get stats with page rank it starts off with paid traffic and with this kind of model when they start doing like a squeeze page with an auto-responder and they're driving traffic via a display network, what's some of the stuff that typically goes wrong? Some of the typical mistakes that people make that if they just eliminated those mistakes, they'd be more successful.

Mike Colella: I would say with display in particular, probably one of the biggest mistakes is trying to be too direct with your message. If display is such a unique medium where the person is in there probably not thinking of whatever it is that you're offering them when they're on the site that they find your ad on. You really have to be a little more indirect and a little more almost a little more aggressive with the copy and almost entertaining I think is a good element to include if in some way you can capture their attention for a few minutes. You're going to have a much better chance of the whole thing working in terms of a positive ROI. Trying to just go too direct with your ad copy, I would say, is a big mistake that I see a lot of people try to make with display.

John McIntyre: What do you mean by too direct? You mean they just go in straightforward like you're going to lose weight in it. You might say something like lose weight?

Mike Colella: Yeah exactly. Without a hook. In that market right now a hook that's been working for years, I don't know how many years now, but the headline like ‘5 foods to never eat’, that's like, that's a headline that's freaking everywhere. That says nothing about losing weight. That's a pretty, it's just a little bit of a twist and it's just a little bit of a hook that gets people curious and willing to click through. It doesn't feel like you're trying to sell them on anything. It feels like you're trying to give them something of value immediately and people respond to that.

John McIntyre: Yeah, me and friend make fun of that all the time. We'll be out at dinner with friends or something and we'll end up, we'll quote that and would start coming up with ad, weight loss ad copy on the fly based on these 5 weird foods that doesn't want you to know about.

Mike Colella: Right.

John McIntyre: One mistake is that you need an angle base, you need a hook, you need a reason other than just selling a product to actually be there. Are there any other mistakes that people are making? Common mistakes?

Mike Colella: Just being patient enough and really getting enough data to make a decision, a lot of people just get scared out of the market. They'll spend a few dollars on some ads and it doesn't quite work out for them and so they'll just give up way too early. The reality is that the ad copy matters a lot. The landing page matters a lot in terms of making sure it's all can bring as well as possible, and then the sites that your ads are showing up on is also extremely important.

You need to take the best ad in the world, the best copy, the best landing page and you can place that ad on a site that just doesn't have the right type of prospect on the site and it still not going to perform. You have to be willing to find the right combination of all three of those things and so you hit on a little pocket of targeting, a little pocket of that whole combination there and you'll see something start working and then you improve on it from there.

John McIntyre: OK. One thing that's really click for me, last couple of months doing some Perry Marshall stuff is this whole split-testing mindset. That most people get into paid traffic and whether it's display ads or Facebook or Google or any of this stuff where they're on a campaign and maybe it doesn't work ten make one change to the end copy and then it doesn't work you're like, "alright this is a bad idea, I can't make it work," and they give up and they go back to doing whatever they're doing before.

Whereas, from what I've heard and the more people I speak to the true find this is, you basically split-test your way to profitability. if you have to try 20 different ads or 50 different ads and then 20 different landing pages, and if you're willing to do that, that's what it really takes to be successful.

Mike Colella: Yeah. I cannot agree with that any more, that's very true. I've taken a campaign that started with losing 3/4 of my ad spin and take an ad campaign and turned it profitable in a few weeks or a month or 6 weeks’ time. Which started out, a lot of people would just call that a loser, right? But there were conversions coming in and so you got to take a look and say, where are these conversions coming from? What can I do to try to target this traffic better ? What can I change about the ad copy? That's exactly right.

John McIntyre: Is there any benchmark that, Perry mentions going, you're going to have to spend a couple of grand before you actually get a wining campaign. Is there any sort of benchmark you go by when thinking about how much you're going to have to spend or invest in the first month or two while you're just testing and ironing things out before you actually hit a good campaign?

Mike Colella: It depends on what you're doing. It really depends and as far as like how much would i be willing to spend before giving up, I'm not going to go offer something that I don't know is a proven market. If I'm going after something and I've lost a thousand dollars, it's not going to scare me because I know that there's guys out there that are making the market work already. They're already having success.

I'm going to be far more likely to just push though and stick with it and try to figure out what I'm doing wrong. But if you're just like throwing up some random idea, it's hard to say when to quit because if something's not proven to work on display, that could be challenging and you may have to spend an awful lot of money to figure it out. Perry said a couple of thousand dollars, is that what you said? That's not a bad-

John McIntyre: He mentions like small business you got to spend a couple of grand to get this thing going. Problem is, most small business, three grand, that's a lot of money to be average business.

Mike Colella: I think what happens is that it's not a lot of money, even for a small business, it's probably not a lot of money if they were convinced that at some point it was going to turn around and all of a sudden things were going to be profitable and it was going to be a great source of traffic for them. I think what happens is, they don't know that. You got spooked. They decide that, "oh this could be like this just black hole of cast they just keep losing money."

Most people would quit before spending $2,000 or $3,000 honestly. At least $2,000 or $3,000 in losses would make most people quit. That doesn't always happen though. Sometimes you hit on a good thing and you can make something profitable relatively quickly. I don't want to stay into that's always the way that it works out but sometimes it does.

John McIntyre: OK. You're probably right about hat. The whole idea of three grand is not that big of a deal but when it's three grand, it seems that you're just throwing it away to the Google display network or another ad network, that's quite hard to stomach. The feeling that you're spending, say $100 a day and nothing's coming out of it, at least for the first month or so.

Mike Colella: Yeah so ideally what happens is you're seeing constant improvement. Out of every hundred you're losing $75 at first for the first couple of days or maybe even a week. Then the next week you're only losing 50 out of a hundred and then the next week, 25 etc. Finally after a month or so you're break even. Once you're break even then you're home free at that point because even though you may not be making any money but you're constantly collecting more data and you're able to split test that and split test, you have all this traffic coming in and without losing money, you can afford to keep testing and you'll eventually be profitable. That's the way that works.

John McIntyre: OK. One thing I'm seeing up right now I guess some of these other guys are doing as well is let's say someone opts in to this list and then they get presented with a one-time offer so just a discount on a product that's already out there. Then what happens is once they activate that one and purchase that one product that was made, depends on what network and what market you're in but my view is say $10 is keep dollar off to kick things off. Then they get hit with an upsell for say $40 and then if they buy that they get one for a $100 then you say buy that they get another one for say $200 or $300.

On the front it might seem like boy you can only make like $7 so you're selling $7 rebook or something. But once you're on a whole ton of traffic at that, one in however many hundred depending on the conversion rate is going to end up buying everything in that foam, buying every upsell which is going to add up to something like $300. There's quite a lot of potential on that front to make a decent amount of money.

Mike Colella: Yeah, oftentimes I would say that in a well=developed upsell pf flow and product line that ti's very possible to see up to 100% more revenue from the upsells than you would if you just have the front end product. This is why it gets hard to just talk in general about how to make display advertising work. If you have someone that really understands e-mail marketing, they really understand product pricing and upsell flows and of this stuff like they've got all that down already and they have a well-developed product line, then they may be able to make advertising work fairly quickly.

You're trying to come and start from scratch on both sides that it's more difficult and I think usually people know one thing or the other. It's rare to find somebody that really understands e-mail marketing and full funnel optimization and also understands the traffic side. Because they're both pretty tough. People tend to just form an expertise on in one side of it and you can spend years just trying to perfect your skills with e-mail and copy and all that stuff.

John McIntyre: That's funny. That's pretty much what I've been doing. I started as a copy writer and then got good in writing e-mails and then started selling our own products and doing it for clients but I've never done paid traffic. I in paid traffic in the last probably 2-3 years but I've always have that mindset that I spend a hundred dollars and I didn't make anything, I should just give up and stop doing it.

Now I'm kicking myself, imagine what would have happened if all I did was spend $10-$20 a day for the last two years, I'd be miles ahead of where I am now and I would have been out of practice copy along the way as well, I have both skill sets but now we got one and now it's time to learn the other side of the coin.

Mike Colella: I did the same thing though from the other side. I learned advertising and basically, I don't know what, I think I was scared of e-mail or whatever for several years and finally a couple of years ago started learning e-mail and if I'd started that earlier I'd be way better off right now. But I don't know, you learn one thing and if you start having success with it you get into a little bit of a comfort zone probably. This will happen.

John McIntyre: This time in real quick just to some of these e-mail stuff basically. Let's say we've got on the act, it would explain who got some good sites, good traffic. People are opting in and we've got an upsell flow there with and just people you might have set up right now that I just got, someone opts in, there's a $7 offer which is a one-time offer down from $20 and then if they buy that they get a $37 off and then a $97 and then a $197 offer. So then what happens after that? You mentioned some of this can get quite advanced, is this like a straight order that's fun to see with of are people doing quite ninja stuff on the back end with their e-mails.

Mike Colella: Here's the thing, it varies completely. The guys that are doing an amazing job with this, they're going to be ultra-advanced with all this. They're going to be doing all sorts of behavior-based e-mail marketing on to the buyer sequence and remarketing if they didn't take the upsells, they're going to know that and start offering them again on the buyer's sequence and all of that stuff. At the upper end, that's the kind of stuff you can be doing. But there's guys out there that are doing well with paid traffic and they're not that advanced. They have just got a really solid front end high converting offer and on the back end they may just be lazy, just not really have it all that advance. Maybe they're mailing out some affiliate offers or whatever. It really depends on the business and how far along they are.

John McIntyre: Yeah OK. There's basically like a series of leverage points. We fire up an ad campaign assuming that you've got, you can optimize the ad with the image, the banner, the call to action. You can optimize the landing page and like a one-step landing page, you got something like a lead box or like opt-in box that you have to lick and button and it pops up. These are all leverage points and assuming you've got those things started the you start to look at, what do we optimize? The product? Do we optimize the sales page or maybe we optimize the e-mail sequence. Since some people going down the e-mail sequence direction something would go down the product line direction.

Mike Colella: It's tough. Honestly, there's so many things you can optimize at that point when you get to that point, it's really tough to decide what to do. It helps if you have some friends that have some sequence set up and you can maybe get reference points on, like if you have an upsell sequence and you got two upsells and each of them converts and 10% of the people that bought the front end buy each of them, that's probably a little bit low. That might, if you know that, if you ask some other people or figure this out in some way, taking some training courses or whatever, then you might know that that's a good place to focus some time on. So it helps to know a little bit about what kind of averages are.

It's tough, you reach where you don't really know what to focus on and there's a lot of different ways you can go. I will say this like the trick, the real turning point is when you get to, if you can get to a break even on your ad spent, then you're in a good place. Because then you can start, you have traffic coming in through your e-mail funnel. Now whatever you choose to do, it almost doesn't matter because the chances are you're going to improve if you're testing. At some point you're going to probably get the big wins on an opt-in page. You're going to get the big wins on your one-time offer and so you move on to test other things. Once you get to that point where you have traffic coming, that’s a good place to be.

John McIntyre: I can imagine that. This has been really cool. Just last thing and we'll finish up, what if someone wanted to get started today and they wanted to go at and start setting this up, they obviously need an ad network and then the product to sell and a couple of different pages. Would the best place for them to start be the Google display network?

Mike Colella: Google display is great. Facebook is also really and there's really tight targeting available on Facebook so depending on what you're doing if you have a really niche market, Facebook could be good if there's good targeting available on Facebook, different groups and things you can target, that you know is your target audience, that could be a really great place to start. Google display is excellent for keyword based targeting. Depending on your offer it can work really well.

There's excellent conversion tacking and re-targeting and all sorts of great features in Google display right now. And as far as setting up a site, the standard things are great. I would start if was starting out today and didn't have anything I would start with optimize press or lead pages or whatever and just get something going with one of those templated typesuits, silver suits, and that's planning to get started then you can worry about setting something up, custom later.

John McIntyre: I like it. I like it. So no one has any excuse for not starting.

Mike Colella: I don't think so, no. Sometimes a tech stuff can get in the way but you can find somebody on Odesk to help you with that sort of thing but optimize press is great, you can start a million dollar business on optimized press really easily.

John McIntyre: Yeah I like the sound of that. All right, before we go then if someone wants to check out AdBeat, like learn more about you. AdBeat interested in what's the best place to go?

Mike Colella: The site is AdBeat.com. We have a trial available that normally, I don't want to advertise, but if they want to go and check it out for just a buck to Adbeat.com/trial and any questions, support at AdBeat.com and that should take care of anything anybody wants to know.

John McIntyre: Cool man. All right Mike well thanks for coming on the show man, really appreciate it.

Mike Colella: Sure, thanks for having me on John.