social triggers insider

Before we jump into the transcript of the second Social Triggers Insider master class, I've got three things to tell you:

1. You can find the other materials at http://socialtriggers.com/social-triggers-ramit-sethi—leave a comment and see what everyone else thought of the Master Class.

2. In this audio, Ramit was gracious enough to provide some bonus materials. It's called "How to Write a $100,000 Survey." You can access this here: http://iwillteachyoutoberich.com/triggers/ . I'm not sure how long he'll leave this up, so get it while it's still there.

3. Enjoy the second Social Triggers Insider master class!

Enter the Transcript...

[00:00]

Derek: Hi everyone. It's Derek Halpern, the founder of Social Triggers.com. During this audio master class, you're going to learn how one entrepreneur combines a Stanford education focused on persuasion, with deep online marketing knowledge and testing to get inside the mind of his ideal customer, and of course, gets them to buy his products. I'm not talking about me.

Yes, I do it, but this other guy does it, too, and he does it really well. The dude's a genius. Who is this mystery entrepreneur? His name is Ramit Sethi.

For anyone who doesn't know this, Ramit is the author of the New York Times best selling book, I will Teach you to Be Rich, which focuses on personal finance for people in their twenties and thirties by weaving together threads from health and fitness, social psychology, and personal finance.

He also has a blog of the same name which can be found at http://IWillTeachYouToBeRich.com. And he hosts more than three hundred thousand readers per month. Ramit is a contributor to the New York Times and appears regularly on PBS and NPR.

But there is even one more awesome thing about Ramit. He recently had a six page spread, and I mean SPREAD in Fortune magazine where they called him, and I apologize for my poor French, la enfant terrible, or something like that, with a French accent. So are you ready to get started, man?

[01:44]

Ramit: Yes, I am.

[01:49]

Derek: Now, just so you all know, there's some supplemental material which I'll link up below this audio. I recommend you click that link when this is done and make sure you get it. Ok, so on that note, we're going to jump right in.

One Huge Problem

We've got a huge problem on our hands. When people email me asking for advice, they'll always say something like, "What's the one thing I can do to grow my business?"

And I'm sorry to say, if that's your first question, you're doing it wrong- really wrong. It's not about the one thing; *it's about developing a deep understanding of your target market*. What type of customers do you want?

And finally, you've got to understand what's going on inside the mind of those target customers.

Now I know you know this from me, that's actually why we're doing this class right now, but for the Social Triggers Insider listeners, can you share some perspective about why you hate the question, the one thing, the one tactic, or the one shiny object that's going to help people succeed?

[02:47]

Ramit: Yes, I truly hate this question. Because it really is a way for people to raise their hand and basically say, I'm not taking this seriously, I just want to know the easy, tactical, shiny things I can do today.

The SAT Question

It kind of reminds me, when I was in high school, I had a pretty competitive group of friends and we all wanted to go to good colleges. We had friends that were a year or two older than us. I remember, multiple times, talking to these friends and saying, "What's the SAT score you need to get into Stanford, or Harvard, or wherever." Other people were busy checking out girls and I was busy worrying about my SAT score, which tells you something about what a nerd I am.

But, what's interesting is, I wanted that one shiny tactical answer. As if just understanding a number or some tactic would get me entry into a place I wanted to go. Now, I was very dissatisfied with those answers. My friends who had gotten into these elite colleges would always say things like, "Well, scores are just one part of it, it's really about the holistic person." But I didn't want to hear that. I wanted one shiny tactic because, in retrospect, I believed if I just did THAT, I would get what I wanted.

[04:23]

Different Strokes for Different Folks

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So, what we learn from this is, people are often driven to tactical things, and it's often easier to focus on one thing than to understand that usually success comes with systems.

And it comes with a multitude of things used in different ways. Some tactics work for some people, others do not. In fact, one of my friends recently shared a tactic with me that helped him grow his email list by over a hundred thousand.

Well, we did this. We did the same tactic, and it was not very good for us. It really didn't work. So maybe we executed it poorly, maybe it just wasn't a good fit for our audience, but that's a classic example where just taking someone else's raw tactic and ripping it off, it's probably not going to get you what you want it to.

[04:44]

Derek: That makes a ton of sense. I've been building websites now for almost six years. A lot of people, in my experience, will tend to reach out and they'll always ask that question. What's the one tactic, Derek? Do I need to do email marketing? Do I need to use Twitter? Do I need to write blog articles? And they always want to know that answer, and clearly, as you've shown very clearly, it's not about the one tactic. It's about combining everything together in the right way.

[05:10]

Ramit: Yeah, I wish people would actually ask other questions. I wish they would say, "Ramit, tell me about how you do research?" You know how many times I've been asked that question? Out of the six hundred plus emails a day that I get, mostly from my readers, out of the interviews I've done on TV or whatever, probably less than ten. And I wish someone would ask me that, because I could talk for hours. But, that is the question that actually is one of the defining reasons why my business has grown in the last few years, but it's not a question that people really want to know.

[05:46]

Derek: Alright, you know what? I'm interested. I would love to hear: how do you do your research? I'm all about the research. I know I've kind of looked at what you've done and you've kind of told me briefly about how you do your research. But why don't you tell us a little bit about that right now- the research aspect of everything.

[06:02]

The Secret Sauce

Ramit: The research is the secret sauce to my business. So, when we release courses… so basically, on my website, IWillTeachYouToBeRich.com, 98% of my material is free. I write about personal finance, psychology, careers, and I tend to write pretty long posts. You don't see 'Top Ten Ways to whatever'. It's usually very long. In fact, I currently have posts there that are roughly five to ten pages each. They have several hundred comments each.

But what we do to sort of generate revenue is for that 2% of material I have these online courses, and typically these courses, my flagship courses, are eight weeks long. They're video based and we tend to spend a long time developing them- sometimes twelve to eighteen months. For the research, we'll actually spend months, sometimes over a year, doing really really deep research. We're talking about collecting 25,000 data points, sometimes 50,000 data points. That means surveys, emails, group chats, phone calls, even one-on-one meetings. We want to know everything about the people we're trying to help.

So for example, when I did a course called Earn 1K, where I helped people earn money on the side, just to give you an example: why's the course called Earn 1K on the Side? We didn't just make that up.

Mentally Within Reach

In our research, we found that if we called it 'Earn 10K', which by the way, many of my successful students do, but if we called it Earn 10K, people would believe, "I could never earn 10K, I'm not that kind of person. " And then we furthermore found that in people, we talked to people about earning money, the first thing they think is, " I have to quit my job and start the next Google," which is not true. So that's why we called it "On the Side", because you can do this on the side. So even the name was rooted in research. But when they got to the copy, they would read words they were about to use, but had not even articulated them in their mind, and they would say, "Wow, how does this guy know? How does he know me better than I know myself?" And the way that we did that was the research.

[08:14]

Derek: Cool. Now, you said you collect between 25,000 sometimes 50,000 data points using things like surveys. Was there anything else you used other than one on one calls? Were there any other ways that you asked your readers to give feedback to you in a more organized way? Or was it more just regular amounts of work and a consistent effort towards making sure you talked to all of your readers every at every chance that you can get?

[08:40]

Knowing the Target Audience- Inside and Out

Ramit: Yeah, it's not about organization. In fact, most of my surveys have strictly qualitative answers. So, like the data nerds are like, "Ramit, that's not statistically relevant!' Well I don't care about statistical relevance. I want to know the words that they use. I want to know what they want versus what they need. And I want to know the actual hopes, fears, and dreams they have in their own language.

The Questions You Ask Determine the Answers You Get

So typically, what I do is I start up with some really broad questions. The thing that matters about your research is the questions you ask. You can't just say, "What would you pay for this?" That's a totally worthless question.

And you can't just say, "Are you interested in a course on earning money on the side?" 99% of people are going to say, "yes". You have to ask them like, "Talk to me about...what are your biggest challenges last week?" Right? So you're really just starting on a broad, broad spectrum, then you narrow it down and you ask more and more detailed questions.

Sometimes we had to ask the same question six or seven times because we wanted to make sure we got the exact language right, and the exact way that they thought about it. Often times, it's not that people want to lie to you, but they often don't have cognitive access to the real reasons behind what they do. We see this all the time in social psychology literature.

Strategic Research

People will behave one way and then they will rationalize or create explanations as to why they did that. Well we want to know why they really acted that way. So we do that. One of the best ways I've done it is to actually send out emails. I'll put some really cool story in there, some great value for them, and then I'll just say, "Hey, I've got a quick question for you guys. Tell me about how you feel about your friends. We all have friend that have the same experience as us, but maybe they earn a little bit more. How do you feel about that? Is it a factor in your social dynamic? Just reply to this email. I read every email." Because I have a pretty large subscriber base, I'll get hundreds of emails back, often in minutes. You don't have to get hundreds of emails. Even twenty or thirty will give you fascinating data to start working. And that's how you start to craft the way you do your research.

[10:49]

Derek: Nice. See, now I like how it can be something that simple. For everyone that's on Social Triggers, they know one of the first emails you

get from SocialTriggers.com or from me, is what I call the 'what are you struggling with' email. You sign up and I say, "Hey, welcome! Thanks for signing up to Social Triggers. Why don't you reply to this email and tell me, what are you struggling with right now? Even if it's something small, just reply. I read every email." I use that same strategy. I have a really high reply rate.

So every time a new subscriber comes into my funnel, they'll get that question. And they'll often reply, telling what they're struggling with. And like you said, you get to hear the words they use. And that's key when you're writing copy. So great tip there.

Now, we kind of talked about the importance of research, but as we also said, people need to understand what types of customers they want. It's not really about taking any customer that comes their way with money. That's a recipe for disaster. Actually I hate working with almost anyone. I strive to work with the right people. Now I know you strive to work for the right customers and to attract the right customers and you have some heavily controversial ways of ensuring that you have the right customers. Can you tell us a little bit about that?

[12:06]

Ramit: Yes. This is a great question. I've always admired sushi restaurants because I see some of these higher-end sushi restaurants and I go in there and I'm like, I could add 15% profit to this sushi restaurant overnight by adding two more tables. Because they have a line out the door and they have extra space in their dinning room. Well, guess what? They don't give a damn. They don't care. Profit is not their defining motive. They want to create an experience. And I always admire that.

Although I never want to get into the restaurant business because it's a horrible business, I always said I wanted to have the kind of business where I had customers lining out the door. And I could turn them away if I wanted to- to not serve the wrong people. And I would still have a very sustainable business. And so, I thought about how to apply that to my

online business. Right? Because you don't really have a line out the door in an online business.

Choosing Your Online Customers

And so over time I came to be pretty direct about who I wanted on my site, and who I did not want on my site. So for example, I spend a lot of time telling people who should just leave- unsubscribe from my site. Because I'm actually very strict about who I allow to use my material.

I spend more time developing one of my courses than arguably many people in my space. It's not commodity information. I never want to treat it like that. I teach my readers to never treat it like commodity information either. I treat it really highly. I spend more time than anybody, and I expect them to do the same. So I respect them in that way.

Then I thought, imagine an ancient old craftsman chef- someone who doesn't let customers spoil his food by letting customers put salt on it. But he still has it, because of the experience he's created, because of the food he's created, it transforms people. That's what I aim to do.

Persuasion Principles

So, when I thought about my business, I went back to my persuasion principals, and I realized when you try to persuade someone, you don't try to persuade everyone. This is a classic mistake people make. They try to cast their net too wide, and they try to convince everyone to come to their site. Well, guess what? There's no reason that a midwestern mother of two should really be reading my site. Just to be totally blunt. She has a very different outlook on life. She has very different needs. Why would I want to waste her time? So, I look at it as a service to them and me. So for them, I don't want to waste their time with someone who's not going to resonate with my material, like that midwestern mother of two.

However, I go out of my way to write for people who I want on my site and I treat them with a lot of respect. I write in their language. I speak specifically

to the concerns that they have. I speak to those people. How do I know those people? Because I do deep deep research. And so my basic principal here is why should I try to convince a midwestern mother of two to try to like me when there are better sites out there for her. Right?

Looking for the Right People

Plus, just for my own sanity, I don't want to be annoyed, for example, by people who think I should stop using jokes because they find them offensive. MY audience, the one I care about, loves my jokes- because they're ridiculous. But other people are offended, and that's a great sign that they're not right for my audience. Or, for example, some people, the first question they ask is, "How much does Earn 1K cost? How much does Dream Job cost? " Based on experience and research, we know that those people will almost never buy. So whether it's buying, engaging, having my material resonate with them- that's how I'm looking at it. I've always been very clear- I'm not looking for everyone, I'm just looking for the right people. And once I took that approach, my business actually skyrocketed.

[15:55]

Derek: You know what, man, that's a really great point. And I wanted to share with you what just happened to me the other day. I sent out a video for the first Social Triggers Insider master class that I ever released. And someone replied to me and said, "I don't like videos. You're doing me a disservice. Please include a transcript in the summary below the video because I'd rather skim it in less than a minute and get the same information. "

[16:24]

Ramit: What did you say to them?

[16:24]

Derek: I said, "Please unsubscribe. If you're not going to watch the video I spent hours on making and you want to skim it in a minute, you know, I don't need you on my list."

[16:32]

Ramit: Absolutely, so what's going on there- that is so fascinating. I get that kind of comment all the time, especially because I write longer posts. People say, "TLDR, this is too long. You ever heard of an editor?" And I said, "It's interesting you say that among 280 other positive comments. This site's probably not right for you if the length's a concern." The truth is, and we know this from plenty data analysis from video and video conversion- all kinds of stuff; long copy- that if people are interested and engaged in the material, there's almost no length that is too long.

Quality, Not Quantity

What that person is doing is basically raising his hand and saying, "I'm going to treat your site like commodity information, and I just want a quick transcript to, in his words, "skim it". Why does he deserve to read and watch the material that you put so much time into? I think it's very important for us, if we are indeed creating the best material for our students and for our readers, to demand as much of them as they demand of us. And when we do that, yes we may get fewer fans and follows and readers up front, but the quality of those people is second to none. And that's really what I'm talking about all of today, is that' it's not just about quantity- it's really, really about quality. And if you can find those readers, the ones who are actually engaging with your material, it's often better to have, say, 5,000 of those than 50,000 non-engaged skimmers.

[18:00]

Convincing the Right People

Derek: Yeah, definitely. And I want to also call out one other point. You had mentioned that it's not about convincing everyone to buy your stuff or read

your sites, but it's about convincing the right people. And I know last year I gave a lot of presentation at a bunch of different conferences or whatnot, and I always used this example of selling ice to an Eskimo. And it was actually a funny comment because John Chow from JohnChow.com had said that I could sell ice to an Eskimo in one of his blog posts. And I kept thinking to myself, "Why would I want to do that? Why would I want to sell ice to an Eskimo? I want to sell him a space heater. I want to find someone who's drowning and sell them oxygen." In talks, where a lot of people are trying to convince these Eskimos to buy ice, when you could just go find someone, as I said, who needs to breathe and sell them air? It's so much easier to do that. You don't have to try and sell that.

[18:52]

Ramit: Yeah, you're absolutely right. So, I think there we get back to the research, which is what do people want? And what do they need? Let's take the example whenever I talked about my SATs. Let's say that you're creating a service to help students get into college. Well, what do they want?

Wants and Needs

OK, a student like me would've "wanted" to know the perfect winning SAT score that I need to get in. Maybe I would've wanted to see a couple of sample essays that won. What I NEED, would be obviously to do a holistic look at my academic progress, am I doing extracurriculars? My point is, there is a difference between what people want and what they need. And often they don't know the difference between the two.

Now, if you have done your deep research, then you're able to distinguish those. And actually here's the trick, but you have to give people what they want but you also have to give them what they need. And this is something that is pretty subtle sometimes. Because what you have, for example in the personal finance world, you have a lot of people lecturing their readers saying, "Hey, you need to keep a budget and stop spending money on lattes." Well, yeah, that may be what you think they may need, but they

don't want that. And so the first thing they do when they read that is, close the window. So you really want to talk about what they want, and then you also want to give them what the need as well.

[20:12]

Derek: Cool, all right, Now, I want to ask one more quick question. Nothing is ever for sale on your site. Like I can't go to IWillTeachYouToBeRich.com and buy something. I do a similar strategy where nothing's for sale on my site either. But I want to hear why you don't sell anything right off the gate. Why can't I go to IWillTeachYouToBeRich.com right now as a new reader, why can't my readers go to your site right now, and give you money if they wanted to. What's the deal?

[20:40]

Ramit: There're a couple things I do that are a little bit unconventional with my selling. So, first of all, let's understand our place in the market. I'm very aware of my place in the market. You hear a weird Indian dude with a site called IWillTeachYouToBeRich.com, what are you going to think?

[20:58]

Derek: Scam, right?

[20:58]

Results in Advance

Ramit: Yeah, so there's a reason I mention Stanford so much. There's a reason that I talk about having written for the New York Times. It's not just for my extremely large ego, all right? I want to take people through an experience so they see that my material earns its way into their lifetime- into their lives. So I want to give them results in advance. I want to show them that my free stuff is better than anyone else's paid stuff. AND I want to also allow the wrong people to leave my site before I ever try to sell them

something. Right? I want to get the right people, on the other hand, I want to get them to stay. I want to give them massive results. So here's what's interesting.

I'll tell you two things:

1) I don't sell ads on page views. So for example if my material doesn't work I don't get to put food on the table for my team or for me. So it has to work. Which is why I'm so relentless about testing my ideas. In one example, earlier last year, we spent four months and tens of thousands of dollars doing research on a course. And we started testing it. We do a lot of iterative tests. We did one test four months into the research. We realized we got terrible results from the people that we tested, and we backtracked and realized we had made a crucial error. So we had to throw that away and start again. That cost us a lot of money, but in the end it allowed us to build a course that actually worked.

2) The second thing I do beyond not letting people buy stuff off the bat. I want them to go through my free material, experience it, make sure it actually works - just the free stuff- before I ask them to buy one of my flagship courses. The second thing is, I don't allow people to buy my flagship courses if they have credit card debt. So, this was the decision I made a while ago. And I first of just think it's the right thing to do. Some of my courses, there are not $27 eBooks, some of these courses are fairly big investments. I do guarantees. You can take my courses the full way through and if you don't love them, you can just get a refund. But it's still a fairly large investment. So I let them know up front if you have credit card debt, you're not allowed to buy this course. If I found out you bought it with credit card debt, not only will I refund your money, I will ban you from buying anything from me for life.

[23:20]

Derek: Wow, that's crazy.

[23:23]

Ramit: It costs me a significant amount of revenue every year. A lot. It costs a lot. But, it also sends the message. And I think this is another thing that's really important for people to hear. If you treat your information as commodity, it will be perceived as a commodity. If you treat yourself as just another dude online trying to sell your info product, then you're going to be treated like that. You're going to be treated with skepticism and you're going to be called a scammer. Because unfortunately so many people in that market have done just that. All they want to do is figure out how to monetize as quickly as possible, testing their funnel so they can make a sale on day three instead of day four. But imagine if you could actually lead the market.

Changing Behavior

When I did this, virtually no one else was doing it. To this day, virtually no one else is doing it. Because it's actually costs a ton of money. But I'm in the fortunate position of being able to do that. And so, I wanted to explain to them why. Not only is it the right thing to do, but if you have credit card debt, not all people but many people who have credit card debt, that debt is a result of their own actions. What I told them is, "Look, my site is not about money, it's about changing behavior. I want you to change your behavior first. Pay off that debt. When you're ready to go, come back and I'll be ready for you. But you're not allowed to buy until then."

It's interesting- people kind of went through these emotions of grief when I first announced this policy. First, they were kind of angry because it's rare in our culture that someone tells us we can't buy something. When was the last time, someone said, "No, I won't take your money"? And it was kind of denial, then it was acceptance. And it actually turned into respect- and I believe it's mutual respect. So I'm respecting them enough not to take their money when it's not the ethical thing to do, and they are respecting me because they know I'm not just trying to make a quick buck. I'm in here for the long term. And that's really the ultimate goal I think, for me- to have

students for life. That they're so happy with the results I've given them that they're going to be with me forever.

[25:23]

Derek: All right, that makes sense. I actually might even borrow that idea from you. To not sell products to people with credit card debt, mainly because it makes sense. If people are in a position where they're already in debt from whatever it is they're doing, chances are that if they're going to get out of that, like you said, they need to change their behavior first, then decide to actually grow and move on from it. Correct?

[25:49]

Ramit: That's right, and I think you can offer other options. So for example, if someone has credit card debt, you could offer them a lower-priced product that is more amenable for someone in debt. If someone in credit card debt buys a $50 product, it's probably not going to make a big material difference for them. If they buy a $1000 or $2000 product, that is. And then you can also give them some tools to help them reduce their debt. And believe me, if you help them do that, they're going to be grateful to you forever.

So there are many reasons. And the third option is to say, "Look, maybe this site isn't for you right now. Here are three other site I think are great." The point is you're putting them at the center of your business- not you. This is something that Jay Abraham, one of my mentors, talks about a lot. It's something you always want to be thinking about from their perspective.

My ethical guideline for persuasion is if people had all the information and motivation in the world, and they were rational thinkers, would they make the same decision that I'm trying to persuade them to make? For example, if someone has $10,000 in credit card debt, and they are debating buying a $2,000 course, knowing that, their behavior is primarily why it got them into credit card debt, would they make that decision? No, probably not. Because they realize that $2,000 with interest is going to cost them $4,000

to pay off. No they would not make that purchase. They would focus on steadily paying their debt off. When they're ready, they would come back.

Customers for Life

Sometimes I have to make that decision for people. I'm very comfortable with that. And telling them this is why I'm simply not allowing it. Because I have thousands and thousands and thousands of data points. Hundreds of thousands every month. And oftentimes, I'm going to put my own interests behind what my students want, because I know that if I do that, over the long term, on average, it's going to come back as a win-win for me and for them.

[27:40]

Derek: Yeah, it makes sense. You actually are going for customers for life as opposed to just a customer today that's gone tomorrow.

[27:47]

Strategic Testimonials

Ramit: That's exactly right. I mean, think about it! I had so many testimonials that I had to hire one guy specifically just to manage testimonials. So this guy is looking through and he built this testimonial database. And we're looking through it and it's unbelievable! Some of these guys are like, "I negotiated a seventy percent raise, using your techniques! I renegotiated $25,000. I got my dream job." All this stuff, if someone helped you do that- you used their stuff- and sometimes it's free stuff and sometimes it's their premium stuff, you're going to be with them for life. And our life is a long time, right? I have my whole career ahead of me and so do they. And so it only makes sense to think about the long term in every decision you make. That's the way that I approach it with my business.

[28:30]

Derek: Hey man, it makes complete sense to me, too. Let's build on this idea of nothing being for sale on your site and how you prepare people. You give them that result in advance to make sure they're ready to buy your stuff. One of the main benefits of doing this is you can actually charge what you're worth. You even mention that you often charge 100 times what most people charge. Now let's talk about that. Let's talk about how people can charge what they're worth and actually get it.

[29:02]

Charging What You're Worth
Ramit: Yes. Okay, I have a lot of things to say on this. I had a friend who called me and he said, "Hey Ramit, I have all this traffic and I just want to monetize it. And I'm thinking about just building a product, So can you just tell me how to build a quick product? Because I think I can make a lot of money if I just put something up there -like $20, $50, $100… whatever." And I start, "I'll get on a call with you, but I'm going to warn you, you may not like what I have to say." This guy, he's really busy, he didn't want to spend much time on this. And he basically just wanted to monetize because he had all these readers.

Building a Great Product

And I explained to him, to build a great product, to build a kind of a mediocre product, it's going to take you three to six months, anyway. That is, to do the product, the design, the website, the backend- all that stuff. Why not spend an extra six months and make it the world's best product in that space? Why not do the deep research? Why not spend the time? Why not consult experts? Why not just make it truly what your customers need?

The Difference Can be Millions

And, I then said, "The difference in terms of revenues can be millions." And I actually have that data. So, we have data from some of our products that have performed extraordinarily well, and other products that have not really performed that well. They've been fine. By Internet standards, I guess you

could call them successes. But in the grand scheme of the business, they're not really that big of a driver.

So, I told him this, and he wasn't really happy about it because he wanted that SAT answer. He wanted to know what to do today. He wanted that one answer. And I said, "Look, spend a little extra time, and it's going to be worth it in the long term." I want to bring that back to my own monetization example. How I'm able to charge. When I first rolled out my first paid product ever, it was maybe three years after I first started my blog. And it was a $4.95 eBook. Well, a few years later, I actually just recently sold a course for $122,000. So, how did I go up that ladder?

[31:12]

Derek: Wait a second! Let's just stop this for one second. You sold a course for $12,000. And I love how you just brushed over that and tried to go to the next step really quickly. You're really the king of charging what you're worth! And you actually get it. So that's awesome to hear that. All right, now you can continue. Sorry I interrupted.

[31:35]

In the Results Business

Ramit: Thank you. Thank you. I always wanted to be really clear that I am not intellectual entertainment for my readers. If they want to skim my stuff, they should unsubscribe. If they want information, go to Google. That's not the business I'm in. If they want results, THAT's what the business I'm in.

And how do I prove that, by the way? You can't just say, "Oh, I'm great. You should pay me this much." You actually have to deliver the results, and then you have to tell them about it. So you can do that by showing testimonials, and by the way, testimonials in different modalities- so video, audio, text. Remember that testimonials... I see a lot of testimonials, and it's funny because a lot of people think that a testimonial like this is a

testimonial: they'll say something like,

> " Mike Jones changes my life. Before I was really confused, but he gave me a step-by-step path to know my goals and what I wanted to do. Thanks Mike!"

OK, that's not a testimonial. A testimonial is strategic. A testimonial is you go to your readers, you do deep research. You find out their hopes, fears, and dreams-the things that they want, the things that are holding them back. And then you find testimonials to fit into each of those slots. I mean, we have a testimonial grid. We go over exactly what our readers want and need, and then we go over what have, and then we find ways to match it up.

Getting Strategic Testimonials
And we'll go out to our readers and we'll say, "Look, if you started off Earn 1K and were skeptical, and then you had gotten three paying clients within four weeks, please send me a note, I'd love to hear your story." And then that is a strategic testimonial.

So, all this goes back to three main things; the way that I'm able to charge often a hundred times or more what other people charge. First of all, I want to know, who am I working with? I'm not working with everyone. First of all:

> 1) No credit card debt. I want people who can watch or read a long blog post or are literate enough to do that and who can follow along with some of the arguments that I'm trying to make.

> 2) I want to deeply understand them. I want to understand them better than they understand themselves. I want to help them get results with my free stuff before I ever ask them to invest, some of these premium prices I charge.

> 3) I want to provide them material that gives them what they want and what they need.

With Dream Job, for example, this course that I've been developing. I could have made it a $27, and would it have sold? Yeah, I would have sold thousand and thousands of dollars and that's fine. But what change does that really make? Does that really make the kind of impact that I want? No, in fact I invested like $250,000 of my own money to make the BEST- what I considered the best, that's how I get results which allows me to create even cooler material. So that's the virtuous cycle that I 'm after.

Pricing Guidelines from Ramit

And how do I sum this all up if you're thinking about pricing? Some people want to charge premium prices. Let's say $500, $1000 course, 15,000- whatever, in my experience, you can get away with having a decent product, lets say an eBook, you can charge $27, $47, $77, even $97.

After $97, you're really talking about going to a $497 price- I'm talking about basic information products. At $497,you need to have some sort of multimedia- in general it needs to be good. It's really a big difference from $97 to $497. After that, you're talking about seriously premium material $997 and up is quite a different level from anything below it. So the first thing I would say is, "Oh, you want to build a $997 product? How many other thousand dollar products have you bought?" That's a question that many people struggle to answer. So how do you expect to charge your customers if you yourself have never gone through the purchase process of multiple thousand dollar products?

And then beyond that, what did they do in their marketing? What did they do in their product? What did they do their follow up that made you feel successful? If you refunded, why did you ask for a refund?

Experiment with Pricing

So with pricing, I would say I'd experiment with virtually all level- literally I have that $4.95 eBook which I first sold, which by the way, I still get orders from it, I don't even know where they buy it because I don't know where it's

possible to purchase that. I seriously don't! The emails come in once and awhile and I'm like, "Where did you seriously buy that!"

Then I did an $8 a month product, which I actually priced on purpose, it wasn't super strategic. The lowest price I could price at the time was $7.95 per month, that's what my payment processor allowed, and I wanted to get a large group of buyers, because that's often very valuable- to have a large group of buyers. After I released that, I monitored success rates, and I actually did price testing and I was able to raise that price to $47 a month, with virtually the same conversion rate. Okay?

Build an Incredible Product Based on Research

So, then I have done stand-alone $97 products, I did a $497 product which we tested again. We found it was too successful so we raised the price to $997. And I've gone all the way up the gamut up to $12,000. My basic take away here would be, look, your goal is not to optimize your pricing first, your goal is to build an incredible product based on research. That will change the behavior of your readers, your followers, your fans, your subscribers, your customers, If you can do that, then you'll have some capital to begin doing a little bit more with.

Ultimately you may want to charge premium prices. There are people who make a lot more revenue than I do and they only do $97 products because they've done a different route of marking. There're a lot of different routes to take. I would simply say, I find it interesting that so many people go for what's easy than to really spend time. The difference in building a great product versus an okay product can be millions.

[38:00]

Derek: Yeah, it totally makes sense. I've seen people who've released a cheap product, people who've released the expensive products, and it seems that you've always got to optimize what you're selling. And as you've mentioned, not only do you have to optimize what you're selling, you also have to make sure after you create the best product possible, you need to

then make sure you are charging the right amount of money for that product. You mentioned you had something that was $8 per month, and you were able to raise the price up to $47 a month with virtually no decrease in sales conversion.

[38:40]

Ramit's Three Part Model

Ramit: That's right. In fact, there's a three-part model we use, I've actually never revealed this publicly, but I'll reveal it here. I've shared with a few internal people and close friends, but a lot of times, people come to me and are like, "Hey Ramit, I want to do this product on whatever, what should I charge?" And I'm like, " Whoa! Wait a minute! The first step is to figure out what people want and what they need. We're talking about deep research." By the way, I actually put up a survey clinic, Derek for you readers, I took the actual survey that generated several hundred thousand dollars for us. The whole survey, your readers can just use it, and I actually did a tear down of someone else's survey. I showed her how to take a mediocre survey and change it to really get in the heads of her customers. So, that's step one. Let me give you that URL.

[39:39]

Derek: OK, so that's going to be at IWillTeachYouToBeRich.com]Triggers

For everyone that's listening to this, I will include a link right below this audio. Make sure you go check this out. I'm going to go check this out because I'm always running surveys and I'm always asking people for feedback also and I want to see how Ramit used hundreds of thousands of dollars in this one survey. Man, I think I should have asked you for this a few months ago!

[40:16]

Step One: Understand Them

Ramit: So step one is to really understand them, and that's actually pretty hard. That's at least 50% of the work of building a product. I want to say that again, understanding what they want, needs fifty percent minimum of the work. OK? At this point, you have not built anything you're just trying to understand them.

Step Two: Modalities

The next thing is, what's the modality in which they want to receive information? So for example, if I'm doing a course on how to find your dream job, do you really think that can be an eBook? If I'm trying to make an extremely comprehensive course, maybe if they simply want to know what should I say when I take people out for informational interviews- that can be an eBook. But if they want to know everything from 'what is my passion?' all the way down to 'what do I say to answer this negotiation question and what should my body language look like?' Well obviously, that's a much more detailed course. That's probably a video course, maybe even it's in person.

So step one what do they want and need. Step two what is their modality of information in which they want to receive it? By this point you have something like you know exactly who they are, they're 27 to 34, they tend to be male, they tend to make this much money, this is what they want, this is what they need. They want a video course. As a result, now you go to step three. I know who they are, what they want, what they need, and I know the modality, now how much should I charge?

Step Three: Setting a Price

Well, now it's much clearer because you know that a video course is going to be more than $97, probably going to be $497, maybe a thousand, maybe two thousand, ok, depending. Whereas if you have a simple eBook, you know it's probably going to be between $27 and $100. Pricing is actually one of the things you do last. And I just wanted to clarify; pricing is what YOU care about. Yes, your readers care about it, but really it's a business

and strategic discussion and decision. Your readers don't care about you and your stupid conversion rates and funnels. They care about them and their needs. So I always like to start with them, focus on what they need and then we can get down to some of those pricing discussions later on. That's the three-step process.

[42:29]

Derek: Nice. So you really provided us with a lot of useful insights during this audio. I just wanted to ask you one more quick question before we continue. And people remember to go to IWillTeachYouToBeRich.com]Triggers to see that survey tear down that Ramit did. But my last question for you is, do you have anything new that's coming out in the future? Like what are you currently working on? What's making you excited?

[42:56]

Ramit: Oh man! Since I was in college, I had this group of friends, and we're basically weirdos, and we would sit around and interview against some of the top companies we can find. Some of the top companies and some of the tier-two companies, and our goal was just to crack the code of the interviewing process. So we would go in there and we would all go interview with different companies. We'd come back and share our favorite answers, the body language- we would test everything. And we got really good, and then over the last few years, I helped my friends find their dream jobs. I helped them negotiate on average tens thousand dollars in raises.

Ramit's Next Big Project

And about eighteen months ago, I really decided I wanted to build a course around this. Much of the advice in the career world is really terrible. It's these old people who've really never had a good job, and they're telling people like the same old information like, "Make sure your resume is one page and wear a clean shirt to the interview." Like, seriously? That's the

advice you're giving me? Or they're like, "Just make sure you're on social media because that'll get you a job." Ok, that is not helpful.

So I wanted to build a course that taught people the stuff I had learned, really pulling back the veil, in what I had learned with my friends in interviewing and getting jobs at the world's to companies- companies like Google, Facebook, Goldman Sachs- all these companies.

Ramit's Dream Job

And so this is where I started the research process, and we spent about 12 to 18 months really doing research and building this course. And this is the exact process in which we got it wrong. After four months of work, we had to go back and tear it up and start again. But we now have the results.

And for example, that $12,000 group was called Dream Job Elite, and those folks, some of them have received terrific results and job offers. So we're about to roll that out and we're going to be showing people how to find their dream job. Everything from 'What is my passion' to 'What Should I do with my life', down to the most tactical of answers like 'what do I say to this interviewer or If I take someone out to coffee what are the exact questions I ask?'

So that is really exciting to me, because my goal is behavioral change, and you can use these techniques for finding a dream job, almost all of use have a job. You can also use it for social skills, right? How do I walk into a room and command attention? How do I use body language? How do I answer the question behind the question when an interviewer tosses me something I've never heard? These are skills that are very very valuable for the rest of our lives. So this is a course we're releasing and I'm super excited about it.

[45:41]

Derek: Cool man, and it sounds awesome. If this sounds like something you're interested in, make sure you keep your eye out for that. Overall,

social triggers insider

Ramit, thanks for doing this with me today. I learned a bunch during this particular interview and I'm sure everyone listening learned a ton, also, so thank you.

[45:56]

Ramit: Thank you Derek, it's always a pleasure.

[45:58]

Derek: All right. Well, everyone else, thank you for listening. This concludes this second Social Triggers audio master class. I hope you're loving it just as much as the first class and I'll see you on the third one. Have a great day everyone.