



SUCCESS DURING TOUGH TIMES SERIES

Volume 1

**Tracking Demand In
A Tough Economy**

Success During Tough Times Series

Volume 1: Tracking Demand In A Tough Economy

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Table of Contents

1 A Look At Sales Per Industry In A Recession.....	7
General Trends.....	8
<i>DISCOUNT STORES</i>	9
<i>PERSONAL ITEMS OF NECESSITY</i>	10
<i>THE SMALL LUXURIES</i>	11
<i>COMFORT FOODS</i>	12
Industry Trends In 2008.....	13
Some Other Areas of Rising Demand.....	14
2 Reviewing Your Website Stats To Track Demand.....	16
Where Are They?.....	16
Information That Is Tracked.....	17
Keywords.....	19
Combine Statistics To Get A Full View.....	21
Take A Look At Timing.....	21
Keep Track of Your Demand With Traffic Analysis.....	23
3 How Is The Economy Likely To Affect Your Market Niche?...	24
Empathize With Your Customers.....	25
Don't Lose Your Customers.....	26
Creative Financing, Flexible Terms.....	27
Advertising Becomes More Important.....	28
Value Packages Sell More.....	28
Exploit Your Network and Partnerships.....	29
Bright News For Internet Marketers.....	30
4 Sales Strategies To Boost Your Bottom Line In A Tough Economy.....	32
Stick To The Basics.....	32
Use Low-Cost Marketing Mediums.....	33
A Word About Freebie Hunters.....	34
Targeting Your Ads.....	35
Increase Exposure.....	36
<i>BLOGS</i>	36
<i>DIRECTORIES AND SEARCH ENGINES</i>	37
<i>PRESS RELEASES</i>	37
<i>SOCIAL NETWORKING</i>	38

<i>SOCIAL BOOKMARKING</i>	39
<i>ARTICLE MARKETING</i>	39
5 Notice Shifting Sales Demographics	40
Income Level.....	40
Age.....	42
Gender.....	46
Ethnicity.....	47
6 Keep A Close Eye On Your Competitors	50
Things To Keep An Eye On.....	50
<i>DEMOGRAPHICS</i>	51
<i>KEYWORD CAMPAIGNS</i>	51
<i>BACKLINKS</i>	52
<i>YOUR COMPETITORS' PROMOTIONS</i>	53
Understand Your Competitor's Weaknesses.....	54
Don't Let Them See You Sweat.....	55
7 Best Sellers Versus The Long Tail	57
Should You Try For The Long Tail?.....	58
A Good Long Tail Strategy Creates Demand.....	58
What About Best Sellers.....	61
Combining Best Seller With Long Tail Strategies.....	62
8 Track Your Advertising Results	64
Income-Generating Third-Party Ads.....	65
<i>TRACK RESULTS BY KEYWORD CAMPAIGNS</i>	65
<i>TRACK RESULTS BY STYLE OF ADS</i>	66
<i>TRACK RESULTS BY AD PLACEMENT</i>	66
<i>TRACK RESULTS BY PAYMENT OPTIONS</i>	66
<i>TRACK RESULTS BY THIRD-PARTY ADVERTISER</i>	67
Track Affiliate Advertising Results.....	67
<i>TRACK RESULTS THROUGH PAID PROGRAMS</i>	68
<i>TRACK RESULTS WITH EMBEDDED CODES</i>	68
Your Website Ads.....	69
<i>TRACK RESULTS BY TRAFFIC</i>	69
<i>TRACK YOUR HITS AND MISSES</i>	70
<i>TRACK RESULTS BY ADVERTISING STRATEGIES</i>	71
9 Influence Market Demand With Value Offers	72
Do Your Market Research First.....	72
<i>IDENTIFY YOUR CUSTOMER'S VALUE EXPECTATIONS</i>	73
<i>PICK A FEW KEY VALUES</i>	74
<i>BE SURE YOU CAN DELIVER WHAT YOU PROMISE</i>	74
<i>COMMUNICATE YOUR VALUES!</i>	75

KEEP DOING WHAT YOU DO BEST!.....76
The Generic Value Promotions.....76

10 Forecasting Future Demand For Tough Times.....81
The Law of Supply and Demand.....82
Pay Attention To The Big Picture.....83
Consumer Demand.....83
Business Demand.....84
Government Demand.....85
Foreign Demand.....86
WATCH THE CURRENCY MARKETS.....87
EXPLOIT DEMAND BY REACHING FOREIGN MARKETS.....87

Resources.....89

1

A Look At Sales Per Industry In A Recession

It's official - the United States went into a recession at the end of 2007. We're already well into this recession, with some fear mongers claiming we might even be headed into a depression. That's enough to strike fear into any business owner and make them want to start planning in the event of falling sales. The problem with this strategy is that, once you start forecasting falling sales, you tend to plan for them, and then you tend to create them, instead of focusing on the areas of growth that are waiting to be exploited in a recession by tracking demand.

An example of this negative thinking is when businesses cut back on advertising in an economic downturn, reasoning that there are not as many people out there willing to buy their products. The minute a business is no longer in the public mind, all their customers start to fall away and they have created a self-fulfilling prophecy, yet they'll be congratulating themselves at having successfully "forecasted" the drop in business.

So, while all the experts agree the economy has taken a downturn, it doesn't mean that every business is going to have a drop-off in business. In fact, if you understand how economic cycles influence consumer behavior, you won't be surprised that some businesses actually flourish during a recession, while others go bust. If you are an Internet marketer, you don't want to focus on the negative during these tough times; you want to look for the positive areas of growth

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and concentrate on those instead. And, luckily, Internet marketing is a growth industry in a recession.

General Trends

Before we go into some specific trends, we're going to go over a little of the general trends and why certain industries get a boost in a recession, contrary to popular belief.

In a recession or depression, the amount of credit that has been extended in growth periods is quickly rescinded. Consumers and businesses alike struggle to make ends meet and there are only two ways to do that with money: Cut costs or increase income. In some cases, as a consumer, where there is very little debt involved, staying put and not extending effort is a sound strategy because just staying even is being ahead of factors that are causing stock markets to lose 30% to 40% of their value overnight.

So, consumers become extremely cautious about spending, even if they have it, because they are uncertain about what the future holds. So, there will still be people making money, hoarding money, and spending money; it will just be harder to get them to part with it. Or, they may be spending it, but in areas that previously were not a top priority for them. The demand for goods can shift when paranoia about the marketplace takes hold.

However, if you are in business, this can also be an excellent time to increase your share of the marketplace because fierce customer loyalty is ingrained in consumers who feel grateful to find quality products

they can trust at a reasonable cost during stressful times that they almost never change brands afterwards. This has been documented in many cases where, in the Depression, brands that provided value consistently at reasonable prices, like Proctor and Gamble and Kellogg's, gained enormous market share during this time and went on to dominate the market with stubborn customer loyalty.

In previous recessions, there were still bright rays of hope in the housing or investment markets. This recession is noticeably different in that these typically strong segments of the market are collapsing almost daily. No one knows where the bottom will be or when it will come about. So, for the next two years, spending may or may not be slow, depending on the stimulus plan and the level of fear that consumers have about the future. However, this is also where you will see some trends being fortified while others are whittled away.

Discount Stores

The very first thing you will notice is that discount and thrift stores are receiving more traffic and making better profit than full retail stores. Most any store that offers value with the same choices or brands will automatically benefit from a recession. Places like Wal-Mart and Goodwill are experiencing an increase in business, even as other places suffer.

As an Internet marketer, you probably don't own a Wal-Mart store or want to open a thrift store, but the trend is psychological and can be used in any business. All you have to do is appeal to the bargain hunter in the new cost-conscious consumer without trying to compete

on price. That can be done by using words like "discount," "bargain," or "sale."

Just look at how the Dollar General stores market their products - everything for \$1, yet when you go in, there are items for more than \$1 there. The point is to emphasize the savings and discounts of a particular offer very strongly in a business climate where everyone wants to save a buck.

Personal Items of Necessity

People have to buy clothing to appear in public. They need to eat to survive. They need gas and electricity to heat their homes. They need water. Along with the three biggies of food, shelter, and clothing, you have other items that are required in our modern society to survive, like transportation and communication devices.

As people start to cut back, they will try to cut things they consider to be luxuries first: The latte, the weekly hair professional hairstyling, and eating out. Many times, they won't cut them out all together; they will substitute with better value items, like making coffee at home, buying hair dye at a pharmacy, or making big meals at home.

You may see people cutting back on personal items or feverishly looking for value products, but you are not going to see too many of them not buying them at all unless they are homeless, in which case, they're not part of your market demographics anyways, unless you are setting up a non-profit charity for the homeless.

So, in general, you will see a shift of value going from high-end products to more value and less cost. Signs of this trend are an uptick in the purchasing of store brand foods, fast food, shoe repairs, tailoring, DVD rentals, and DIY products that mimic more costly versions. So, if you are selling items that are a personal necessity in our modern age, including cell phones, you need to be aware of offering choices that can help consumers to extend the life of their products at a reasonable cost. Also, any information that can help them trade one product that costs significant amounts of money on a regular basis for another that is a DIY can help you reap tons of money in infoproduct selling!

The Small Luxuries

People may be forced to give up very big luxuries in their life, like a second home or car, but they will almost never give up rewarding themselves with the small luxuries like cosmetics and cheap entertainment. In fact, Estee Lauder claims that when the economy goes bad, lipstick sales go up. That's because people may be forced into giving up large indulgences, but they will make up for it by going for smaller ones.

This was especially true in the depression when the movie industry took off as people found an afternoon at the cinema a cheap way to escape their problems. That's also the reason video games had an 18% increase in sales in October 2008. Other bigger video brand names like Nintendo and Microsoft Xbox increased sales by 25%.

It's also the reason that fast food joints get an increase in business as people decide to forgo an expensive restaurant for cheaper fare and a

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night out becomes a mix of small indulgences, instead of one large splurge.

Even companies like Avon had an increase in cosmetics sales in 2008, and can give you a good hint as to what online websites might do well in 2009. Anything that provides a lift of spirit and keeps people entertained and glamorous for less are bound to be popular.

Comfort Foods

People tend to cocoon during tough times, spending more time at home and with family. Along with that comes a nostalgia for foods that comfort the soul as well as feed the body. Spam actually sells much better in down times and people have favorite recipes they may try to make that are cheap and hearty. Even sales of alcoholic beverages or home beer and wine kits can increase.

The downside is that imported foods that are expensive tend to suffer a decrease. The only difference is "survival" food, which can be comforting to people fearful that a food supply shortage might occur. So, they stock up on non-perishable goods and even odd items like canned cheeses and meat. Even if you don't sell food online, you can sell infoproducts like cookbooks and dietary advice for those on a budget or who are looking to save money in a recession.

Niche sites will continue to play a big role in 2009 and beyond. To find out more about how niche sites will fare in 2009 and beyond, look up [The Niche Site Manual](#).

Industry Trends In 2008

Now, we're going to take a look at industry trends in 2008, the first official full year of the recession, to see if we can spot some trends that will help us determine demand in the 2009 marketplace.

First off, we know that mortgage, real estate, financial, and investment segments of the market have been punished by this downturn. What may not be as apparent is that there are still specific pockets within these industries that are flourishing. For instance, right now, because of low interest rates, there are a number of people refinancing their homes, even if new buyers may be scarce.

For sure, you do not want to be a mortgage loan officer or a real estate person right now. But, if you have a website where you are giving out mortgage information, you can help your customers who may want to refinance their mortgages or take advantage of new programs to help homeowners facing foreclosure.

For every dark cloud, as the saying goes, there is a silver lining. It's your job to tailor your business to hit the silver lining and help your customers either make money with you in this downturn or save them money as they struggle to make ends meet. If you do this consistently, providing quality products at a reasonable cost, word-of-mouth will spread and you will get a large base of people who will consider your brand "trustworthy" in a poor economy. When the economy finally turns around, it will be you they come to for future products because you will have created brand loyalty.

The same is true of the financing and investment segments of the marketplace. There is terrible news for most people in this industry, but there are some bright spots. Gold and gold mining speculation is rampant right now. If you have a way to do a coin business in precious metals, it can be a way to not only hit a demand that is rising, but also safeguard some of your own wealth from future losses in other areas.

Some Other Areas of Rising Demand

The biggest “recession-proof” areas for this particular recession are health care, repair services, and education. These are very broad, but to make it clear, health care is a field where people need services, whether they can afford them or not.

As people run out of health insurance, they may turn to alternative therapies to help them make do without expensive trips to hospitals or they may focus on prevention more than treatment. There will be a tremendous demand for repair or recycle, instead of replacement services, for expensive items like cars, furniture, even shoes and clothing. If it costs less to repair or recycle than to replace, this will be an area that experiences rising demand.

Finally, the area of education increases in recessionary times due to people going back to school as they try to re-skill, re-train, or ride out the wave of the recession and come out better equipped once the economy has recovered.

In all, there will be a huge demand for information on how people can solve problems on their own without having to rely on an “expert” and

doling out cash to solve their problems for them. America is likely to go back to the values of their forefathers that prized self-sufficiency and a “can-do” attitude.

Don't be surprised to see a creative blur of activity with new inventions and entrepreneurs stepping into this opportunity to become the next big sensation for many years. And, you have an equal opportunity. All you have to do is take a problem the public is currently experiencing and provide a solution that is of value at a reasonable cost and you too can make millions in a downturn, like many others are doing. For that, you need to understand where the demand is in the marketplace and how to meet that demand.

2

Reviewing Your Website Stats To Track Demand

One of the easiest ways to track where the demand may be shifting is to take a look at your own website. You will see some pages getting more activity, more than others. You will notice some products that may not have been as popular suddenly outperforming your bestsellers for some reason.

It may be they are more of a bargain, they are meeting some unstated need, or your other products have suddenly become too costly or too outdated for the marketplace. Either way, many Internet marketers fail to mine the information on their website simply by learning how to read and evaluate their own website statistics.

Where Are They?

Depending on how you have your website hosted and the platform, you might have trouble locating your website stats. There is typically a control panel that you can access for administrative purposes that include statistical counts that are important to webmasters. Even if your site is a WordPress blog, you can upload plug-ins to help you track different statistics on your site. However, many hosted websites will give you access to the control panel to help you figure out how to tweak your website and market offerings to make the most of your Internet presence.

If, on the odd chance, you don't have everything you need in the control panel or you don't have access to it on your hosting package, you can opt to get statistics through paid third-party sites. They will embed a widget into your site that can track many of the same things that a control panel tracks, and thus, you get the same information, just in a different way.

Information That Is Tracked

Here are some of the statistics that are typically tracked for any website:

- **Site visitor counts**

This tells you how many people are coming to your website per month and per year. While it's a good round number to give you an idea how popular your website is and whether you are gaining in popularity, it doesn't really provide enough information to tweak your website to its best advantage. So, keep an eye on this number, but don't stop there!

- **Average number of pages viewed**

This is a great statistic to show you whether people are coming to your site and staying or whether you are like a hit-and-run accident that doesn't leave a trace of the person hitting your site. You want this number to be increasing as you tweak your site.

- **Entry pages**

This statistic will let you know how most of your visitors entered your site. It may be a surprise to find it's not your home page or they have gotten there some other way! This is very valuable information because you want people who enter your site to be prompted to enter your sales funnel with incentives for signing up. If you've put that information on your home page and most people are finding your site through some other page, you've wasted your time!

- **Exit pages**

This is a good one to look at to determine why people might be leaving your site or to get them to stay a little longer. Exit pages are good places to put backend marketing or offers that might entice them to stay a little more time or drop some money before they leave.

- **Top referrers**

Your site count may blast into outer space one day and you'll be wondering what happened until you go to your top referrers and see where this new stream of traffic came from. It will provide you with a link back to the referrer where you can even check out what they said about you.

- **Search strings**

This shows you the keywords that people plugged into search engines that got them to land on your site. Maybe you optimized your site for one search string, but you find that instead of this phrase, some other phrase is taking top priority. It's time to look at what market niche that phrase is catering to and add some more phrases there too. This is one statistic where much data can be mined and helps to tweak your site tremendously.

- **Countries**

By looking of the break down of countries visiting your site, you will be able to tell where your fan base is and how to exploit markets in other countries that are coming to your site.

Within these statistical categories, you will also find information on which search engine people used to get to your site the most, the number of visitors per hour and day, and even what browser or operating system your visitors are using when viewing your site. Now that you understand the power of these statistics, let's look at them through an Internet marketer's eyes as he/she attempts to track demand and optimize his/her site.

Keywords

As we discussed, the ability to see the search strings is one of the key elements of your statistics. They not only tell you whether your own keyword strategy is working, but gives you hints on other strategies

that you might not have discovered yet, but are beginning to appear in your search string results.

Now, if you have an affiliate program, you are also using specific keywords or phrases to get them to link back to you. You can see if your strategy is paying off or if you need to change any keyword strategy on your site or in your affiliate program. You can also combine the information on what search engine people are using to optimize your keywords for that engine.

Google keywords are going to be favored in Google's search algorithm, but that doesn't mean that Yahoo will also return your page based on that keyword. You may find that your keyword optimization is wrong for the number of people who favor one search engine over another.

You should be using the Google Keyword Tool analyzer to find out what your best approach is to keywords that people are finding your site with. If you see numerous people finding your site by plugging in "child credit tax" and you didn't realize that was being heavily searched, but you created an article on your site and it showed up in your statistics as being popular, then go back to the Google Keyword Tool analyzer and add that phrase in. Then, you can see 1) whether it pays out in CPC, and 2) what other related keywords might reap good traffic.

If you find that the demand is quite large for a particular topic, then exploit it as best as you can with products and services that are customized for that topic. And, if you don't have any of your own products that do what needs to be done, but find an enormous amount

of traffic coming in to a page on taxes, then why not see if you can affiliate yourself with a tax package and add that advertisement to that article?

You can embed an affiliate link or post a banner on that page. You already know that people are landing there more often than not because of that topic, and even if you don't do taxes on that site, there's no reason you can't exploit that demand by offering an affiliate's tax package.

Combine Statistics To Get A Full View

Just like you looked at browsers and keywords together, there are multiple ways you can take a look at multiple statistics to try to obtain some meaning from them. When you look at your referrers, you may find that your affiliates are doing a great job referring people to your site, but they don't stay very long when you look at the entry page, exit page, and average pages browsed.

In that case, you need to make your website more cohesive so that once they land on the page your affiliates referred, they will want to stay a while. Make sure you give them an offer they can't refuse and entice them to stay longer by engaging them with creative marketing offers or top-of-the-line content in the topics they are interested in reading about.

Take A Look At Timing

Just like there are better days and times to post an ad on eBay, there are better days and times to post your new roll-outs out on your website. And, you have that information in your website statistics. It's going to depend on the country that most visits you and the natural ebb and flow of your demographic as to when you are most likely to be visited. For instance, if you are marketing to stay-at-home moms, you may find your traffic peaks between 7 pm and 9 pm, when the spouse is home.

On the other hand, if you are marketing to work-at-home professionals, you might see a spike at 10 am to 12 am or even weekends because many work-at-home professionals work weekends. For the most part, however, you will classically see a drop off of visits on the weekend when people are out taking care of errands and having fun.

What does this mean for the market demand? Well, the demand is going to ebb and flow with the timing of your traffic. You want to post new offerings when there is more likelihood that you'll get the highest traffic spike and make it successful from the start. After that, the more an ad stays up, even with time-limited offers, the less attention it gets from your visitors.

You may also notice that you can see your visitor stats for the entire year, as well as page counts. You can use that to determine if some of your products and services have seasonal time frames when they sell better. You might find you do better at Christmas, or if you are selling diamonds or jewelry, it might be near Valentine's Day.

You may even find that your market can swing with the mass media news channels, such as when they start talking about the drought in your area and you happen to sell rain barrels. They may have been poor sellers before, but now you see many people in June, July, and August trying to grab a rain barrel for their homes. Once the summer is over, the demand may drop off dramatically. So, keep that in mind.

Keep Track of Your Demand With Traffic Analysis

So, hopefully, you now have a good idea why you want to track your own website statistics to better understand your market. Your demographic is going to make your website statistics unique to your site and provide valuable information on how to best market your niche, particularly as you see spikes or drop-offs in traffic or certain pages getting undue attention. You may end up even changing your entire marketing plan as your visitors tell you from their actions on your website what they are most interested in.

If you want the skinny on all of the different ways to keep track of your website traffic, check out [Website Traffic Explained II](#); alternatively, you can choose to find out how to get free traffic by visiting the [Internet Marketer's Guide To FREE Traffic](#).

3

How Is The Economy Likely To Affect Your Market Niche?

Now, we come to the bottom line. What you really want to know is not what the state of the economy is, but how these outside forces will affect your particular market niche. Isn't that right? It's important to take these environmental pressures into account as you maintain old websites and also seek out new market niches.

However, there's no way to tell with the chaotic nature of the marketplace exactly what will happen in the future. The markets may rebound significantly in very little time and the recession ends by mid-2009 or it may go on all the way through 2010. But, the right approach is not to call it quits already or sharply drop every price in the store; it's to customize your niche so that it *adapts* to these external forces in ways that make it a better business for a long time to come.

Unless you happen to sell lipstick or Spam, both products that naturally prosper in down times, you are going to already have websites with products and services that are being affected by the downturn. So, while new websites are always targeted to optimum market demand, you may find yourself in a situation where your goods and services are no longer selling as briskly and now you have to figure out how to increase demand. The answer is to go back to the basics: Provide solutions to the questions and problems that your clients have.

Empathize With Your Customers

One sure way that your customers are being affected is by having less disposable income. However, there are numerous other pressures that are also going to get them to spend too. There are a number of different events going on that are having a large impact on everyone, not just economic worries.

For instance, the war in Iraq is separating families and creating hardships for those left behind. While they may not want to spend more money on things, they may have little choice to keep up with all the demands in their lives. The same is true for people who are in the housing market, either as a homeowner or as a realtor. They may not want to pay thousands to forestall a foreclosure, but may be willing to spend hundreds for information that buys them time to recover from whatever economic mishap has occurred, whether the loss of a job or an increase in living expenses.

Your job, as a business owner, is to help your customers solve the problems that are keeping them up at night. So, if you are a personal coach and your clients are being laid off, what can you do to help them with their job search? Can you help them to transition to another career with greater demand for their skills? Can you help them to establish a business?

Maybe they no longer need your services as a personal coach for climbing the corporate ladder, but there are still a myriad of problems they face that you can help them to solve.

Don't Lose Your Customers

As the pressures of events and the economy take their toll, you will find that some customers drop out of sight. This is a very bad sign because it's always easier to market to existing customers than it is to create new customers. So, your job is to retain as many old customers as you can. You have to understand that it isn't so much that they are being swept away by the competition as much as it is about financial hardship or overwhelming pressures.

People on the front lines seeing this trend more are hairstylists and small business retailers that depend on that one-on-one interaction to maintain customer loyalty. It would be a mistake to let them fall by the wayside because, once their finances improve, you may be the furthest thing from their mind. Try to keep them close to you, even if they aren't buying for now. When they get a bit of spare change, you will be there in front of them to help them solve their problems for a modest fee.

So, you can expect to see some lag in the sales cycle and the time that customers make a decision to buy. However, if you see them dropping away, that's not due to the economy, it's due to one of two things:

1. You didn't stay in touch with them, or
2. You aren't solving the problems most important to your customers.

Let's take the example of the hairstyle salons. Yes, people may be getting their haircut less, and when unemployed, they may be forgoing professional cuts and styles more. However, once a job interview comes along, they will want to spiffy up and they will go to the place that understands their particular needs. So, if you offer an "Interview" special for unemployed people, you will attract more of that market segment who get their haircut when they know it counts. You can even package it with some at-home grooming products, knowing that after the interview they may be lagging to come back in the salon.

Creative Financing, Flexible Terms

Another way your business or market niche will be impacted is in the financing model. If you are used to putting out higher-priced items for a couple hundred dollars online and getting quick sales, that probably won't be the case much anymore, unless you offer some creative financing or flexible terms. For that, you might want to consider payment plans where you can split the cost of very high-priced items into four easy payments.

You can even do this through PayPal and have a subscription payment. Of course, you run the risk that people will default on their payments and you will need to get involved in collections at that point. So, there is a cost for you as a business owner, but if it is a choice between no business and some business, it makes more sense to see it from the customer's point of view.

If you are someone that invoices after providing services and your customers are starting to take longer to pay them, like 60 to 90 days

out, you will need to institute a more aggressive program to contact clients that are 30 days past due immediately. Often, just by making that contact and talking to a client, you can start the ball rolling from getting some payment in, if not the entire amount due.

Advertising Becomes More Important

In a downturn, you will need to ramp up your advertising to create more demand for your product. If you choose to decrease your advertising, you will fall out of the public's mind and be forgotten in favor of your competitors who advertise more. So, while it seems strange to spend money on advertising when you are trying to cut costs, it's been proven to work much better than not spending on advertising.

You do want to be more creative with your advertising, and a bit low-key. You want to stay in the public's mind, but not to the point where they're aggravated that they want to buy a product they have no money for at the moment. Instead, you want to create an image of reliability, home comfort, and value for most of your products, unless they are high-luxury items.

Value Packages Sell More

As people try to make ends meet, they focus on quality and value. And, as a scarcity mindset takes hold, the behavior turns from "just-in-time" inventory to hoarding in case of bad times. So, by offering your customers value packages with several items or bulk purchases

that discount the total purchase, you are likely to make more sales in a down economy.

You can add even more value to your offerings by pairing with a complementary business partner for your value packages. This is the same thing as when airlines offer discounting on hotels and vacation packages when you book through them. They don't have anything to do with the hotels or the vacation spots, but by partnering with others that do, they make their own offerings more attractive.

You can do the same with your products and services. If you are offering office products and you know that many people are redoing their resumes, you can pair up with resume copywriters who will provide custom services for job seekers at a fair price. Maybe you want to offer several different types of paper for people printing resumes on off-white or other color papers. Maybe, you can include a book on proper resume writing for free for people who order a case of paper at one time. They not only get the bulk discount, but they get a free book too.

Exploit Your Network and Partnerships

One thing that people need most of all in a downturn is networking and partnerships, but they don't have the money to chase everyone down themselves. If you already have a network that can help them, you can make that available to them too as a perk for doing business with you.

Churches are actually pretty good at this thing, since they attract multiple types of people. You join a church, and you can advertise different things in their Sunday bulletin for a fee. You can get good leads this way. So, if you normally do business with an assortment of professionals, you should try to figure out how you can team together to provide services to people who may need them to help get them back on their feet.

You can even pair with non-profits or charities during these tough times, as people begin to become more aware of the growing need for action. So, when they patronize your business, they know they are helping others to make ends meet too. You can do this by offering to donate a portion of sales to a particular non-profit or charity or you can do this by networking people together who may have similar needs.

Many of the job networking groups are created by such an active entrepreneur. They work to network people who may have leads on jobs or skills they can use and they also have a captive audience for their own products and services, which may be totally unrelated to human resources. Once people start to be employed, they remember those that helped them get back on their feet, and if they have need of the service, you can get a customer for life.

Bright News For Internet Marketers

With people trying to save money on gas or being home online due to shorter work hours, it's estimated more and more people will be doing their shopping online. This is a great area to capitalize on by offering

free shipping so that your prices are competitive, yet you don't necessarily have to give away the store to do that. Try to take a look at the every day problems that your customers are encountering and offer them solutions. If your product is something that they can get in retail, then giving it to them online and saving them money in gas might be worth it for them to switch to you.

As always, providing a solution to a growing need in the community is a great way to create demand for yourself, regardless of what's happening around you. For instance, as gas prices rose, people didn't stop traveling to work; they merely went on public transportation, walked, or used scooters and motorcycles that used less gas. So, while sales of SUVs were down, sales of scooters were up! That's because they provided a solution to a growing problem, and that created huge demand for their product. You have to choose to make your product a solution to these problems too.

Try to learn everything you can about Internet marketing. Some great outside resources for this area are:

[How To Start YOUR OWN Highly Profitable Internet Membership Web Site](#) and [Internet Marketing Cookery](#).

4

Sales Strategies To Boost Your Bottom Line In A Tough Economy

Obviously, since the market will be tighter and consumers are going to be more careful about spending their money, you will need to implement sales strategies that can boost your bottom line regardless. Many companies make the mistake of cutting advertising or not re-evaluating their offerings during tough times. They do what they did the previous year and advertise it less, assuming that a smaller market share will result regardless. That's a mistake because this is the time to really hone in on sales strategies that can make the difference between making or breaking your business.

Stick To The Basics

Classic marketing never goes out of style, whether you are in a recession or in good times. The reason for that is that what is shown to work to help motivate buying behavior is based on psychological and emotional triggers that will continue to work, regardless of the economy. Of course, people's minds may filter out advertising for items that they may consider a poor value for their money, but even that can be ameliorated by a good sales strategy.

For instance, if you are selling a house that is small for the average size in the neighborhood, that may or may not be considered a poor value. However, you can always frame that aspect of your sales in

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good terms by indicating that people will save money on heating and cooling the home because it is smaller. And, in fact, in a recession, smaller homes do sell better than luxury homes.

One of the biggest psychological triggers in a down economy is fear. This fear can take the form of paying too much for an item, buying something of poor quality and being “taken,” or losing the chance to buy something of great value when one had the chance. You can see some aspects of this with people having buyer's remorse over purchases of SUVs, as the higher gas prices have caused their values to plummet. In addition, those that fear that they will lose the opportunity when the markets and profits are down are out in droves looking at foreclosures.

So, keep that major psychological trigger in mind. Everyone is being affected by the economy, whether it is the retiree who saw 30% of his/her retirement account vanish, the student who has trouble getting student loans, or the family of five where one spouse has lost a job. So, you need to be empathetic and strike the right tone in your marketing. Make sure that they know you understand the uncertainty that they are facing and offer solutions to help assuage that fear.

Use Low-Cost Marketing Mediums

Internet marketing is great for finding low-cost solutions to mass marketing. Email marketing is one such media that can really be a key component of your Internet marketing programs during this recession. It's a great way to stay in contact with people and it doesn't cost anything to implement.

As long as people subscribe to your email contact list and give permission to hear from you via email, you are allowed to send them information and market to them this way. Otherwise, if they do not give you permission, you are spamming them; do this enough and you can get in trouble with the law these days. So, stick to requesting people's permission to contact them via email to be on the safe side.

One way to do this is to offer something of value in exchange for them signing up to your email list, newsletter, or membership. Some people offer infoproducts because they cost very little to develop, but are perceived as high-value products. They are also easy to deliver online without incurring shipping and handling fees. It's up to you to decide what you want to give away, but be sure that you are doing it in a manner that attracts real customers and not just freebie hunters.

A Word About Freebie Hunters

There will be numerous people who don't have any money so you don't want to attract freebie hunters who give you a bad email address and then schlep off with your goods. You want to target your offers so that you attract people with money and people who are interested in the market niche you offer. Some people raise the bar a bit by offering a "free" product for only a shipping and handling fee. If they then get someone else to fulfill the orders for CDs and DVDs, the shipping and handling fee can cover the expenses of manufacturing and shipping in most cases.

What this does is that people who sign up for these offers are showing their willingness to purchase because they are willing to pay for shipping and handling. If they are a true freebie hunter, they won't bother with the product even for a minimal fee, as they are not willing to offer money in exchange for the product. So, in that way, you weed out the freebie hunters from the get-go.

Targeting Your Ads

The example above shows how you will have to think a little harder to get targeted ads that will appeal to your demographic and help you locate willing buyers with money. Another great way to do this is to offer higher-priced items on a payment plan or a subscription service. This way, people who have an interest and some money, but not enough to pay all at once, can still make the initial purchase and get into your sales funnel and your contact list.

You should explore social networking sites that make demographic marketing a bit easier. Facebook, for example, collects so much information on their users that you can exploit by having advertising campaigns on Social Ads. Then, your ads go directly to people who have an interest in your products or services, without too much "spatter" marketing.

The same is true of your email campaign. It should be more focused to particular demographics. If you serve several demographics, then target different email campaigns to the different demographics. This way, you make the best use of your email advertising.

Increase Exposure

You are going to focus on increasing the traffic on your site so as to attract more people to visit it. By increasing traffic, you stand a better chance of attracting new customers. Even with the economy in the doldrums, there are still people out there with money willing to buy your products and services. But, they won't get to your site unless you increase your online exposure. There are a variety of marketing strategies to increase your online exposure.

Blogs

One of the best ways to do this is to institute a web log (blog) on your site. A blog is ideal for search engines that want fresh content daily and they are easily networked and promoted on the Internet. They also help to generate subscriptions of viewers and increase your contact list-making capabilities. An informative and entertaining blog that is marketed well can be a perfect way to attract people to your site.

After you add a blog to your site, you want to claim it on Technorati.com so that other people can see it and begin to rate it. You can increase the exposure of your blog by commenting on other people's blogs and then inserting a URL to your blog in the comments. Or, you can answer a post on a different blog in your market niche by posting a reply on your blog. This will drive traffic from other well-known blogs to your own blog.

If you haven't got a lot of experience setting up a blog, try to use tools that will help you set them up in record time, like templates. You can

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get a variety of different, professional looks with templates, saving you a ton of time. Go to InstantBlogThemes.com to find out how to save tons of time and money in development!

Directories and Search Engines

If your site is not set up in directories or search engines, you need to submit the site promptly. Just adding your link to places that consolidate information and sharing for Web surfers is a great way to get the word out about your site. It may take quite a bit of time now to get your site entry approved for directories, but the earlier you start, the faster the process will be completed.

Don't forget to submit to social search engines like StumbleUpon or Digg.com. They are an easy way to boost your traffic and start the ball rolling in areas where you can go viral. Find out some of the secrets about search engine algorithms and strategies by visiting [Search Engines Revealed](#).

Press Releases

If you have news coming out about products, services, or events that you are hosting, that's a perfect opportunity to send out a press release. You can submit a press release one at a time to various sites that take this information or you can pay a submission service to post your Web release on multiple sites, saving you a lot of time and trouble. Press releases are highly efficient ways to get more exposure because they are so timely. The fact they are relevant now makes them rank higher in the search engines. You can also add details about

your company and a link to your site to get the traffic flow from the press release back to your commercial sites.

Social Networking

Join some social networking sites like Facebook and Twitter and start to learn the fascinating environment of social network marketing. It takes a whole different mindset, but it is touted as the next big thing. If you haven't joined any of these sites, it's likely your competitors already have a presence on them and are beating you to the punch.

While you can only actively promote your business on Facebook on specific places like Social Ads and Facebook pages, you can start to link to other people who have an interest in the niche or niches that you market. By doing so, you start to develop a network that is paying attention to what you are doing and is very likely willing to pay for your products and services because they trust you as a friend. This puts you one step ahead of the competition who may not have taken the time to develop that personal contact with people online in their market niche.

There is a whole science to marketing on social networking sites. Needless to say, it takes on a more casual and conversational tone and less of marketing rhetoric. You are going to have to learn how to use your profile, your status updates, groups, and applications to your business benefit. You may even want to combine the value of two different social networking sites by posting updates from Twitter on Facebook.

All of these tactics will help you to increase your friend count, which is basically your contacts list, although you can't harvest it as such or you violate the terms of Facebook's service agreement. But, by using status updates, your profile, groups, and pages, you can instantly send out a carefully worded update on what's going on in your business with a URL pointing to an intermediary blog or a website where you have your sales offerings. Get more ideas on this increasingly important subject at [Social List Building](#).

Social Bookmarking

Along with social networks, you can bookmark any page you want into social bookmarks and make them viewable to people who are searching those sites for content. Delicious.com is the original social bookmarking site and still is a major player in this field. Don't forget to add social bookmarking widgets to the bottom of your blog posts to allow other people to add it to their favorites on these sites.

Article Marketing

If you haven't tried article marketing to increase your exposure on the Internet, you are missing a big part of a successful marketing program. It's very easy to join article archives, like Ezinearticles.com, and become an author of free articles. In their resource box, you are allowed to put in two links so that you can promote your business or yourself. They do have rules on what you can link to, but if you own a blog, you can use it as an intermediary site to get people back to your sales offers. Find out more about ezine article marketing at [Ezine Marketing Magic](#).

5

Notice Shifting Sales Demographics

In general, market demographics are broken down into several categories: Income level, age, gender, and ethnicity. Sometimes, marketers want to know the education level of their market base and other factors, but typically, you can do a whole lot to tailor your marketing offers to your demographics just by knowing the first four mentioned. And, this recession is creating a shift in all these categories for various social reasons that we will discuss in this chapter.

Suffice it to say, if you are used to marketing to middle-aged Caucasian men who make over \$50,000 a year, you might want to pay close attention to this chapter. It may seem trivial, but it can mean the difference from being proactive with dropping sales or trying to wait out a demographic that will never come back and losing your shirt.

In the most optimistic sense, you might even be able to grab market share from a growing demographic that you had never considered because you didn't know it existed. To get a look at some demographics online to your own URL or other online businesses, take a look at <http://www.quantacast.com>. So, now, let's discuss each of the four and understand what social factors in the recession are causing the shift and how to compensate for it in your business practices.

Income Level

When an economic crisis occurs, people in different age groups and demographics suffer disproportionately, even with income levels. For instance, with the drop of the stock market, everyone may have had a minimum of 30% knocked off their portfolio's value, but how it impacts different demographics is key to how your website demographics will shift.

If you were marketing to baby boomers about to retire, you may find that even though it was a big market segment for you in the past, that now they are not apt to be as free-spending with their money as before. That's because they're aware that their top-earning years are over, they are facing retirement, and they have less income, not just in earnings, but in investments too. It is much harder for them to recover from a down market than it is for someone younger who isn't facing retirement.

Another thing that happens in an economic crisis is that many middle-income people are bumped down to low-income people. People who see this trend the most are in non-profit or charity organizations because their clientèle changes from mostly low-income to middle-income people who have lost jobs or houses.

If you are catering to low-income people as a demographic, that means you have more people coming to you because of the shift in that demographic. If you are catering to middle-class people, you will have to take care to make sure you aren't expending all your effort on a demographic that is shrinking due to market forces. You will want to try to expand either into the lower- or the higher-income brackets.

Add to this about 3 million jobs lost since the recession started and you know that there is a downward trend going on in people's income levels; in this economic crisis, even the high-income levels are being affected. That doesn't mean there aren't people out there with money; it means that discretionary income is way down.

To compensate for this shifting demographic, your marketing offers are going to have to provide high value at a reasonable cost. Don't bother trying to compete on cost alone, as that is only going to drive prices so far down that you have to go out of business. Instead, opt to provide high-value products and services that meet the needs of the market place at a reasonable cost. Instead of brand names, maybe you can offer generic brands of comparable value in your offerings.

Maybe you can offer value packages that take care of two or three needs at once. Maybe you can help people to increase their income levels and make it a win-win for both of you.

One sure-fire way to retain customers as the economic downshift in their income occurs is to offer payment plans, lay-away, and alternative forms of financing a purchase, whether it is barter for services or "recycling" some product of value into your own business. Think creatively, as this demographic may shift, but it's really not going to affect your business long-term. Believe it or not, the rest of the demographic components are scheduled to have far more impact in the future.

Age

The U.S. Census has estimated that by the year 2020, the United States is going to see a 64% increase in people aged 55 to 64. Even now, social security offices have installed new systems to handle an estimated 10,000 claims for retirement benefits a day for the foreseeable future as baby boomers begin to retire.

In the past, this group was seen as the powerhouse of the consumer engine, but with the advent of the recession, they are going to be much less able to consume goods at the rate they had in the past. You can see this demographic hunkering down and beginning to be much less frivolous in their spending habits to the point where they might choose to “invest” in products and services to meet their aging that have some level of security, like nursing homes, care giving services, medical programs, condos, and insurance.

At the end of this age cohort are a small group now recognized as the “cuspers.” This group is represented by the likes of Barack Obama, who is 46 years old and born at the very end of the boomer generation. They are now ascending into high political and management positions and are due to influence spending behavior in the market much more than the boomers.

Their ideology is not one of idealistic consumerism, but of realistic conservatism. So, value again becomes a top contender in the marketplace. They will spend, but you have to give them a better reason to spend than you did with the boomers. Much of the green revolution is also due to this generation, and with a stimulus package due out to spur a green economy, this is a potential windfall for online Internet marketers who want to start targeting cuspers.

Not only do they have the money, but they have more than 20 years before they retire and have time to wait out the stock market or make up the difference. So, they are going to strive to increase their income every chance they get and focus on investments that return a good value over time, despite financial setbacks. If you can provide that for them, you have a huge market waiting to be tapped. And, like the Obamas, they have children who are in school and will continue to buy family-oriented products in the marketplace.

The Millennials, also known as Generation Y, are also coming out in force, and they also want to start families of their own. When a depression or recession hits, however, many people cocoon at their parent's homes and delay having their own families. That means you will see this group, which is facing one of the worst job markets in history, going home to their parents' house potentially or combining with other Millennials in new families-of-the-heart to share expenses.

While they may want to start careers and start consuming, the sad fact is that they are competing in the marketplace with many more experienced workers who will settle for these entry-level jobs as things tighten up. That means that during the recession, they will be the group with the least income resources. This is temporary.

When the recession fades, they will probably be the group with the most disposable income because they will not have amassed mortgages, car debt, or consumer credit card debt due to tighter restrictions on credit. They will be perfectly positioned to go on a massive buying spree at any hint that the recession is over, credit loosens, and their job prospects brighten. Cultivating a personal

presence with Millennials now is a good way to assure good commerce in the future. They are going to be held back for a while, but once the trigger is pulled for a recovery, they are going to make up for lost time.

So, unless you are catering solely to the boomers because you are in a health care, care-giving, or similar industry, you want to start engaging a younger and younger audience. Start to understand their values and change your marketing to suit their generation. An example of this is to get involved in social networking sites like Facebook, MySpace, and Twitter. Engage those connections now, even if they are not a high-income level group at the present time. They will be in the future.

A great resource to learn how to start mining this rich vein of potential new customers in the future is [Social List Building](#), an ebook that describes how to get people on social networks to start subscribing to your websites now.

The strategies to meet this demographic is to make sure you know what age group is most interested in your products and services. If you find it is a demographic that is shifting out of power in that particular market niche, like the boomers in luxury home markets, then you need to start engaging new ideas on products and services that meet a growing demographic and reduce your attention in areas that don't have as much potential for growth.

However, if you are serving the boomer segment, then you want to start understanding what other factors might be affecting their ability

to spend on your products and customize it to make it easier for them to buy.

Gender

Some products and services appeal to one gender over another. Some genders make the decision on some household purchases more than others. So, it is important to know if you have a disproportionate number of people in any one gender to see if there is a possibility to expand your services or shift gears into something else before it's too late.

In particular, this recession is a very sexist one. The Labor Department has estimated that 1.1 million fewer men are not working since the start of the recession. However, for women, the effect has been the opposite! According to the Labor Department, 12,000 more women started working since the recession started. The reasons for this aren't really too hard to figure out.

Many of the industries hardest hit by the recession are male-dominated fields like manufacturing, construction, and financial services. When these men lost their jobs, stay-at-home moms may have decided it was time to go back to work; as a result, the service industry is pretty much holding its own right now. This represents a tremendous demographic shift, not just for gender income levels, but also for the country's backbone, which has gone from producing goods to providing services instead.

So, as you can see from some of these statistics, the reason you don't want to be solely catering to middle-aged Caucasian men who make over \$50,000 a year is mostly because of gender! You will want to expand your services to both genders immediately because the men are suffering disproportionate economic hardship as compared to the women. But, we still haven't talked about ethnicity, and this is one of the biggest potential factors in new markets coming up.

Ethnicity

When good times were here, we saw a huge influx of illegal immigrants into the United States, trying to piggyback on economic prosperity not found in their own countries. Now that the picture isn't so rosy, many are opting to go back to their countries of origin. However, the many that remained still have a huge impact on present and future markets.

If you follow a look at the number of children per ethnic household, you will soon discover that they have more children than the typical white Anglo-Saxon householder, meaning they will consume more in certain industries. In fact, some countries, like Europe and Japan, are having such a dearth of youth that they are actually losing population growth, and with that, consumer power.

The reasons for this dynamic and its influences are very complex and are due to really impact our markets heavily in the future. We are just beginning to see a twinge of how this plays out on a global level with countries like China taking their massive population and using it to

power their economic base into an “emerging” country of international influence.

Having working youth in a country helps to pay for social programs for the elderly and the very young. Without them, the economies grind to a halt and stagnate or become unmanageable. So, it pays for government to insure that there are enough economic youth in the engine to keep it running. And, if they have to rely on immigrants to raise the number of youth, like the United States does, then the demographics shift in favor of other ethnicities. Right now, Hispanics are due to be a major consumer player, and already are in some states, for the goods and services available.

If you want to start to expand your offerings to other ethnicities, you will have to understand that other cultures have different buying priorities. Hispanics may not spend much on a house, but they will dote all over their children. They also tend to be more entrepreneurial and less focused on education. So, selling things that help Hispanic businesses is a great way to get into this demographic. If you sell infoproducts, offer them in Spanish too as you might see some higher demand from immigrants who came here to do construction work, got laid off, and now are starting other businesses.

In fact, many businesses are just now understanding that people with online connections to the Internet are growing in other countries. They are getting online more and more, which results in a GROWING market for Internet marketers who can reach them in their own language and terms. Yes, this will take a bit of upfront investment, but it will also guarantee that your business has fewer and fewer boundaries.

If the United States does falls off an economic cliff, you might still be in business in Mexico from the comfort of your home in California. In a sense, this strategy is one of risk management at this point, rather than growth. In the future, it will be one of major consumer growth as Mexicans try to advance their large families in their new home country or overseas. Just be sure you use PayPal so that they can pay you in their currency or your own, depending on what you choose.

6

Keep A Close Eye On Your Competitors

Competition can be fiercer in a down economy as the market shrinks. However, it can also result in less competition if your competitors fail to keep up with the trends in the marketplace and go belly-up. Either way, you should keep a very close eye on your competitors. In cases where they get a bright idea that appears to be reaping benefits in terms of new customers or increased sales, you want to make sure to learn from that and implement a similar strategy. If they are faltering, you also want to be the first to know to see how you can swoop in and grab the market share they are failing to service. If you don't, someone else will for sure.

Things To Keep An Eye On

All in all, you are going to want to see the types of things that can help you fine tune your own website without doing too much extra marketing research. It's possible they've already done it for you; all you have to do is take a look at how they are targeting their sites to various market forces for you to turn around and do the same. So, watch the following factors online for your competitors and seek to optimize your marketing campaigns in these areas, either learning what to do or what to avoid, based on the results your competitors are getting.

Demographics

We discussed this in depth in the previous chapter and this is the most likely area most Internet marketers will fail. They will be thinking the down economy is contributing to poor sales and opt to do nothing or employ counterproductive strategies instead of understanding that the demographics are shifting with the recession. So, watch the demographics of your competitors' sites if they are doing very well in your market niche. It's going to tell you a lot about what your demographic should be now too. To check that out, just look them up using the search engine <http://www.quantacast.com>.

Keyword Campaigns

Google AdSense is still a major way online marketers are making advertising revenue. However, as the markets changed, so did the keyword campaigns. So, you will want to check out competitors who are doing well to find out how they've tailored their keyword campaigns for the recession.

There are numerous free tools to find out about keyword campaigns your competitors are using. There is the Google Adwords Keyword Tool located at <https://adwords.google.com/select/KeywordToolExternal>. This tool lets you plug in various keywords and see what the search volume is, whether it has a high payout, and how stiff the competition is for that particular keyword phrase across the Internet. If you want to use this tool to determine how keyword phrases your competitors use rank against other potential ones across the Web, first you have to locate your specific competitor's keyword list.

You can do this with keyword frequency analyzers that are free all over the Web. Just plug the term "keyword frequency analyzer" into the Google search engine. You'll be taken to a form, typically, where you put in your competitor's URL and it will come back with the frequency of the words. The higher frequency words are usually the keyword.

You can also do this with a product called WebCEO. There is both a free and a paid version of this program. The site is located here: <http://www.webceo.com>. There is a feature in this product that makes it very handy called the "View Competitors" tab. Once you know what list of keywords you are searching for, just plug one into the WebCEO interface. Then, you go to the "View Competitors" tab and it will give you a list of the top competitors on the Web for that keyword. That way, you know which sites are using this keyword in their campaigns. It will also give you an idea of how successful this keyword is to use and how much competition there is.

Backlinks

Much of the value of a website is determined by its PageRank. That's a Google qualifier that assigns a number to give a ranking to a site. Much of the weight of that number is based on the number of incoming links, or backlinks, and their associated PageRank. The higher the PageRank, the better it does in the Google search engine result pages and the more traffic that site gets. The more traffic your competitor gets, the higher their Web exposure and the more likely they are beating you out of a sale. To discover the intricacies of Rank, take a look at [Rank Advantage](#).

However, the nice thing about links your competitors have is that they should be just as easy for you to get too. So, you too can get the same backlinks, web exposure, and traffic just by paying attention to who is linking up to your competitors' sites and then going on a campaign to get them to link to you. To find out who is linking to your competitors, go to the following search engine that ferrets out backlinks: <http://www.backlinkwatch.com>.

Your Competitors' Promotions

If you don't have a short list of your major competitors, you need to draw one up. You should be checking their latest promotions and see what seems to be working for them. The aim here is not to copy them exactly, but to brainstorm how to one-up them in the market so that you get more market share.

An example of this is how McDonald's paid attention to Dunkin' Donuts and Starbucks to add a line of premium coffees to their lineup. While they're not selling donuts or solely coffee lattes, they were able to take a general trend of a consumer interest in high-quality coffee drinks and take additional market share with it.

Interestingly enough, McDonald's is coming out more and more as a "recession-proof" industry. That's probably because people are downsizing their meal outings and are very aware that McDonald's offers value meals, with some even more upscale offerings now like premium coffee drinks and salads.

If you want to get a real good bird's eye view of your competitor's latest promotions, just sign up as an affiliate to their programs,

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subscribe to their newsletters, or use the Google Alerts tool at <http://www.google.com/alerts> to tell you when they post anything new online.

Understand Your Competitor's Weaknesses

In a down market, people are more judicious about their money, but that doesn't mean they will naturally gravitate to the lowest-priced item in a store. If you and your competitor are offering products at competitive prices, what is going to determine which website a person shops at in a down economy? There are a variety of different things that will be the downfall of less disciplined marketers. But, here are a few that you can exploit and make your business shine above the rest who are competing for every dollar in the marketplace.

- **Customer Service**

Believe it or not, even with a website instead of a retail store, you are going to have to focus on customer service. If your competitor is better at addressing complaints, offering alternatives, implementing services that make it easier for the consumer to shop with them, or can provide some guarantee on their products and services, they will go there. However, if they fail to provide good customer service and you do, they will come to you.

- **Effective Marketing**

Marketing isn't just about putting up an ad, slashing your prices, and waiting for someone to notice. You have to be very

proactive, particularly in a downturn, to list the benefits of the purchase with your customers. They should understand exactly why doing business with you is going to solve their problems. You can also use strategies like the limited time or quantity offer to keep your customers from comparison shopping so they never get to see your competitor's offers because they are so fired up about yours. If you see great products being offered on a competitor's site but the marketing offer is bland, see if you can sign up for the same affiliate and write up a more convincing offer without necessarily dropping the price.

- **Price Competition**

Many businesses will be so scared of a tight economy, they will think the only way to compete is via price. This is a serious mistake because that can only lead to a downward spiral of pricing that will force both you and your competitor out of business. If you see this happening, you can exploit that strategy by coming up with value package offers that are even higher priced, but provide more incentive to buy from you. While consumers may be looking for price concessions, ultimately, they will be focusing on long-term value.

Don't Let Them See You Sweat

A word of warning here about marketing offers that are “close-outs” and “going out of business” sales. If you say you are going out of business, everyone is going to believe you are in a recession. The problem with this strategy to obtain sales at this time is that if you go out of business and people want to return an item, you can't

guarantee it, and you're definitely a short-timer, this is a great reason for people not to do business with you at this time.

People want stability in the people they do business with, and unlike good times, a "going out of business" sale is going to scare the pants off your customers, not make them hop for joy at potential price cutting. However, it will probably make your competitors jump for joy and exploit your weakness instead.

Look at the example of General Motors and the other American car manufacturers who went to Congress and publicized their potential bankruptcy ahead of time. It's going to take some massive convincing of the public that they want to buy such an expensive item like a car from a company that is unstable.

Who will repair it if it breaks and parts aren't available and the dealer is out of business? How well can you trust the manufacturer? Are they cutting corners as well as cutting costs? If you're having difficulty in your business, don't advertise it right now as a marketing strategy. It will only backfire at this time as people are really not interested in hooking up with more bad news.

7

Best Sellers Versus The Long Tail

Chris Anderson wrote a book entitled "The Long Tail" in which he made the argument that the old 80/20 rule of marketing where 80% of your sales come from 20% of your offerings was now wrong. Instead, he theorized that the role of the best seller in marketing for a bigger market segment was changing due to various market forces, namely the Internet.

Using a "long tail" model, one could go after a larger share of the market, not by promoting a few best sellers, but by catering to niche markets that made up the majority of the unmet demand online. And, understanding this long tail of people, who did not necessarily want to buy best sellers, but had specific preferences in less popular offerings, was important to your online business, as it could help you develop larger profits.

The argument is made by showing how companies like Amazon.com and Netflix carry many titles that are not available in retail stores, titles that these companies sell many of. Retail stores cannot offer the same selection because they would be hard-pressed to inventory all of those items and have only a limited pool within a local area to sell them to. So, box retail stores devote their marketing to more mainstream fare. However, Chris argues you can exploit the long tail to generate sales in practically any market segment, making the markets one of unlimited choice and unlimited demand.

Should You Try For The Long Tail?

Yes! In a recession, you need every customer you can attract and the long tail represents an area of demand that remains largely untapped in many market segments. If you are an online entrepreneur, in particular, the long tail is a viable strategy to strengthen sales in a downturn because the Internet makes it easy to market the long tail, unlike typical retail establishments.

The Internet is uniquely suited to exploit the long tail in any market segment because it is virtual. It doesn't cost more to find new products to add to your online store and you do not have to physically inventory them. All you have to do is check out a large selection of affiliates, partners, and/or suppliers that can help you make your offerings as varied as possible in the niche you are marketing.

In order to implement a marketing strategy on your site, you will have to do three things:

1. Understand your market niche enough to be a connoisseur of offerings and make those available to your customers online.
2. Price things in a reasonable manner or reduce pricing to increase demand.
3. Install automatic filters and backend offers to help people find exactly what they want in the entire listing of offerings.

A Good Long Tail Strategy Creates Demand

It may seem strange, but a good long tail strategy actually creates demand instead of chases it. This is noticeable in places like Amazon where their “people who bought this also bought” notice creates demand for previously unnoticed titles. The books may not be best sellers, but the genre and topic are of such interest to the buyer that they are sold too. They may not have even been aware of the titles, but upon reading the reviews available, they are sold on them and they order them. Therefore, it's a proactive way to create demand where it may not even be in the buyer's mind to buy that particular title.

This is important to understand because demand isn't just about consumer need. Consumer demand is made of three factors: Income level, personal preference, and price. With income levels going down in a recession, the natural assumption is that demand will lessen due to people either downgrading their purchases or doing without. But that's not what actually happens in a recession because a recession is a cycle that comes after a period of prosperity, like we saw earlier.

People have become accustomed to certain items in their life, and even though they are not necessities, they will continue to purchase these or similar items because they have a large personal preference for them. They may try to find alternatives to their chosen brand or find better value, but they're mostly not going to do without unless their income is so low that they are essentially out of your demographic in income level anyways.

Consumer behavior changes, but it doesn't necessarily mean that demand dries up completely. The long tail is about the 80% of people

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who have such unique preferences that they're not out there only buying best sellers; they're buying the things they prefer, and only they know what those are. Your job is to offer choice so that you find more profit in the long tail and watch what demand is created.

With major retail stores and small businesses closing all across the country, there will be myriads of long tail shoppers looking online to continue to provide the items that they have been habituated to finding elsewhere.

An example of this happens with beer. In the years of prosperity, more small breweries and beer manufacturers offered specialty beers for sale. People got a taste for certain types of brews. If these brews become unavailable at larger retail stores that are narrowing their inventories, they are likely to go online to find them.

If you are selling DIY beer-making kits or are an online beer vendor and you offer a huge selection of different beers that you make on demand, you have gotten more customers automatically. If you help them find even more interesting brews at a reasonable cost, offer forums where beer aficionados meet to talk about their favorites, and use backend offers to promote two-for-one and other great deals at checkout, you are going to create large demand where there was only a passing interest.

So, don't rule out the personal preference portion of demand in the demand equation. It's going to be the key to making bigger profits online in 2009 even as income levels fall. And, you might even be able to raise prices instead of lowering them using this strategy for offering

something that others cannot offer anymore in local store or large retail sectors due to the economic costs of inventory, shipping, and gas prices.

What About Best Sellers

Continue to offer best sellers as these too will help you make sales and they do not cost extra to add to a virtual infrastructure. If you are thinking of making new websites in 2009, you want to start with a best-selling niche online, as discussed in Chapter 1. If you are in a particular niche, you want to check out your competitors and see if you can spot their best sellers too. They will be promoting them heavily more than likely.

There are many third-party organizations that put out market research on the best-selling items in a marketing category and you can find that information in trade magazines. If you are selling promotional items, for instance, you can get that information from the Promotional Products Association, an online non-profit organization. There are also similar organizations for various markets that you can find and use to help you determine what is selling best in your market niche, but they are usually finely targeted to a specific niche and would be hard to list all of them here.

Another great way to see the best sellers of a large niche like books or consumer products is to go to online mega e-tailers like Amazon.com or eBay and look up their bestsellers lists. They post that information freely for the myriads of people who are selling on their site and it can be a great way for you to decide what to offer as a best seller too.

On eBay, you can find out what is popular by going to <http://popular.ebay.com> or checking out <http://pulse.ebay.com>. Amazon has their bestseller list at <http://www.amazon.com/gp/bestsellers/books>. Just keep in mind that best sellers are not creating demand, they are merely tracking it. Also keep in mind that the competition will be stiff because everyone will know what the best sellers are in their market niche.

Combining Best Seller With Long Tail Strategies

Once you have this information for your particular niche, there is one more strategy you can implement that combines the best of both worlds to create demand for your products and services. While best sellers don't create demand, we mentioned that they do track it. Market researchers have noticed an interesting effect on products that are in the long tail and that are associated with best sellers. They tend to sell more too, creating a spiral of demand where there was none just from piggybacking on a best seller's inherent market demand.

Online, this is done through keywords or tags associated with best sellers and other less popular products. Amazon has a great mechanism for exploiting the long tail on their site with the "those who bought this item also bought this" feature. They associate bestsellers with other items, and sometimes, they're not always other best sellers. However, because Amazon allows its users to rate their books, many books that are not best sellers can get a boost by association and great online reviews. So, you can do the same thing too and create backend offers that can spur your customers to buy more.

Say you are selling shoes and teenagers are in love with a particular best-selling brand. You offer that in your online store. You find that many of your customers who bought that shoe also happened to buy some specific style socks due to a fad going on with rolled-up jeans, these shoes, and low-cut socks.

Whatever - the association of those particular socks with that particular shoe is enough to create demand for those socks. So, you should make sure you point that out to people when they come to buy shoes online and make socks an offering on your website too. In many ways, this is the art of classic cross-selling. But here you are using it to increase sales in a down market by tracking those long tail decisions and making them more transparent to future buyers.

8

Track Your Advertising Results

When a recession hits, advertising becomes even more important to keep your products and services in front of people with purchasing power. If you don't continue to advertise, you will more than likely lose presence in the market place, and consequently, lose customers. So you want to continue to advertise, especially during an economic downturn.

However, you shouldn't just decide on a scatter approach. The idea of sending out massive emails to a list without regard to how effective they might be works in good times, but fails miserably in hard times. The reason for this is simple: There are fewer people with discretionary income. Even if they get your email, if you haven't targeted to the people with the need to buy and the income to buy, you are going to be wasting your time. So, it becomes even more important to implement advertising strategies that produce results, not just throwing your money into efforts that are a waste of time.

The only way to determine if your advertising campaign is working to increase demand for your products or services is to track your advertising results. And since you are going to be doing your business online, there are numerous avenues you will need to track: Pay-per-click, affiliate, and your website ads. You may even have various affiliate programs, some in one affiliate bank and others from other sources.

You may have various advertising strategies to generate income from pay-per-click, pay-per-lead, and pay-per sale. And, you will have various different types and formats of ads that you are using on your own website for your products and others that you are sending out to affiliates in your own affiliate program. So, even though it may seem like a simple matter to just track your advertising results, the reality is that you will need to fine-tune this process to get the information you need without spending inordinate amounts of time doing it.

Income-Generating Third-Party Ads

These are like Google AdSense or AdBrite ads. They offer a payout on certain ads that you either select or are automatically generated for your site. The importance of tracking how much income you are generating from these ads is to allow you to figure out which keywords are working for you, which product ads are making you more money, and how to customize your niche to make more profit with these ads.

Track Results By Keyword Campaigns

You can start to develop great keyword campaigns to help you optimize your site, then use different channels to track different products, websites, or marketing campaigns based on some keyword topic. Either way, you need to learn how to separate these into separate streams so that you know what is working on your site and what is not. If you don't do this, you will only see what clicks might have occurred, but it's not enough information to know what is working and what is not unless you've set it up to track that information from the get-go.

Try to learn everything you can about AdSense. A great way to find out more is by purchasing [10 REAL AdSense Secrets](#) by Ryan Deiss.

Track Results By Style of Ads

You also might not realize that the style of an ad can have a great impact on how effective it is online. Banner ads can do very well on some websites and bomb on others. Sometimes, text ads work better than image ads. Your job is to determine which ads are working better on your site and then customize your campaigns to use the most effective style of ad. You can do this by creating different channels associated with different styles of ads on the same website or you can decide that one website is going to feature one style and another a different style.

Track Results By Ad Placement

Another important factor of advertising third-party ads is ad placement. You may find that ads at the top in banner format perform poorly as compared to inline ads within posts. Or, you might put some to the right or left of your posts in the links section and find they are never clicked on. Image ads may be performing well to the right of the posts, but awful inline. Ads at the bottom may perform spectacularly when they are text, but bomb at the top of a post. Will you know where to place the ads for maximum benefit? The only way to know that is to track what is working best by the results you get from pay-per-click, pay-per-lead, or pay-per-sale results.

Track Results By Payment Options

Some Internet marketers work solely with pay-per-click ads because they find them to work best in terms of payout results for their advertising strategies. Others find that they can get more from pay-per-lead. You can opt to include an advertising campaign that has 80% pay-per-click and 20% pay-per-lead. Or you might want to solely concentrate on a single category, like pay-per-sale.

If you aren't tracking the final payout on these and what is generating more income, you are missing some opportunities to fine-tune your advertising efforts and generate more income. The final decision should be based on how much income you are making off these ads. It may seem like you get 90% commission from a pay-per-sale ad and only a couple of bucks off a pay-per-click or pay-per-lead ad. However, if you make zero sales and you generate multiple clicks or leads, the other types of payouts may work better for you and you should keep that in mind to put your efforts where they pay off the best.

Track Results By Third-Party Advertiser

Although some companies will not want you to use other third-party advertisers if you are using their advertisements, if it's not against the TOS, then you'll want to try a few different ones out. You may find you have much more success with AdBrite than with Google AdSense because of the difference in how they serve up their ads. But the only way to find that out is to implement them and then track them to see which get better results.

Track Affiliate Advertising Results

You are not just going to have to track your own affiliate program's results so that you can best guide those affiliates to make money for you, but you also have to track which affiliate programs you're using are making money for you. This can be a difficult process, even if you have most of your affiliate offers in an affiliate bank. That's because the data isn't necessarily set up to be able to open your account and find out exactly which affiliate offer is generating the most income for you.

You will have to do some massaging of the data to find that out by setting up a spreadsheet and tracking your affiliates by month for total sales in comparison to each other. Add to that other affiliates that may not be a part of that affiliate bank and then try to track which of these used different styles of ads or offers and what made them popular, and this can be a time-consuming and aggravating project. But, the bottom line is that you wouldn't be tracking all that data unless you were interested in which affiliates are going to produce greater demand and greater sales, right?

Track Results Through Paid Programs

So, there's an alternative to all that; you can actually buy services to help you determine what works and which affiliate offers are returning better results than others.

Track Results With Embedded Codes

As for your own affiliate program and how to manage that, you are going to have to carefully track how you roll out different ad campaigns to your affiliate partners. If you don't do that, you aren't going to be able to figure out what is working and what is not. One of the ways to determine what is working is by tracking the traffic on your site from different affiliate partners using your website's control panel. Another way is to add some code to each of your affiliate offer ads to help you track different ads and how they perform across the Internet.

Your Website Ads

You have a whole lot more control over your own advertising campaign, the style of ads, placement, and the keywords that are used on your Web pages. And, you are also privy to how much money each of those products or services are making. It's not a matter of trying to figure out which affiliate is drawing in the most traffic and then what ad style, placement, or keyword campaign they are using that made the ad a success. That's all in your court now and you should take advantage by setting up campaigns that can track various aspects of a successful ad and track the results in your bottom line and traffic counts.

Track Results By Traffic

Since you control the timing of your advertising campaign roll-outs, you can start to maintain some stats on increases in your traffic counts and most popular URLs to determine whether the advertising campaign is generating the attention that you want. If you see an

immediate spike and it is related to the page where your ad has been placed, you know you have a winner.

Part of your marketing campaign is going to be to draw traffic to your sales page via commenting, press releases, article marketing, blogs, and more. If you see incoming referrals from these sites increasing, you will know which of these strategies worked best for you because the traffic is coming in more from these sources. That gives you great information on which areas on the Internet work great for grabbing attention for which types of products and services.

If you find that your article marketing is yielding little traffic in comparison to commenting on high impact blogs, then you might want to reduce your marketing efforts in article marketing and stick with commenting. Of course, what strategies actually create traffic to your site are going to be completely different from one site to the next; however, it can give you a good idea of strategies for a particular market niche, not particular products and services.

Track Your Hits And Misses

In a way, tracking your own website ads is much easier because you probably have started out with a particular marketing campaign in mind. You know what ads are placed on what pages and what products and services you are promoting. You can figure out that if one product or service sells more on your site, that there is something about that ad or that product that is compelling to potential customers. So, your hits are going to tell you a lot about what works on your site.

However, your misses can also tell you a lot about how to fine-tune your advertising campaign. It may be that you're not using the right style ad or the right placement. Or, your promotion is not creative enough to meet the demand that is out there in a tough economy. Either way, don't just dump the product or service; instead, try to change the location, the ad style, or the advertising copy and then track whether that changes the advertising results in terms of sales.

Track Results By Advertising Strategies

You are also going to want to track different advertising strategies that are working for you, instead of just the ads themselves. For instance, you have started to implement some backend offers on the "Thank You!" page of another product or service and you see an uptick in sales for that product you are cross-selling. That's important information! The same is true if you are trying a new strategy online to up-sell a customer at the order checkout by placing an ad at the bottom that is related to the item they chose, but a better value. If you start selling more of these value packages, it might be that your up-selling strategy at checkout is paying off.

9

Influence Market Demand With Value Offers

Everyone is promoting value marketing for recessionary times, but what does that mean to you? Do you even know what value your customers demand or are you shooting in the dark about whether your offering is a value offer or not?

Value, no matter whether you are in a recession or in a period of prosperity, is always the same: A balance between cost, product, and the benefits of that product. The only difference in how value is perceived in recessions versus periods of prosperity is the cost is weighed much more heavily against the benefits in the consumer's mind. So, that's where you will want to concentrate on providing value offers that don't necessarily mean a downward spiral to your pricing model.

You are going to determine what your customers need and provide that product in a way that makes the benefits far outweigh the costs. If you hit the right note with your customers, they will tell their friends and you will start to develop a value brand that creates demand as well as meets it.

Do Your Market Research First

Every market niche is going to have different ideas of what products create the most value for their customers. That's also because the

demographic that is being marketed will influence the perceived ideas of value. If you are marketing electronics, you may have a great demand for iPods for the Y generation and almost non-existent demand for boomers.

However, you can market cell phones that provide value to both demographics if they can be used to download music. So, you need to be aware of what your market demographic wants and considers as a value to them, in terms of benefits, and then also consider whether your market niche can provide this product at a reasonable cost.

And, because of the recession, you will also need to keep in mind that the products that sold best in more prosperous times may be falling in demand today. This is very true of the iPod market, where the Y generation's income is falling dramatically and more pressing demands face them now. So, part of your research is going to determine what products are increasing in perceived value or dropping in market value because of the environmental factors of low wages, high debt levels, or any other factor, like increasing gas prices.

Identify Your Customer's Value Expectations

You can do this through surveys, contests, or just by watching which products are selling better than others. That's not just your own products; it will also be necessary to see how your competitors are faring in the down economy to make sure you don't limit your offerings and skip a great moneymaker they've discovered. It is even more important in a market recession to really listen to your customer's needs and try to provide solutions and value that can meet those

needs. That's how you are going to start gaining market share and also create a brand known for providing value.

Pick A Few Key Values

Don't try to be everything to everyone. You may hear that a few customers have determined a key value that is important to them, but they are 1 out of 100 of your customers. Don't waste your energies unless the return on the investment of value is going to meet a larger demand or create it. One can nitpick their way into an excellent value product and find that factors also make it exorbitantly expensive. The idea is to balance cost, not just to the consumer, but in your efforts to produce it, with the benefits of your product. So, pick a few key values: For example, things like ease-of-use, instant delivery, better taste, better performance.

Be Sure You Can Deliver What You Promise

Once you have picked a few key values, you need to make sure that you can continue to provide that value, regardless of the major factors going on in the economy so that your customers can rely on you being consistent. So, maybe you've decided on better performance as your value in comparison to other products on the market. Come to find out, when you do your research, that better performance relies on the price of gold or oil and it begins to skyrocket again.

Since value is a balance between cost, product, and benefits, you are going to have a wild ride trying to continue to market the benefit of better performance as the cost of your product also increases astronomically. At some point, even if your product is the best in

performance on the market, if your customers were counting on you to provide that at specific cost, they will drop away and find other products or vendors. If you can't really promise something consistently, your brand will suffer and so will your bottom line.

On the Internet, this is even more important. Many people went out and bought foreign vehicles because these cars were perceived to have better performance for the cost. Well, the performance is arguably no better now than other companies and the cost of gasoline has had many customers debating whether public transportation, hybrids, or other forms of transportation aren't a better choice for the value of "performance."

The competition becomes even stiffer to determine who really has the best performance and online complaints against car companies are very easy for consumers to check out. You get a bad reputation online on the key value you are promoting and you lose your entire credibility. Very few people will shop with you or believe a word you say. So, be sure that you are able to deliver what you promise, especially in a tight consumer market like we're seeing now. To do follow-up in minimal time, check out [Bob Bastian's Ultimate Follow-Up Toolbox](#)

Communicate Your Values!

Once you know what your key values are and you are certain they can be delivered, you can start to communicate them in your advertising to get the word out. Make them a key element of your advertising campaigns so that people know what the benefits of buying your product are right now when money is tight.

You are going to communicate your values and tie them to your brand, which online is your domain name or a product or service name that you've created. Make sure everything in your online image serves to convey the values you've chosen to use as your strategic key pin in tough times. So, if you are selling environmentally friendly cleaners online, and your values are product strength and ease-of-use, as well as environmentally friendly, then your website better be easy-to-use, have clean lines, and look somewhat green and earthy too. Communication isn't just about words; it's about images, actions, and everything you do. Everything you do with your business should convey the key values you are promoting.

Keep Doing What You Do Best!

As they say in business, once you have the formula for your success, it's just a matter of wash, rinse, and repeat! Keep repeating your performance in your key values and keep looking for ways to constantly meet the value demands of your customer base. Improve every year on meeting those values, while maintaining your core strengths and delivering everything you promised. There is no way you will not gain customers and create market demand in a good market niche, no matter what the economy is like!

The Generic Value Promotions

Now that you know how to create value promotions that are going to create demand for your market niche, let's go over some generic value marketing strategies that you can use in conjunction with your key values. Remember to always pay attention to how your customers

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decide whether it is a value to them and not just a value that is said to be good for everyone. It just doesn't work that way.

For example, most people would say that delivering your products online for instant download is a great value to provide for your customers, but maybe your demographic wants a little more hand-holding and isn't necessarily into downloading things from the Internet. Then, you might want to institute a service that sends them a print book with the same information or a CD with music on it. So, always customize the generic approaches to your market niche and demographic to get the most out of them and you will reap more success than just a vanilla approach to everything.

Here is a list of some things to consider that many people think provide value for different marketing offers:

- **Causes**

This one will be more important as people empathize with other people in tough situations. Can your company provide value by giving something back to a cause or the community? In particular, environmentally friendly causes are going to be interesting to track as a value because of the stimulus plan and how they'll be promoted in the media in the future.

- **Instant or discounted delivery**

Online, you can make a case that people can get things instantly through electronic download. The downside is that if you are competing with a retailer who can give instant delivery on

something else that you offer, that will look worse. So, make sure to include promotions like free or discounted shipping as an added value.

- **Bundling**

Maybe your customers would like ink cartridges with that purchase of a case of print paper. How much does it really cost to add that to your purchase? You can bundle it by saying things like: Buy three cases, get this, this, and this discounted or free. Computers are bundled with software to make it easy for consumers to use them immediately, even though hardware and software is actually sold separately by different manufacturers. Obviously, it's a poor value to buy a machine that will need extra time and effort to be useful to them. So, always keep in mind that you want to bundle things that will provide value and make the consumer's life easier, then make it a better deal in cost than buying them all separately.

- **Free or discounted upgrading**

Some ways to implement this value offer is to offer a lifetime way for people to upgrade their services at discounted costs, like a life membership. Another way is to offer a discount for recycling some product back to the manufacturer when they upgrade. Either way, you want the customer to come back to you and get an upgrade with your products, not someone else's, when it comes time to upgrade.

- **Educational benefits**

This is going to grow more and more during a recession. Many different professions are disappearing and others are growing, and with them, the number of people going back to school to retrain. If you can offer some of this training with your products and services, this can be a huge benefit to people who are trying to re-position themselves for future employment. This can be done by offering courses, certificates, CEU credits, and how-to instructional.

- **Reusable or special packaging**

These are things like recyclable containers, or that can be reused for a specific purpose. The packaging can also be a feature if it is not available, but important, like gift-wrapping during Christmas time.

- **Great customer service**

This never goes out of style, no matter what the economy is doing. Can you make your customer's shopping experience pleasant and positive? Do they have to search the tiny print for the way to contact your company should they have a problem? Do they feel you aren't listening to their needs? These are areas that can easily be attended to with little cost, but with major benefits in customer loyalty.

- **Extra choices**

Can you make your products customized to your consumer's tastes by personalizing them? Do they have a choice of different

colors and styles? Remember that you are going to only offer things that you can continue to deliver as the economy becomes more stressed. If offering three colors means multiple vendors and an increase in delivery costs, it may just not be worth it to your consumer.

10

Forecasting Future Demand For Tough Times

It's definitely going to be a lot harder to forecast future demand as the economy goes on the roller coaster ride of its life. We can spot shifting demand as it is occurring and remain present with the market conditions; we can even spot general future trends to a good extent, but there are many, many, variables in our complicated and interrelated global economy that can impact our forecasts.

And, not the least of which is that demand in a global economy isn't just about local or national consumer demand; it's also about international business, governments, and foreign demand. Trying to figure out supply and demand on a global level makes it more complicated to forecast future demand, but you can at least make some good guesses.

As an example of trying to forecast future demand, what happens if you plan to never market toys in the United States, for instance, until China decides that toy factories are a bad bet in a bad economy and closes all of them down. Maybe toys aren't a bad market niche; it just requires someone who understands what the modern consumers want in their toys and how much they are willing to spend on them.

Either way, you could have forecasted zero demand for toy manufacturing in the United States, and overnight, there is zero

production, and now, there is no way to get toys anymore and your consumers are clamoring for them.

The Law of Supply and Demand

That's where the law of supply and demand comes into force. If supply is cut off, there is a slow increase in demand until demand outstrips supply and the price of that commodity rises. At that point, that market becomes profitable again because the glut of toys has been wiped out, the demand is increasing, and there is no one to produce toys! So then, the future demand for toys may be tremendous, but right now, toy manufacturing or sales may be down.

On the other hand, the toy factories might continue to hobble along and be in a better position to meet demand that increases than people who have to start from scratch. So, it's really very difficult in a global economy to figure out which sectors of the economy are going to drop in supply and affect demand.

But, it isn't just supply that affects demand; demand also affects supply. The reason that toy factories close in China these days isn't because China had a sudden drop-off in demand. It was the United States that got hit with a bad economy and high gas prices, making the sales of everything go down as the consumer hunkered down. The import of toys from China got affected because of a drop in demand, which means the supply is decreasing right now. That's the current situation.

In the future, do we know what's going to happen? It all depends on what happens to the demand in the United States and the supply in China, neither of which is going to be easy to forecast because it can be complicated by governmental policies as countries try to create programs and stimulus packages to combat the unbalances in the market right now. So, keep your ears close to the ground and try to be aware of not just local and regional factors, but pay attention to the global marketplace if you want to understand where future demand will be and what market niche will profit most.

Pay Attention To The Big Picture

If you are not into reading the news because it's all so gloomy these days, you are making a big mistake. You have to be aware of what is happening in various countries and aware of potential problems in supply that can crop up, signaling an increase in demand AND a potential for an increase in prices, if you want to win this game. If you just pay attention to the price of gas as it rises and falls at your local service station and forget about wars in the Mideast that are about to cut supply and triple the price of gas, you'll be shocked when it finally shows up at the local service station.

It's better to be forewarned; buy the commodity when it is low, sell it when it gets high, and try to remain adaptable to changing market forces and chaotic global demand at this time. However, you can get a good idea of future demand by looking at the individual components of global demand: Consumer, business, government and foreign demand.

Consumer Demand

To forecast future consumer demand, all one needs is to understand the niche you are marketing to and the demographics of that particular niche. This ebook has shown you a variety of ways to track consumer demand, making it one of the most controllable aspects of marketing online. You may have no control over what businesses, governments, or foreigners do, but you have great control over any customer that shows up at your website. So, focusing on this area is a surefire way of getting one of the elements of future demand forecasting under your thumb.

Business Demand

To track business demand in your own country, all you have to do is keep an eye on the national news. Are businesses laying off? Are they hiring? Are they sending out press releases or creating new products? Have they changed their advertising campaigns? What is their position in the stock market? Have you seen their year-end reports? There is a great deal of information that you can track for businesses in your market niche.

After that, be sure to understand the business climate of the people who supply your market niche. Is the price of your commodity dependent on the price or supply of some other market? Then, this is a business that is important to keep track of to see how supply and demand is working in their area and how it will eventually affect you.

An example of this is someone who sells groceries online and delivers them. If gas prices rise substantially, it will increase the demand for delivery, potentially, but also will increase their own costs that they

pass on to the consumer in order to stay competitive. If they don't, they will just end up going out of business. So, demand across the businesses in your niche, as well as demand that supplies your niche, is something that should be tracked to be able to forecast future demand and to be ready to cut back or to increase your productivity to meet rising demand.

Government Demand

Government is generally not a profit or growth industry in good times. What the government does during good times is to try to generate revenues off the backs of businesses. They generally do not create jobs or institute business practices to spur the economy. They are policy makers and regulators, but this can soon change in a down economy.

When a recession or depression threatens the economy, then government is forced to interfere in the free market a bit more to try to stabilize the situation. An example of this is the Federal Reserve reducing interest rates to increase the money supply and ease credit restrictions in the marketplace. However, in the current downturn, the potential of a depression is a far worse consequence of inaction than just a simple recession.

For that reason, there are even more instances of government becoming more and more a factor in overall demand in the coming years. And, in fact, Obama's stimulus plan has a big role for government to increase spending in the following sectors: Health care, information technology, and construction. If the stimulus bill continues

down this path, there will be a temporary increase in future demand in these areas as jobs are created and projects are funded.

However, it may only be temporary if no new demand is created; it might end up like subsidized workfare, a combination of welfare and work benefits. Jobs will certainly be created through government spending and that will affect demand in all areas, but whether the demand in those niches is permanent depends on how it affects overall demand, business and foreign too.

Foreign Demand

Foreign demand is best expressed as exports minus imports. If we are buying more as a nation than we are exporting to foreign nations (importing to them), then demand for our own goods and services are decreasing in favor of other countries'. That's the current situation and we have no manufacturing base to really make up for the emergence of China and India as manufacturing powerhouses. And we can't really compete on labor pricing from these countries, so that leaves the United States in the position of European countries – a country that has to start creating demand for its own products and services in order to have an inside market.

Online marketers are in a great position to benefit from the rise of different third-world nations into the consumer marketplace. For one, they can market to the global marketplace, unlike retail stores that need a physical presence in every market they want to service. Whether one country is able to consume more than another isn't going to have such a dramatic negative effect on their bottom line; rather,

it's going to be a positive thing for Internet marketers. That's because they can also advertise worldwide, collect payment worldwide, and ship across national boundaries at the click of a mouse.

Watch The Currency Markets

Internet markets are also in a unique position to take advantage of the currency markets as they fluctuate drastically. If the dollar is down versus the Yuan, then they can market to people in China where the conversion now makes the goods and services to be perceived as being better values than items made and delivered in their own country. If the value of a currency drops in its own country, that means that the relative wealth of that country has weakened as compared to other countries and their currency. That means they will have "less to spend" in other countries because the value of the currency is worth less. On the other hand, the goods and services of a devalued currency can be a tremendous value to others in the global market place.

Exploit Demand By Reaching Foreign Markets

So, two factors are going to make foreign demand more and more important when considering future demand. The first is the value of the currencies as economies strengthen or collapse. The other is the rise of the consumer base of each of the countries, like China and India. These are people who have created some level of wealth and, more importantly, developed a taste for foreign goods and services. As long as countries don't collapse completely, this recession will be temporary and the next business cycle after a recession or depression is recovery.

So, position your Internet marketplace to cater to some foreign demand and you will hedge the risk of the current bad economy. While the dollar fell, for instance, real estate buyers in New York hid. However, foreign buyers came out in droves to snap up great bargains. Don't think demand is all about catering to local demand; instead, try to hedge the risk of the markets right now by opening your doors to foreign markets and the very easily foreseen future demand in that area.

Just keep chugging and pay attention, and pretty soon, you'll end up [Inside The Internet Millionaire Mind](#), as explained by Jo Han Mok.

John Delavera and {--your-full-name--}