

**Profit**  
ACADEMY

**MODULE 8**  
**SEGMENT 1**



Speaker 1: Hello and welcome to module eight. Module eight is all about funnels, so really going into more details about funnels, because you heard back in the previous module about what is a funnel, all the pieces of the funnel, your upsells, your downsells. Now I really want to talk about why you want to create a funnel, why it's so important to create a funnel not only just as the general theory behind it, but I want to go really into the mathematics behind it and how much more profitable it can be, and how you're bringing more value to your subscribers and all the people that are purchasing at the same time. Let's hop right into it.

In this class I'm going to do a general overview of what is a funnel ... you've seen it before but I'll just quickly go over that again ... why funnels work, and some of the numbers behind funnels, and then of course the full math behind it, so the type of increase that you'll get profit-wise if you create a full funnel based instead of just having a core product or that main product up front.

Then I'm also going to look at if you are selling your product using affiliates or if you are selling it to your own list, and what the difference in actual revenue is behind that. I'll go through an example for that. Let's hop right into it.

Basic review: what is a funnel? Of course you have your main product and then it goes into upsells, downsells, and then backend products. The main product of course is that main front end product, whatever the price is, \$47, \$97. That's not as important right now. It's just you know that that is the first thing that they are really purchasing. Once they have said yes and they've opened up their wallet and they have purchased, then they get taken to upsell number one, where upsell number one is highly tied into the main product or the core product, but it's giving added value or it's shortening the process or speeding up the process really, or it's more finely tuned, or just coming at it from a different angle. There's so many ways to build an upsell.

if they say yes to the upsell, then they are taken to upsell number two. Upsell number two is also tied in with the main product, and possibly tied in with upsell number one. For example, let's just say the main product was a PDF or an e-book. Upsell number one could be audios or videos that are tied in with it. Upsell number two could be something like coaching, something that is more personal or really more one on one. People get their questions answered. There's a lot of different ways that you can build these upsells, and there's other classes on that, but I just want to give you the general overview here.

Of course the difference being upsell number two and then downsell number one. After upsell number one, if they say "No, I'm not interested in that," they get taken to downsell number one. The difference between downsell number one and upsell number two can be a lot or it can be a little. It just depends on how you want to create it. You could take away some bonuses and really focus

on core points, but it's walking your new customers through a process that's bringing them more value and also bringing you more money. It's been termed as the profit maximizers as well, these upsells and downsells. It's a way to bring different angles in and really surround the main product with other things, but also increase your revenue.

Then after you're done with downsell number one and upsell number one, whether they say yes or no for upsell, and then of course you could take them from a downsell to an upsell. There's many different ways to do it. Once you end the process, then after the customer has gone through the product, then you can bring them to back end products, so recurring products, high ticket products, live events, things like that. Of course just a 50,000 foot view, general overview of what a funnel is.

Really, why funnels work is because when someone buys, when they open up their wallet, they put out their credit card, whatever it is, they are ten times more likely to purchase again. If they just bought your core product, they are ten times more likely to open their wallet right away again. That's why you want to put that back end, the full funnel together. Because industry standard on the conversion for upsells and downsells is pretty high and it's very easy to maximize your profit while adding value to your customers.

Don't feel that you're trying to just drag more money out. You're bringing more value at the same time to all your customers, but it's also a great way because it's like that honeymoon stage right when someone is excited. They just purchased a product. Then if you add in extra value then you're like yeah, that sounds good, that sounds good. That's why the conversions on these upsells, downsells, and back ends are actually pretty high.

As you can see, kind of the industry standard, of course depending on what niche you're in. It always can change, but for upsell alone it's about a 25% conversion, upsell too it's a 15% conversion, 15% conversion on downsell number one. Once you finish up just the upsells and downsells it's actually a 30% conversion on average for the first back end product. What's great is if you're doing it as a recurring product, then not only do you get that 30% right away, then you get it monthly over time. Then it's just a continual way to increase and bring in more revenue. Then if you have high ticket items, live events, things like that, then it's actually about a 10% conversion on average for the back end product number two.

Why I'm stating these industry standards is we're going to use these industry standards for going through the math. I'm going to walk you through an example and show you the difference of just having your front end product, and then what the actual math ends up being is if you build out this entire funnel. Here's

the quick snapshot of it. It's not going to make too much sense because I'm going to actually hop over to Excel and walk you through each part of the process.

We're over on Excel. I've just built a really easy spreadsheet to walk through the math. You can see all the bases for but I'll go through and fill in each part so you can see exactly why you want to build a full funnel. Let's say the first assumption is you have gone through phase one and you have built a list of 10,000 subscribers. You have a list of 10,000 subscribers. Let's just put that up here, say list size equals 10,000. You have to list of 10,000 subscribers. Let's just say when you start promoting your own product that when you promote it first you make 1%. You have a 1% conversion for sales. That means you're going to get 100 sales.

Let's go down here and that will be our first assumption, is on your main core product you sell 100 units of your core product. Of course let's just say you're going to put a product on ClickBank. If you look on ClickBank the average price for a front end product on ClickBank is about \$47. I'm going to put in \$47 here for the front end product. As you can see, of course if you sell 100 units at \$47 you're going to make \$4,700. If that's all you have, if you only have your front end product, you don't build out an entire funnel, that means that's all you can make is \$4,700.

It's not bad of course but let's see what you would actually do if you build out an entire funnel and you do it the Profit Academy way for phase two. Let's say for your upsell number one you really make a great product and you're going to charge \$97 on your upsell. Let's say we charge \$97. If you remember from our industry standards, the industry standard for the conversion on upsell number one is 25%. You can see that right here at 25% conversion. 25% of the hundred sold means that you're going to sell 25 units of upsell number one. Right away from having upsell number one and having your first part of the funnel in place you're making another \$2,425 if you're selling that at \$97.

Then let's say you go to upsell number two. Of course this upsell number one, you could be charging a lot more. Let's say you really are creating a great upsell number one and you do \$197. Right there, if you create upsell number one at \$197 you're actually going to be more than doubling your revenue just by adding in upsell number one.

Let's not stop there. Let's build out the entire funnel. Let's go over to upsell number two now. Let's go to upsell number two and let's say we're going to charge \$97 for upsell number two. It's not going to be as expensive as upsell number one, but if you remember the industry standard conversion for upsell number two is 15%, so 15% on the main core product. That is showing that from

the front end you'll be selling 15 units of upsell number two as well. From there you're adding in another \$1,400, 1,455.

Right there you're increasing quite a bit. Then let's build the down sell, because as you've seen, building a downsell is very easy if you've taken the time to build the upsells. Let's say the downsell ... you can price it pretty much whatever you want. Let's say it's \$97 as well for the downsell number one. Then like we mentioned, that's a 15% conversion on the downsell number one, industry standard. That of course would be 1,455 as well.

Before even getting to the back end products, you're actually at a total of \$12,535. If you remember, we're only bringing in 4,700 from the front end product. 4,700 from the front end product, as you can see there, but now by building out the funnel we're actually bringing in 12,535. That's actually an increase in sales by just creating the funnel by 166%. We are doing ourselves a huge, huge favor if we take the time to build a funnel. Just even this, not even accounting the back end recurring products, high ticket items, things like that.

That's the next thing I want to show you. If you not only build out an entire funnel on your product starting right away, let's get into the back end recurring. This is where it gets fun. Let's say you have a monthly recurring product on the back end. It's some sort of monthly coaching program or it's a software. There's a lot ways. It's a membership subscription site where you can get recurring things coming in all the time. Let's say it's \$97 per month.

On the first back end conversion on a recurring your product, industry standard is showing you're getting about a 30% conversion on your back end number one product. On average for recurring products people will stay in a recurring product for about four months, so that's why you see this. It's for four months of how long they're going to be on there. 30%, so overall you're getting 30 sales on back end number one product, and \$97 a month for four months. That's bringing in \$11,640 from that.

Then let's move onto back end number two. This would be like the high ticket item, a live event or personal one on one coaching, or whatever it could be. It could be a lot of different things that you create for a really high ticket item. Since it's a high ticket item, let's price it at \$997. We have a 10% conversion on back end number two for high ticket items. You would have ten sales out of those initial 100. What that would be bringing in is \$9,970.

Of course if you add up everything here you would be bringing in almost \$35,000. If you look at originally again, think of it. If it's just that front end product you'd be bringing in less than 5,000, but if you build out the entire funnel including back ends and recurring products, that's \$35,000 just from ...

This is only if you're promoting it to your list of 10,000 subscribers. You're getting a 1% conversion and you never promote to them again. You just promote it one time. It's a one-time deal to your list of 10,000. You get 1% conversion rate. This is what you would be doing if you built out the entire funnel compared to just having a front end product.

You're starting to see why it's so important to build out this entire funnel and why funnels are really, really cool, and why we call them profit maximizers. Because that's really maximizing the profit there. 626% increase in sales by doing that.

The last thing I really want to talk about is if you have affiliates promoting for you, so let's say you don't have that list of 10,000 and you're just letting affiliates promote for you. That would make a big difference there. What I did over here is the best case scenario. This first one is of course, apologize, is for the front end. With affiliate sales you would never pay an affiliate commission on the back end number one and back end number two. Affiliate sales always ends with the upsells and downsells, so right at this point. That's what we're going to be basing the numbers off of if you were doing affiliate commission.

Let's say affiliates make all the sales for you, so you're giving a 50% conversion, which is pretty much industry standard. I don't really want to say industry standard for affiliate commission because I've seen anywhere from 10% all the way up to 100%, so it's a wide, wide spectrum. Let's just say 50/50 share for the commission. Of course you would only be getting, if you had the entire funnel, would be \$6,267. If you only had the front end product, of course that would only be \$2,350 that you would be making if you were sharing it with affiliates.

Then if you look at the back end, let's say you actually have all the back end sales, then you can add in of course that's what you're be sharing but then what you would be able to add on top of it of course would be this extra. You would still be making \$21,000 if affiliates were doing the work for you and selling your product for you. You have the product but they're driving all the traffic. You would still be able to bring in this amount of money if you had affiliates, which is not bad. Even if you didn't have the list of 10,000 right away when you start promoting, and you know how to get affiliate sales and bring in good affiliates, you could still be bringing in this amount of money if you had this amount of sales.

It's of course based of the numbers that I put into the spreadsheet, but I just wanted to show you the difference and why when you're starting into phase two and you're building out your product, make sure you build out the entire funnel. Always have that in the back of your mind what is going to be my upsells, what

are going to be my downsells, what can I do for my back end products, can I do a recurring, can I have a high ticket, and put it all together.

Now let's hop back over to the slides. I just want to go through a quick review of everything. Of course this is just that spreadsheet as a screenshot after we've walked through it, and what your revenue would be there. Then this would be with or without affiliates, so the difference if you have your own list and you hit that list of 10,000 and more, and of course as you grow your list you can always repromote your own products. It's not a one-time deal. All these numbers were a one-time deal. You only promote once and you only get a 1% commission.

If you are able to get a higher commission on the front end product, that's just going to increase your sales, increase your revenue, increase everything. The numbers are really super flexible on all of that. All I wanted to point out is of course what is a funnel, why funnels are awesome, the math behind them, and how you saw how much better it is to really build out the entire product funnel.

One thing I didn't really mention, but affiliates love good funnels because they will make so much more money. Because if you have all the upsells and downsells, they know that they're going to make sales on those upsells and downsells as well. That's much more likely to get more affiliates to start promoting your product if you build out the entire funnel. Make sure that you do have that completely built out. Put in the time and effort and it will not only help you maximize your profit, but it will also help increase the number of affiliates that will promote your products.

