



JEFF WALKER'S PRODUCT LAUNCH FORMULA 2.0

Module 5: The Launch: It's Time To Hit "SEND" And Get The Big

Video 9: Product Launch Math – so how much money are you going to make?

Something else I wanted to cover real quickly is product launch math. Product launch math is about how much money you stand to make from one of these launches. Before we get into the actual math, the thing I want to stress so that you remember, is that the money you make from your launch, in the long run is going to be insignificant compared to the list and the momentum you build, from a product launch.

One of the benefits of doing a launch is that your list of prospects and your list of clients will grow. Even if you make a million dollars with your launch, that's not the big prize. In the long run, the million dollars will pale in comparison to the other benefits you get from the launch which includes the momentum, the positioning, the list you build, and the clients you get.

That being said, launches are pretty darn lucrative. The way the math works out really depends on your launch and how your launch is structured. These vary quite a bit so I've laid out four different types of launches.

For the internal launch your costs are really just your merchant fees, your hosting fees, and the fees for delivering your product. For a digital product let's go back to my Six Figures in Seven Days. That was for an internal launch of a trading product that I put together. It was a digitally delivered product where I was going to send people an e-mail trading advice and tips every trading day for a year. I was

going to send them 252 e-mails because there are 252 trading days in a year.

The e-mail hosting for that was insignificant. It was probably \$20 or \$30 for the entire year. I already had other lists, so it basically didn't cost me anything. I did \$106,000 in sales. My hosting fees were nothing. I had a \$17 a month web site. Since it was an internal launch and we didn't have a huge amount of traffic, I hosted it right on my normal web site and there were no incremental costs for that launch.

Actually, there were no incremental costs for delivery because I already had the e-mail host and there were no incremental costs for hosting, so there were no hosting fees. My only fees were merchant fees which ran between 2.5% and 3%, which was probably \$3,000 to \$4,000. Of the \$106,000 I kept nearly the entire piece. I kept \$102,000 to \$103,000 out of total sales of \$106,000.

Typically, with an internal launch, especially for a digital product, your profit can be as high as 96% even if it is a physical product you are shipping out. Your profit can be very, very high. 96% is just amazing.

For a JV launch, expenses tend to be a lot bigger. You do much, much larger numbers, but your profit margin goes way down. You still have your merchant fees of 2.5% to 3%, your hosting fees, and your delivery fees. If it is a big JV launch, your hosting fees might go up quite a bit if you have tons of traffic. You might need to get a dedicated server or a beefier server. Your hosting fees could go up quite a bit.

You could potentially also have fees for serving a lot of content. If you are serving a lot of video and you have a lot of traffic that can be more expensive. That can run into thousands of dollars for the video hosting. I've been using Amazon Web Services, otherwise known as S3. If you do a search for 'Amazon Web Services' they have very reasonably priced video hosting. You can actually put your video files there and serve your video files off of Amazon instead of off your web site.

If you do a great big JV launch you might have to staff up. You might have to add customer support. You might have to add tech help. You might need to hire a JV manager. You could have increased staffing costs depending on the size of your JV launch.

If you are just bringing in one or two partners and you are teaching how to play guitar, then your hosting fees aren't going to go through the roof. Your staff fees aren't going to go through the roof. But these are things that can add up with really big time launches. With some of the huge internet marketing launches, people have to add significant staff.

Of course, you will have to pay commissions. With a lot of digital products these days, we are paying 50% commission. Sometimes it is lower. Sometimes it is 30% or 35%. It all depends on what is happening in your market and what the norms are for your market. You might have to pay 30% or 40% or 50% in commissions.

If you have a joint venture contest with prizes among partners, you are going to have to buy the prizes. You could spend anywhere from a few thousand up to thirty thousand dollars, depending on what you are going to give away.

That math is pretty easy for you to do. Just look at what you want to give away. Go to Amazon and see what it costs and you'll know what you are spending.

You might have fees to pay for technical help. I guess that could really come under your staffing, but you might need additional tech help. In a typically huge internet marketing joint venture launch, your margin can plummet all the way down from that 96% in the internal launch down to 35% or 40%. You really give up a lot of margin, but if you are ready to pull off a JV launch, it could be 20 or 30 times bigger than your internal launch.

Remember my formula. I like to do an internal launch first. You get a nice pop in your bank account and you get to refine your launch process and your offer without the whole world watching you. When you have everything tightened up, then you could come back with the JV launch. Even though the margins are much, much lower, the

payout, the end gain, is generally a lot higher. Another huge plus is that you generally do a big list build during the JV launch. The end result is that you end up with a big list. That is very, very valuable.

If you are paying out smaller commissions, let's say you are paying 30% commissions instead of 50% commissions; your margins might rise to the 50% to 60% range. It really depends on what kind of commissions you are paying out. The bottom line is you generally have a much lower margin, but you can make that up in volume.

If you are doing an affiliate launch like I just showed you where you are selling someone else's product, your only costs are for your bonus creation and your delivery. You don't have the merchant fees. You don't have technical fees. In general, you won't have hosting fees, because you are running your traffic through your site. Typically, you will be pushing all the traffic to the site with the affiliate product. You have very, very low costs.

Depending on what kind of bonus you have put together and how you are going to deliver that bonus, then it all comes down to the commission rate. If it is a product that pays 50% commissions, and you have a digitally delivered product, then you can make 50% of the sales. That would be your profit margin. Affiliate launches can be very lucrative. In fact there are some affiliate products that pay 70% or 75% commission.

You don't have any merchant costs. You don't have any customer service costs. You don't have any hosting costs. You don't have any tech costs. Maybe you put together a bonus, maybe it is a digital bonus, and maybe you are making 75% commission, this could potentially be a very profitable affiliate launch. In other words, your profit margin could be 75%. That is why these affiliate launches can really make you a ton of money.

With an ecommerce launch it is all over the board. Basically, you have the cost for your bonus creation and your bonus delivery. The real key factor is what does your product cost? What is your margin on your product? That is the number one influencing factor on what your overall profit margin is going to be.

If you are selling something and your cost of goods for a physical product is 50% then you could have nearly a 50% margin based on a product launch. But it really depends. If you have a margin of 10%, then your overall profit margin is going to be really small. It is really impossible to do the math for an ecommerce launch because it is completely dependent on what your product cost is.

That is a little bit about product launch math. The key thing to remember, especially for the internal, the JV and the ecommerce launch, is what you are going to get out of it in momentum, what you are going to get out of the list build, and top-of-mind awareness, and also positioning. These gains are almost always, worth way more than just the profit from the launch itself.

Even though you have dollars signs in your eyes thinking about these huge numbers you can do, and the huge numbers are great, trust me on this that is just the beginning of the payoff for your launch.