

Millionaire of the Month #14

Jeff: Hi, this is Jeff Paul. I would like to welcome you to another edition of the 30-Minute Money System Audio Tape Newsletter of the Month. We're going to be talking to another incredible marketing genius. So I hope you pay close attention to what you're going to learn today on this tape. We've really got a special guest, and I'm really delighted and pleased to have him here. Our guest is Ken Kerr. Hi Ken.

Ken: Good morning Jeff.

Jeff: How are you doing?

Ken: I'm doing great.

Jeff: Ken is located in the Southern California area where it's nice. Ken's got an amazing story and I'm just going to give you a really brief background about Ken, and then I'm going to let him do some talking and answer a bunch of questions for all of us. A lot of you may not have heard of Ken, but I bet a lot of you have heard of things that Ken has been integrally involved in or in charge of, particularly Epcot Center down in Florida, Tokyo Disneyland, Smirfs, Gummy Bears, Universal Studios, Precious Moments, and Sea World. Ken has worked on designing, branding and marketing those kinds of entities and has also received many kinds of awards and recognitions from the Smithsonian Institute, the U.S. Air Force Historical Documentary Program, and Who's Who In Art And Design. Ken has received over 100 regional, national and international awards for product development, graphic design and exhibit design.

So we have a really interesting person who is a marketing genius and absolutely at the upper end in the rarified era of the marketing world. I am really pleased we were able to get Ken on the call today and interview him. Ken, can you give us a brief story from when you got started and what led you to getting a position where you could do things like being in charge of designing Epcot Center?

Ken: That's a great question. Thanks. Actually, I liked to draw when I was a kid. It's just about that simple. I was also a pretty good writer when I was a kid, and as I got out of high school and got through college, I kept being pulled in the direction of what in those days they called a "commercial artist." I didn't even know about this advertising stuff until years later. We were called commercial artists. Literally, I got my first job when I was 18 years old. You had to be 18 to get a real job, other than gas stations and things like that, and I got my first job working for General Dynamic Astronautics back in the early 1960's. In 1961 or 1962, John F. Kennedy said we were going to be the first country in the world to put a man on the moon and General Dynamic Astronautics was put in charge that project. I was a lowly little technical illustrator/draftsman, which is what they called us in those days, and never realized that when the President of the United States declared we would be the first country to put a man on the moon that I would witness it firsthand. Even though I was at the lower end of the spectrum, the world's first, if you will, full-blown, worldwide influence marketing/design/writing/stillmaking department. Basically, we did all of that. We put a man on the moon. We were part of figuring out how we were going to get a man to eat in outer space. I know all that sounds silly now with the space shuttles. That's like

flying into space in a Rolls Royce. In fact, I met the young guys who were in the movie called "The Right Stuff." I don't know if you saw that movie.

Jeff: Yes.

Ken: I knew all of those guys, Gordon Cooper and Astronaut Keith Conrad who was Commander of Apollo 12. They were young guys just like me. We became lifelong friends at that moment in time. Anyway, that project came winding down and most of us know the history. We got a man on the moon and the space program is still going on today. General Dynamics is in San Diego.

I grew up in San Diego and I decided that I had discovered the world and I was really excited about it. I looked at every design school and advertising school on the face of the planet and I settled on Harts Center College of Design, which is up in Pasadena, California. I went there and there were a lot of returning GI's, so the competition was very, very tough. My major was advertising and we were taught by some of the best of the best of the best in advertising. But I also had 16 drawing, painting and writing skills. Nobody told me I couldn't do this. I went in every direction and became a "jack of all trades and a master of none", but I kept getting tugged towards advertising and marketing. I took film classes and on and on and on.

I got out of the Arts Center and started my own ad agency, except I didn't know any better. I didn't understand about business and competition. I had a whole bunch of really good luck and made a whole bunch of big mistakes along the way. Frankly, you learn more from your mistakes than you do from your successes, but I ended up building my little ad agency, if you will, into the

largest independently owned advertising design office in the Western United States. My client base were major clients on the West Coast, as well as a few on the East Coast. They were household name clients. So part of my client base were the motion picture studios and the television networks. Because of the kind of work we did and the kind of talent we had on the drawing board, I got to work with every motion picture and TV studio in Hollywood, which is kind of unusual because each movie studio has its own ad agency. Do you follow that?

Jeff: Yes.

Ken: They have internal advertising departments. My favorite was a little company in Burbank that was run by a mouse. It was so much fun going out to the Burbank Studios and walking down Mickey Avenue through the animation building. I couldn't believe that I was actually getting paid for this. I would walk around the back lot where they had the old Zorro set.

Jeff: Ken, approximately what year was that?

Ken: It was around 1973, 1974 or 1975, around there. I made friends with a lot of the studio art directors and creative directors. I was in and out. I never expected what happened to happen. In 1975, I received a call from a company called Wed Enterprises and I didn't know who they were. To make a long story short, they are now called Walt Disney Imagineering. I went out there and realized they were the design Gods who designed the Walt Disney theme parks. I went through this interview and the guy said, "Well, we're going to do Epcot Center and we would like you to head up the project." And I said, "I'm flattered, but what's an Epcot?" I really didn't know. So they put me in a room for about 20 minutes and I

watched a film of Walt Disney talking about a city of tomorrow. I said, "Great, it looks like a really nice project." I thought I was out there to get an account. I wasn't ever thinking for a minute that I was going to go to work for them full-time. They said, "Well, we'd like you to head up the project." I said, "That's fine. We can talk about the contracts and everything next week." He said, "No, you don't understand. We want you to head up the project. We want you to come to work here." And I said, "No, you don't understand. I own a very successful ad agency down on Wilshire Boulevard in LA." And he said, "No, you don't understand. We'll buy you out." I said "Oh. How long do I have to make the decision?" I started to walk through the door and he said, "By the time that door comes closed. I need to know because we've been searching for you for about five years. If you say no, we don't know what we're going to do." This was the craziest decision I ever made in my life. Truly, I was running a very successful business in LA and a light bulb went off in the back of my mind and literally I said to myself, "It'll be a once in a lifetime chance to be amongst a handful of people who could ever say they had something to do with building a city from the ground up." I remembered seeing the old guys on the Disneyland program on Sunday nights talking about helping Walt build Disneyland in Southern California. So I turned around and I said, "Yes." He said, "Just report here Monday morning. I'm glad you said that because we already had our trucks scheduled to move you out of your offices. We'll take care of all the paperwork and all the contracts and things like that. We want to get you started." So I went over there on a three-year contract that became a five-year contract. My contract basically was to design and construct Epcot Center.

Now what does that have to do with marketing and direct marketing and all the things we're talking about? Actually, Epcot was the largest marketing solution to the largest single marketing problem that the Disney organization had in their theme park division. Now what was that problem? The problem was that they didn't have enough to do in Orlando to keep the average family of four one week. There just wasn't enough to do at the Magic Kingdom and the families would move down to Miami and places like that. So the marketing problem we were basically solving was "how do we capture the second week of the average vacation dollar in Orlando at Walt Disney World?" That was why Epcot was being funded and being built. Like I said, we were selected to do this so where do we start? I started with "are we going to keep the name 'Epcot?'" Most people don't even really know what it means anymore. It was an acronym for experimental prototype community of tomorrow, which Walt called it. Do you remember Huntley and Brinkley?

Jeff: Yes, sure.

Ken: When they were doing their nightly news program, they came down to Orlando and I got to walk them around the site. It was interesting even to me at the time, being one of the guys in charge of the project, how they reported on it. The way it went was they said, "Imagine if you will that the Germans succeeded in World War II in leveling the city of London. It was completely leveled out. Then the Walt Disney Imagineers came in and rebuilt the city of London from the ground up. Only this time with rides and shows and stores inside, and they did it in three years." I was even kind of taken back when they said that. At the time, it was the largest single design and construction project in the history of the world, except maybe for the great pyramids, and we really don't

know what they did to build the great pyramids. It was a billion dollar project to opening day.

Jeff: And what year is all of this?

Ken: We opened October 1, 1982 at 9:05 a.m. We gave them an extra five minutes just to clean up anything that we may have missed. That was kind of the running joke in the company. "We have an extra five minutes. We're going to open at 9:05 instead of 9:00 in the morning." And then in the last year of designing and building the Epcot project, the Japanese came to us and wanted us to build Disneyland in Tokyo. I was at the point where a lot of my people were phasing off of the Epcot project, so we rolled them right over to the Tokyo Disneyland project. We called it TDL. Everybody's reward for doing a great job down at Epcot was to come back to Walt Disney Imagineering in Los Angeles for a month and then head over to Tokyo and get that project built. That project took us 18 more months. Then, in 1984 I had an offer that I couldn't refuse. The projects were winding down, and I would never have left Disney to tell you the truth because it was the most wonderful place, and working on the most wonderful projects that any creative person could possibly ever work on. There is just nobody better than Disney when it comes to doing just about everything.

Jeff: So the public image matches up with the reality?

Ken: Absolutely. This is before Eisner. I was part of the original Disney team basically the Walt Disney team. Eisner's done nothing but a terrific job all the way down the pipe. He has every division of Walt Disney exploding. They are the largest entertainment organization in the history of the planet under his guidance. Anyway, we had a few small projects like Big Thunder Mountain Railroad.

That was one of the first rides I ever designed. The projects were winding down and what I called the post-Epcot dull drums were going on. We didn't know what to do with ourselves inside Imagineering. A friend of mine who I had known for a long, long time called me and said he just bought out a small family owned toy company in the San Fernando Valley, Woodland Hills. He asked me if I would come over, and this is exactly how he asked me, "You know that stuff you do at Disney? Would you come over here and help us do that stuff with this company?" I said, "Nah, I'm not really interested." But the more we talked and the more I realized what was going on, I decided to go over with a team of four other guys and start this little toy company. My target was to be a \$50 million a year company in 5 years. What happened is I positioned the company, I branded it, and I gave it it's unique selling proposition as well as what I call the "visual selling proposition." Something I try to do with everything now. If your listeners don't understand what I just said, I'm sure they understand unique selling proposition, right?

Jeff: Why don't you just tell us what your definition of that is?

Ken: Well, Harvard Business Schools did some research years ago and they said one of the two best unique selling propositions of all time at that time was Federal Express coming into the marketplace. There were over 200 air carriers that could get it there in 3 days or 5 days or they could get it in 10 days, or the United States Post Office maybe never, but when it absolutely, positively had to be there overnight, use Federal Express. That was voted the number one unique selling proposition in the history of American advertising.

Jeff: Can I interrupt you and ask you a question?

Ken: Sure.

Jeff: If that was the number one unique selling proposition, then you are saying it's a statement that sets you apart from everybody else?

Ken: Absolutely. It positions you, it brands you, it doesn't just position you the company. What they are fighting for is a position in the back of the consumer's mind, like when you say Coca Cola something comes to mind in almost every individual in the country, if not in the world. When you say Walt Disney, most people bring up an image of Mickey Mouse. That's what a great positioning statement or unique selling proposition can do for you or your company. It differentiates you from the rest of your competition.

Jeff: That makes perfect sense. Now take that a little further. FedEx comes up with the "absolutely positively has to be there overnight", which I agree is outstanding. Why did they stop doing that? It's been a number of years now since they stopped using that. I can't remember the last time I saw it.

Ken: Actually, the jury is out on why they did that, and if it wasn't, the mistake like the old Coke and new Coke fiasco a few years ago. Actually, from my limited research, and it is very limited research, their new slogan is "The world on time." What they are trying to do is go head-to-head as an international air carrier. The number one international air carrier in the world is DHL. I haven't seen any recent numbers or statistics that tell me whether it's working or not.

Jeff: Right. I'm glad you explained your definition of the unique selling proposition or the positioning statement. Everybody really needs to pay attention to that because whatever product or service they're currently selling or want to sell in the future, this is not a maybe thing, this is a must have thing. They've got to develop one or more unique selling propositions or positioning statements that create the awareness or they create an image or a feeling or a presence in somebody's head that relates to their product or service that instantly communicates that they are different and better than everybody else. But it also illustrates that a lot of big companies do very well with certain things, and for reasons completely unknown to me and mysterious to me, they change things that work extremely well. Sometimes there might be legal issues. I don't always know why, but I find it hard to believe that unless there is a legal issue that they would ever do anything that would be as strong as keeping that "absolutely positively has to be there overnight" slogan.

Ken: I would imagine that if we really dug into the research, I think they probably either got a new Vice President of Marketing or they got a new ad agency. That's usually what happens when you all of a sudden see somebody successful change everything.

Jeff: Yes, and I think the lesson there is sometimes people get bored with success.

Ken: Absolutely.

Jeff: I'm not one of those people, by the way, that get bored with success and change things simply for the sake of changing it. "We've been using this for 40 years.

It has built us up to the largest in the world in our industry. Let's just keep it for another 40 years."

Ken: Well, there are horror stories about the companies that have done exactly that. old Coke/new Coke is the perfect example. There was nobody in the world that could compete against Coca Cola. Who in their right mind would come out with the new Coke and totally confuse your marketplace where people didn't know whether to buy the old Coke or the new Coke or the heck with it. I don't want to make up my mind. I'm going to go buy Pepsi. In that six months to one year during that fiasco period when Coca Cola really messed up with their marketing campaign, if you can follow the analogy, if Coke was on top of Mt. Everest, Pepsi Cola was down at base camp. Pepsi and Coke now compete head to head for market share. That was a multi-billion, billion dollar mistake. Companies do it like that all the time. I consulted with a company not too long ago, and I can't say the name, but I told them not to change their corporate identity and their branding because they had been around for 15 years and every corner in America had one of those mailing companies where you go and get your packages wrapped and shipped. This was about 10 years ago, and they got a new ad agency and the first thing they did was change their logo. The ad agencies change your colors. They change your letterhead, envelopes and business cards. They change your signage and all that kind of stuff. That's where agencies make their money. They don't go in and say, "This is working. Your position statement is working." They don't do any of that kind of analysis. What they do is they see a client and they say, "How fast can I take their budget out of their bank account and put it in my bank account?"

Jeff: That's the master plan from ad agencies.

Ken: That's the master plan. I used to run one. The bottom line with my ad agency is that I sit down with the books every month and I look at them and realize that all the glory stuff, the award winning stuff that we made got us clients. You couldn't be in the competitive advertising business unless you've had award-winning ads hanging on your wall. But very rarely did they make us any money. You want to know the stuff that made us the money?

Jeff: Yes, that's the part we want to hear.

Ken: It was that junk mail stuff. I had magazine clients, and that's a little bit of a story I don't want to get into yet, but I'll get into it later on. I did a lot of direct mail, but I was embarrassed that I was doing all of this direct mail. When I sat down and looked at the numbers, I realized that was what kept my agency doors open, the direct mail. It wasn't the standard traditional advertising stuff that we were doing for our clients, which became quite interesting to me. It was kind of like my secret weapon. David Ogleby calls it his secret weapon too.

Jeff: And what's that, using direct response?

Ken: Direct response.

Jeff: We talked about the unique selling proposition and you also mentioned an item called the unique visual proposition.

Ken: I call it the visual selling proposition. I kind of coined that years ago, the USP/VSP combination. Now what the heck does that mean? Since I come from the art director's side of the world, the designer side of the

world, there is a critical factor out there that most people, because they don't understand the visual world very much, don't really understand how much good graphics or good positioning or branding can help your company or your corporation or even your advertising campaign. Using Federal Express as an example for the listeners on the tape, if they close their eyes right now just for a second and think Federal Express, and then I ask what colors come to mind, most people will say blue and orange or purple and orange. And then I would say, "What does the logo look like?" And they say, "Great big block letters that say Fed Ex." That's a visual selling proposition. If you've been around and you're doing that part called branding right, when you close your eyes and I say, "Coca Cola", you can describe to me their logo can't you?

Jeff: Yes I can.

Ken: That white stripe on the red background, right?

Jeff: In the script print.

Ken: Right. That's the branding statement or what I call the visual selling proposition. Now why is that important? It's important because we are so inundated in today's world with marketing messages that we've got this little guard at the door to our brain and he stands guard 24 hours a day and literally blocks most of that stuff that gets thrown at us, the advertising stuff, the radio commercials, TV commercials, billboards, an entire blizzard of marketing messages that come at us on a daily basis. That little guard to our brains kind of blocks it out. Very little gets in. In fact, the latest studies are that less and less is getting in. The louder they scream and the more they throw at us, the less we are taking in. Well, the visual selling proposition is

magical because when you get the unique selling proposition correct and you correctly integrate it with your visual selling proposition or branding, it just goes right past, through your eyes and into you brain. The little guard doesn't even see it coming and it starts to lock in. There's a great book on this that was co-authored by Trout and Ries a few years ago and it's called *Positioning The Battle For Your Mind*.

Jeff: Yes, I read that. That was a long time ago.

Ken: Yes, but that's exactly what we're talking about, the battle for the consumer's mind. I was always the designer guy and most of my copywriters that I worked with didn't understand what I was doing, but they understood the numbers. I could show you some old numbers where we didn't do anything but change the graphics and the logos, but it increased our response by 5 to 25%.

Jeff: Wow, now that differs quite a bit. A lot of traditional direct marketers will tell you that none of that makes any difference.

Ken: It's an age-old battle. We mentioned David Ogleby a little bit earlier. In the great days of advertising, Madison Avenue, Ogleby Mather Advertising, J. Welder Thompson, the big direct mail agencies, the key stuff, the great stuff was done by magical teams of copywriters and art directors. The great Volkswagen ads, albeit they're not direct response, but everybody looked forward to the next Volkswagen ad and billboard back in the 1960's and 1970's. Those were carefully created with small teams, almost carmically connected teams of copywriters and art directors, and sometimes the art director wrote the copy and the headlines, and sometimes the copywriter came up with the visual, the graphic idea. When those two people

were put together in a room and those two individuals clicked, there was some kind of a click between the two of them, they made magic from an advertising standpoint.

Jeff: Let me ask you about what you're describing because to me it sounds like what you're saying is the marriage of the visual proposition and the mental, the unique selling proposition is more words, and the visual is graphics and visuals?

Ken: It always starts with words.

Jeff: It always starts with the words. But what you're saying, if I'm hearing you correctly and please tell me if I'm wrong, is the graphic elements if they amplify and increase the powerful communication the message is bringing from the words, and they're used in tandem or in conjunction with the words that that can produce very high results above just using pure copy. But I see a lot of graphics that appear to me to be done because somebody thought something looked good, but it really wasn't congruent or amplifying the message. I'm not sure if I'm making sense.

Ken: That's absolutely correct. We've got a bunch of computer guys out there now that think they're designers. First of all, they aren't based in direct response. They don't have a clue about direct response and what they are is they're really just pretty picture kind of graphic designers. They are artists on a computer. When I was getting into this business, there wasn't anything called a graphic designer, that's a relatively new term. We were ad men. I wanted to be an ad man on Madison Avenue. That was it. That was our whole goal and focus was to move to New York and work on Madison Avenue in a bid ad agency. I've proved over the last 30 years, case by case, that we

can increase the response subtly by the correct use of graphics and branding.

Jeff: You're identifying correct as where they all fit together and help make the message stronger as opposed to being there just to be there?

Ken: Exactly. It supports the communication method. It doesn't detract from them.

Jeff: Right. That's another thing that a lot of people find hard because most people listening to these tapes are going to be running small to medium sized companies and a lot of times I think they misunderstand what's going on like when we used FedEx as an example and they think those letters are important so they would copy that and come up with a logo that looks good, and then they're wondering why they're not successful because they have a good logo. I think they are missing a huge element, like you described it, but it's not just a logo that looks good. FedEx's logo looking good wouldn't be enough.

Ken: No, not at all. It's an integrated part of your marketing plan.

Jeff: Right. And that's where they fall down because they think "Well, I just paid somebody a few hundred bucks for this great looking logo. I'm ready to start ringing the cash register."

Ken: Yes, exactly, and the truth is, unless they've got money like Proctor & Gamble or Disney or Universal Studios or IBM to stay out there with their logo and spend millions and millions of dollars in awareness advertising

to get people to recognize their logo, very few small businesses can do that.

Jeff: In my opinion, none.

Ken: I totally agree with that. The small businesses think they are supposed to go back and get a logo. When I used to handle small business clients, I would tell them "No, don't do a logo. Don't even worry about it in the beginning. Let's do something with the name of your company. Let's pick a nice typeface and do a nice selective logo type." I'm trying to think of an example. IBM is a logotype. Everything's integrated into one unit in their visual selling proposition. Like the CBS eye, actually one of my teachers, Paul Ramm, designed the CBS eye.

Jeff: That's a good logo.

Ken: What I mean for example is you see the eye and you see the letters CBS. I would have a tendency not to worry about the logo part of it. I would have a tendency to stay focused on a nice selection of type for whatever the name of the company, a typeface that communicates clearly.

Jeff: I want to ask you a question about the name that you just brought up. You want to work on their name. When you worked with clients, and I know you still do, do you find that one of the first things you look at is the name of their company or their product or service? Why do you do that?

Ken: Absolutely. Well, it's the most important thing. Where I started with the Epcot project is I battled almost four months with upper management at the studio because they wanted to get rid of the name Epcot. I took the

position "No, don't get rid of the name Epcot. Let the world know what an Epcot becomes." Now remember, this was four years before opening day. Now was I right? There was a thing called Exxon. Everybody knew what Exxon was. I had never heard the word Exxon before Exxon made it Exxon. What does Exxon mean? Exxon doesn't really mean anything, but Exxon is owned by Atlantic Richfield. Do you understand what I mean?

Jeff: Yes.

Ken: They own the word Exxon now and everybody has positioned in the back of their minds what Exxon is. The average consumer knows what Exxon is. They also know what Epcot is.

Jeff: Yes. Absolutely.

Ken: We put a meaning to it over a period of time. We created the meaning behind a word that Walt coined. Now just about everybody knows what Epcot Center is, whether they've been there or not. Was that the right thing to do? I think so. I did the same thing when I created the toy company. The toy company is called "The Applause Company." Now understand that this is a gift and toy industry and my tag line was "Everybody loves to get Applause." My marketing target was \$50 million at the end of five years, and what we achieved was \$150 million in three years because of a little tag line and branding the logo and the way it was applied. So the reason for sharing all of this, not to get off on a little side track here, is to realize that for whatever reason I was given this blessing and I got to see and help create maybe close to 500 successful businesses from the ground up because of Epcot Center, Walt Disney World and Disneyland the theme parks. Epcot Center alone represents 200 successful

businesses of every kind. I worked with food service administration in figuring out all the restaurants at Epcot Center. What kind of restaurant was it going to be? What are the price points going to be? How do we handle it when produce goes up and down on a daily basis? How do we have changeable menus and menu boards? How do we have them in multi-languages? The menus down there are printed in 17 languages. It's the largest corporate identity or branding project ever attempted. There was more film shot for Epcot Center before opening day than in the whole history of Walt Disney films. They are epic statistics.

Jeff: Now let me ask you a general question. You are describing so many interesting things here. How would you say this fits into the issue of direct response marketing, which is what most people are trying to learn and become experts at?

Ken: That's a great question. Let me backtrack just a little bit. Back in 1970 when I started my ad agency, I had offices in Los Angeles, San Francisco and San Diego. This is a true story. I was in my San Diego office one day and I got a call from this guy who says, "Hi, my name is Richard. I'm the new circulation manager for CRN Publishing. I understand you are our ad agency." And I said, "Yes sir. I am." He said, "Do you do direct mail?" And I closed my eyes for a minute and I visualized a number 10 envelope with a stamp in the upper right hand corner and an address on the front of it and I said, "Sure. We do that." That began a relationship that goes on to this day. That man's name is Richard Earl, and when Dick came to CRN Publishing his previous position was Vice President and Creative Director for Fingerhut, which is the largest direct mail organization on the planet. CRN Publishing represented a publishing group that has little start-up magazines. Little companies that started in

Delmar, California by the horse racetrack. One of the magazines that is still being published today, in fact several of them are, Psychology Today Magazine, Intellectual Digest, Cat Fancy, Dog Fancy and Private Pilot were started by CRN Publishing. Working with Dick taught me the direct mail business. Through that, by the way, I learned how to build massive subscriptions through the judicious use of direct mail. At the time, I had the opportunity to work with every great copywriter out there. They all wrote packages for us like Bill Cheney, Linda Wells, and some guy named Gary Halbert. You may have heard that name.

Jeff: Yes, he's been interviewed on this tape series.

Ken: God I love that guy. But anyway, I got to really see the power of copy and graphics integrated, and I got to see taking an idea and all of a sudden everybody's subscribing to it, it's got 50,000, 100,000, 150,000 subscribers. Well, Dick's career and my career kind of paralleled. When CRN Publishing sold out back in the 1980's, they sold out to Davis, I believe, back in New Jersey. Dick went up to Los Angeles for another start-up magazine and I had pulled back into my LA office. He called me and said, "Ken, I've got a little start-up magazine called Architectural Digest. Do you think you can do something with this?" And I said, "You bet." So we were the circulation building team for Architectural Digest magazine and Cat Fancy, Dog Fancy, Private Pilot. Like I said earlier in this conversation, the only thing that I could see that was quantifiable looking at the numbers from my ad agency with my accountant every month was direct mail. It was like a secret weapon that was just a money machine. That's how I got so involved with direct response was through that vehicle and CRN Publishing. That's where I learned the business. Even in

the building of Epcot Center, when we finally got the park built, that was the unique part of doing it. That's where it was non-traditional advertising. We had to design and build a city first, and then figure out how we were going to advertise and market it. But a lot of the original advertising launch was direct response to get the word Epcot on everybody's lips there really quick. When I started the Applause Company, everything I did I basically had a direct sales person taking our little plush toys and greeting cards and Smirfs and Wuzzles and Gummy Bears into the retail stores and selling them directly. But I also had a catalog and every year our catalog operation outperformed our direct sales force by almost 50%.

Jeff: Now relating that to the small business owner or medium business owner, if we're hearing what you are saying, the secret weapon of direct response is that they can build a brand identity and a name recognition as well as make money along the way with their advertising, as opposed to just blowing the money on the advertising and praying that somehow it translates into profits?

Ken: Exactly, absolutely correct. For everybody that's in a small business or a start-up business or even a one-person business, you've got limited capital and you've got limited time. That's what I find, that I run out of time. Not necessarily the money, although if you don't know how to use your money, you certain could go through it really quick in today's world, but I run out of time everyday. So you've got to really, really look at every expenditure of time as well as dollars, especially when you're trying to build a business. The only way to do that, the only quantifiable way I know is through positioning or branding of your logo or logotype, the name of your company. And then everything you do from that point forward is always

direct response. You can't afford to do anything but direct response.

Jeff: I agree with that 10,000 percent. In fact, when I work with small and medium sized companies, a lot of my clients to this day have not yet ever spent a nickel on any kind of awareness type advertising, which most people are familiar with, commercials or advertisements where there isn't really an offer and there isn't really a call to action, and there isn't any kind of response mechanism, like you see the new Volkswagen Beetle ads where they show the shape of the car and that's the whole commercial. There's millions of examples we can all identify with, but do you agree that small and medium sized businesses should really not worry much, if at all, about the awareness issues and can create and get that awareness through direct response marketing?

Ken: A small business will go out of business before they create awareness.

Jeff: Just for pure awareness?

Ken: Yes. It's not going to happen. Even Madison Avenue knows that in today's world, things are changing. They're looking more and more towards recognition. The trouble is the comparison between the small business or start-up business and the big guys. The average person doesn't have an idea when they see the big guys like Walt Disney or Coca Cola or Proctor & Gamble, they don't really understand what that means. They're not big, they're Godzilla. I'm going to use an Epcot example again to try to make the analogy here. Let's see if this works. I went into a man's office one day, he was Walt Disney's best friend, and he was graciously overseeing the Epcot project. He's a wonderful man and his name is John Hench.

He was the Grand Marshall of the Rose Parade a couple of years ago. He's an official Mickey artist and all that kind of stuff. That's when that movie had just come out with Kevin Costner, build it and they will come. I looked at John and I said, "John, with all of your years of experience from Snow White all the way through the building of Disneyland and Disney World, what if we build Epcot and nobody comes? What if we spend a billion dollars and nobody shows up?" He sat there for what seemed to me to be a very long time, he had this little dry smile in the corner of his mouth, and he looked at me and said, "We'll just knock it down and go back to the drawing board and do it all over again." And it dawned on me that companies that large like the Disney's and the Coca Colas and the Proctor & Gambles, they could literally sustain a blow like that. Imagine doing a billion dollar project and it didn't work. In the case of Epcot, it did work. It was outrageously successful, but what if it didn't work? Only a Disney could handle that kind of a financial disaster.

Jeff: And this is when a billion dollars was still worth some money back in the 1980's, right?

Ken: Exactly. It was worth a lot of money. Like I say, it was the largest privately funded design and construction project in the history of North America, if not the history of the world at the time.

Jeff: Right. So these small business owners see what these big companies do in terms of how they market and advertise and they try to emulate that not understanding that the daily advertising budget of one of these large companies for one day might exceed the small business owner's revenues for 10 years.

Ken: Yes, maybe for one minute like you've seen some of those multi-million dollar Super Bowl commercials. Some of those are just a million dollars just for the production of the commercial.

Jeff: And then \$2 or \$3 million to run it.

Ken: To run it one time.

Jeff: So it's like 30 seconds for \$3 or \$4 million bucks.

Ken: Now you would probably say that Applause at \$150 million a year is a pretty sizeable company. We didn't have that kind of an awareness-advertising budget. We didn't do awareness advertising. We focused on catalog sales.

Jeff: Yes, so you are saying a \$150 million company is still not big enough to do awareness advertising. That's really interesting.

Ken: Lately, if you read the trade magazines, the feedback from Madison Avenue is that they're starting to realize that advertising is starting to sort of implode, and they can't do that kind of stuff for the big gun clients anymore. They're all starting to look for Internet marketing, which again is direct response. They're starting to look towards direct response marketing of all kinds because their clients are not making money. I understand Amazon.com hasn't made any money yet, and literally hundreds of millions of dollars have been invested in Amazon.com. I'm a little guy in my own business now and I have been for 12 to 15 years. There is only me and I farm most of what I do out. How does the average little guy do it? How do you compete? You

compete with direct response marketing. That's it.
That's the only weapon you've got.

Jeff: So you are saying that direct response marketing levels the playing field against the big companies.

Ken: That's right because the big companies are too big to even see their own shadows. They are just monstrously big.

Jeff: That's very, very interesting because you are saying this and I'm sitting here thinking about it, but how many small businesses, when you look at their advertising and their marketing, really do try to copy what these big giant companies do, and when they go out of business or they struggle year after year after year of being broke and not making money, they wonder why it's not working. Well, it's because they are comparing what's being seen out in the front and they are using what's being seen out there, but they don't understand what's lying underneath.

Ken: Absolutely.

Jeff: They're just playing in a game they cannot win.

Ken: Even the larger small businesses like The Applause Company, which is a pretty sizeable business. I worked with a lot of guys who got an MBA in marketing from Harvard or Stanford, and their attitude was "Okay, what's my advertising budget...?" That's their job. They get hired on a six-figure salary to be the Marketing Vice President and it's assumed that they will have a giant budget to spend, and they build their career by spending other people's money. They don't have any training in direct response. They are and they aren't tied to the

bottom line. If something doesn't work in big corporate America then they say, "It didn't work and we need more awareness. So I'm going to need another \$100 million and we're going to try it again."

Jeff: And "We'll change agencies."

Ken: We'll change agencies. We'll have an agency review, whatever.

Jeff: So small business owners listening to this that try to emulate and follow those kinds of formulas are basically assured of disaster on the bad end?

Ken: Yes, pretty much.

Jeff: And the best they are assured of is mediocre results with lots of stress and never achieving a business that, in my opinion, is the only reason they have a small business so that at some point down the road they can attain personal and financial freedom. In my experience, 99% plus of small and medium business owners never get to that point and I blame a lot of it on the way they promote and market and advertise their business using what we're talking about, these big company MBA tactics.

Ken: And that's the way they're trained. All of corporate America is kind of put together the same way.

Jeff: One question that always comes up is that if they don't know if these things work and if they can't really tell if they work or not, why do they do it? From listening to you talk here, the answer appears to be, unlike the small or medium sized business, they do really operate from a pre-determined budget that's decided by the Board of Directors or the President or whatever. I know

some people that work at very, very big companies, but I can't mention any of their names. I play golf with some guys and one of them is a CFO of one of the largest corporations in the world. He says every year somebody determines their advertising budget. The Board of Directors and the President give it to him in the marketing and advertising department and then they mutually work on spending it.

Ken: It's like the government. You've got it in your budget, so you better spend it or they'll take it away from you and give it to another department.

Jeff: He admits to me candidly that they really have no clue whether certain things are good or bad, or if results go up or down, if they are tied to what they are advertising or promoting. They really don't know and they've changed slogans 10 times in the last 15 years because they can't sell on any kind of a USP or VSP. The company still does billions and billions of dollars in sales, but when you are that big, I feel that they can kind of plow through the marketplace blindly and still succeed in spite of them.

Ken: When you are that big you can.

Jeff: But when you are a small person, they just really need to focus on results, results, results. I love when you said, limited money and limited time. I agree because those are two things you can spend, and you better spend them well and smart because if you don't, you're going to either continue your frustration or end up going and doing something else.

Ken: I find that the older I get that hopefully a little bit of wisdom creeps in over the years. I'm always

fighting for more time. It's not even a money issue. It's more time to spend on the project than money to spend on it.

Jeff: Let me ask you a couple more questions. One is you've been extremely lucky and skilled in what you've accomplished in terms of where you've gotten and ended up. I don't attribute things to good luck, and I don't think anything you did had anything to do with luck.

Ken: I just worked hard.

Jeff: Well, you worked hard, but you also obviously have a brain wiring that allows you to see things clearly, where most people don't see things quite as clearly. What would you tell the person listening to this tape who has not yet started their business or they do have a small or medium sized business, what can they do to see things more clearly? I think a huge problem with business owners is that they really don't do a good job of seeing what's really going on, and oftentimes live either in a pretend world or they try to ignore reality. What advice do you have for people to allow them to see things more clearly so they can make better decisions and do a much more efficient job at getting to that point of personal freedom and financial freedom?

Ken: Well, if I were to start at ground zero again, I would strongly recommend to study the great direct response masters. Jeff, I'm sure you've got all the books and that kind of stuff and can point them in the right direction because I know that you do that for all your customers and your friends. You've got a big laundry list of books. I know some of them are out of print, but they are worth going to the out of print bookstores and digging them out.

Jeff: Would you mind if we just go through those because we've talked about that in the past, but I don't think it hurts to repeat and reinforce things. Do you want to tell us what your favorite old master books are?

Ken: Yes, just a second here. I'm looking straight across at part of my library. *Scientific Advertising* and *My Life In Advertising* by Claude Hopkins. Every major advertising principle that I know that works is in that book.

Jeff: Wow, that says a lot. I've read it 8 times, so I know what you're talking about. I would tend to agree with that.

Ken: One that's kind of difficult to find is Ben Suarez' *Seven Steps To Freedom*. That one is the all-time classic. He's the only one I know that has ever built a very successful direct marketing business from the ground up, and yet his book is every single thing, step-by-step, that you need to put together to make your business successful using his business as a model. He lays out all of his secrets to being in business for about 30 years in a very simple to follow way.

Jeff: And it's now called *Seven Steps To Freedom II*.

Ken: By Ben Suarez.

Jeff: Is that still around?

Ken: Yes. I don't have the number on the company, but I know that the company is still in business in Ohio and they do quite well. I think you can order it direct from him. I've never looked it up on Amazon.

Jeff: I'm sure anybody could look it up on the Internet. Suarez is S-U-A-R-E-Z, correct?

Ken: Correct.

Jeff: What else?

Ken: Anything by Gary Halbert. Anything. Some guy back in Illinois named Jeff Paul. I've got a whole file that's about two feet deep on Jeff Paul.

Jeff: We've got Dan Kennedy who we have to throw in there.

Ken: Yes, anything by Dan Kennedy, and you can get a lot of his books at a normal bookstore.

Jeff: He's also at dankennedy.com. Does Gary Halbert have a website where you can buy all of his stuff?

Ken: I don't know the answer to that. I don't think so.

Jeff: They could look him up on the Internet and try to find him.

Ken: I know you can call his office and get the information. What was the name of the one book of his?

Jeff: *Maximum Money In Minimum Time.*

Ken: Right. I think you can buy that direct. The last number I have for Gary is 305-534-7577.

Jeff: Okay, and these other people either have websites or are available on Amazon.

Ken: In fact, the other day I found out that half of Claude Hopkins' book is on the Internet and you can download it for free. You can just look up www.claudehopkins.com, and you can download *Scientific Advertising* right in your own little magic computer. There is also another book out there and it's not where I would recommend for you to start, but it's by Danny Hatch and it's called *Million Dollar Mailings*. Danny Hatch has catalogs and bios all the *Great Million Dollar Mailing Pieces Of All Time* and he published a book called *Million Dollar Mailings*. In there is the ultimate reference volume on letters that really work.

Jeff: So he just doesn't explain things, he shows you the whole entire piece. I do have that book also.

Ken: Yes, it's a great reference volume. That's a pretty good amount to jumpstart your brain list.

Jeff: Yes, I think if we add a couple of John Cables' books also.

Ken: Yes, *Tested Advertising Methods* by John Cables.

Jeff: Right. That is available through bookstores or Amazon.

Ken: What's the one I'm thinking of through Wilshire Book Club? It's been around forever.

Jeff: Is it *The Hundred Greatest Advertisements*.

Ken: Yes. That's about it. It will make you aware of who the direct marketing masters were.

Jeff: Right, and that will give them a good awareness of how to start thinking differently. That goes back to my question again about thinking more clearly. So do you think if they get a good grounding in all this direct response stuff, they might wipe away all of that corporate mentality and get into a real mode of advertising must equal profits instantly mode?

Ken: Exactly. By going back and studying the old stuff, the stuff that really works, they are beginning to clear up the back of their minds anyway because they are starting to ingrain their mind with the stuff that really does work, and they will start to learn the differences in the headlines between the stuff that works and doesn't work. The difference between the offers of the stuff that work versus the stuff that doesn't work, is most of the advertising out there doesn't even have an offer on it.

Jeff: Right. Which automatically fails the tests. Now let me ask you another question about the Disney experience you had, because I know a lot of people, myself included, are fascinated with the whole Disney thing. In fact, I bought a book that I can't remember the name of right now, but it was a complete study of how Walt Disney thought, and I think it was called *Strategies Of Genius*. It might be available on the Internet. I'm not sure. But one of the things that's amazing to me about the whole Disney thing is I don't see a lot of advertising and maybe I'm blind. I'm constantly watching TV and listening to radios and reading magazines and I think I'm exposed to a lot of media, but I don't see a ton of advertising for Disney World/Epcot Center on TV. I hardly ever see ads on TV for that facility and I don't see a lot of print ads in magazines for it. If you go there, I'm sure they're probably at an extremely high level of capacity all the time. So what is it that Walt Disney understood about

marketing and advertising? Is there one thing or two things that you can talk about that he understood so much better than the average person?

Ken: Oh yes, what a great question. Thanks for that. I'll give you the one Disney principle. By the way, here are two of the keys in Walt Disney. I got to know the man. I worked with him and I studied him my whole life. I've probably read everything, even the insides and outsides of the corporation that has ever been documented on him. If people just want to read a great book about a great man, the best book out there, and the most accurate book out there, is called *Walt Disney, An American Original*, by Bob Thomas, and it's still in print. Bob Thomas is a friend of Walt's and it's just a great book. He had a lot of what we call Disney thoughts or Disney keys or little brainstorming things. Here I was working for Walt Disney Products and the one I found the funniest, the key number one in Walt's philosophy was "never work for anybody else." Keep control of all your business activities. I find that extremely funny. Here I am working for this guy and his one principle was never work for anybody else. The direct answer to your question comes back to this little statement or this Disney key. He always said, "If you do it right, the public will pay you back." Now what does that mean to a small business owner? Look at Disneyland or Disney World as a model. Look at how attractive their retail establishments are. You can look at any corner up in the ceilings or whatever, everything puts you in a visual environment of fun and happiness and joy. And it's pretty and it's nice to be around. You look at every aspect of your business, not just the advertising portion of it or the direct response portion of it, and if you do it right, if you design it right, if you put it together correctly, how do your

people answer the phones, for example, when they call into your office? "Yeah, what do you want?"

Jeff: Or "We don't do that."

Ken: Yes. I've gotten a lot of that. So if you do it right, the public will pay you back.

Jeff: Let's examine that a little closer. When you say "do it right", obviously Walt knew exactly what he meant by do it right, but that's kind of a cryptic statement because a lot of people may think they are doing things right, but obviously they're not because of the lack of success and they haven't accomplished what they wanted to accomplish. So, by definition, they must be doing a lot of things wrong. When you say, "do it right", my interpretation of that would mean do it so that it's what people want and makes them feel good? Are those good ways?

Ken: That's a great question Jeff. Let me hopefully throw a good answer at you. When you look at Disneyland and Disney World, and I really am glad you brought it up because most people see exactly that. They say, "Oh my God! How does my little business relate to Disneyland or Disney World? I could never be that." Understand something, Walt and Roy Disney, his brother, were very simple men that grew up at a very simple time at the turn of last century, and they started in a one-car garage on the wrong side of the tracks in East Los Angeles, California. Putting together the simple little middle America value system towards their business, they built that with those simple concepts into the largest entertainment organization in the history of the planet. That's quite a statement right there. The next time you are at Disneyland or Disney World or Epcot Center or any

of the theme parks, or even if you are looking in a book, understand that it's a t-shirt shop on Main Street. It's the Main Street Emporium next to it. It's a candy store down the street from it. Each one of those businesses within the business of Disney World are built and are run successfully based on very simple business principles.

Jeff: What would you identify some of those principles as?

Ken: Like I said, if you do it right, the public will pay you back. When was the last time you were down in Disney World? I know it wasn't long ago.

Jeff: It's been a few years.

Ken: Do you remember a particular store or do you have a favorite store that you like to go in with your family?

Jeff: I remember everything. I've been there so many times. We've gone back a whole bunch of times and I remember it all very clearly. We go back without being reminded by advertising.

Ken: Right, and that's part of the good news for Walt Disney. They don't really need to advertise that much because they are pretty much full year round. If you look at their stores, let's take a candy store for example. If you take the Main Street candy store and you look at it, what does the sign look like in the window? What does the interior of the store look like? That's the stuff we're talking about. Doing it right. There's a great story that in the 1960's, Walt needed a new attraction at Disneyland in California. He needed it to take off some of the capacity during the summer and they worked really hard on the ride called Pirates of the Caribbean. Walt,

John Hench and Marty Sklar, and a lot of the early designers went down and walked through the ride at Disneyland. Now they had spent two years on the drawing boards and \$2 million. They needed that ride to be open for summer and they walked through it and Walt looked at everybody and he just shook his head and said, "Back to the drawing board guys." Pirates of the Caribbean was originally designed as a walk-through. You walked through and saw all the different scenes. It did not open that summer. It cost them millions of dollars in revenue. They went back to the drawing boards and re-designed it all over again and the rest is history. It's the number one attraction in the Guinness Book of World Records worldwide; the Pirates of Caribbean and the "Yo-Ho" song, and now it's a water ride. That's the level at which Walt would do something.

Jeff: What did he find objectionable when he walked through it?

Ken: There was no enthusiasm. Everybody walked out and it was kind of like ho hum. Nobody was screaming and yelling and getting wet and giggling and laughing. He didn't get any of what they call "audience reaction" on the walkthrough. If you have a retail establishment for example, you want to watch your customers. You want to see how they react to your store. We call them guests. We always look at it basically as a guest in our home. Just understand that the next time you are down there seeing any of the theme parks and you are having a good time, look at one business and try to compare it in the back of your mind to your business. Does that make sense?

Jeff: Yes.

Ken: It's a longwinded answer. I'm trying to fit in 50 years of Walt Disney Imagineering.

Jeff: I know. We can't sit down in five minutes, but I'm just trying to pin you down with as much specifics as we can. So if I understand what you are saying, again to make sure we are clear on this, Walt's definition of doing it right was so that the person receiving the experience was getting everything and more than they expected. I think the key is the person receiving the experience, not the person delivering the experience having it done as easy or as lazy as possible. Is that correct?

Ken: That's correct. And just to expand on that spot for just a second, you've got to realize when you look at the Disney model and when you realize that if I had you close your eyes and think about the fun times you had at Disneyland or Disney World, we can all bring up a memorable experience. Everybody's got a memorable experience. It's all because of this integrated approach of doing everything right or trying to do everything right. When you look at an ad for Disney, it gives you the same feeling as being in the park. You'll recall the feelings when you see an ad, when you see a TV commercial, and it's all based around the feeling that most of us have experienced and we want to go back. I went down last October and in fact it was on Halloween, which I had never done before, and we stayed at a new place called the Boardwalk. It wasn't built the last time I was down there. My God, I didn't want to go into the park. It was just a beautiful place to be. I didn't want to come home. I didn't want to leave. I just wanted to live there. Just being in the environment, and that's because of paying attention to detail. Everywhere you looked, everything was finished out. There were no ragtag ceilings. There were no planters with wires sticking out

of them. There was no shoddy paint on anything. There was nothing but just a wonderful experience of being there.

Jeff: You just said a key thing there, experience. That is really what we are sifting this down to because from my own personal experience you do get an experience when you go into Disney.

Ken: We call it the guest experience.

Jeff: So you guys identified that too, obviously. But when you go in a lot of other businesses or contact a lot of other businesses, I wouldn't describe it as an experience. When I go shopping for certain things or go to certain things, an experience is the last way I would describe it. I sort of go there and get it over with and get out. Or if I call somebody on the phone, I call and place my order and get out. There is no experience.

Ken: You just want to get in and out as fast as possible and get what you need.

Jeff: Right. So that means any business that can deliver any kind of experience, even if it's just a slight level of experience.

Ken: They are going to be heads and shoulders over their competition.

Jeff: The last question I want to ask you is what are a few things people can do to help create an experience? You mentioned paying attention to detail, making sure everything is right. Are there any specifics?

Ken: I can't get into these in-depth, but I'll give you the philosophies that underpin Walt Disney Productions.

Jeff: That would be awesome.

Ken: The first one, and the biggest one, is public trust and integrity. It's maintained by never sacrificing what they call the Disney ideals or integrity. Disney protects the confidence of their audience by never ever, ever sacrificing the Disney philosophy. And the obvious one to me is quality. Every Disney project is truly conceived with good taste and it's created and monitored by using the highest possible standards of excellence. For example, it's still a family park.

Jeff: Right. It hasn't turned into Vegas.

Ken: Another one of the philosophies is uniqueness. Disney is dedicated to producing a unique product or a unique experience. The company itself continually pursues curiosity and continually experiments. Now a smaller company may not be able to do that because they don't have the resources. But you can certainly go and look at what Disney's done and apply some of the things you see to your business. Okay?

Jeff: Yes.

Ken: And there's kind of a universality to Disney also. Somebody once said it's all in a name. To families around the world, the name Walt Disney means family entertainment. There is no other product that's universally accepted as a Disney product. So again, that just reinforces why it's such a good model to look at. And wholesomeness, that's another one of the integrated Disney philosophies. It's got to be wholesome.

Basically, that's why it's the number one product in the world. Did you know that Walt Disney World is 95% occupied year round and it has more rooms than Las Vegas? 95% occupied year round.

Jeff: No, I didn't know that.

Ken: And value. Here's the key one, and think about your own business when I say this one. Disney uses good business sense. Continually provides the best possible value for the dollar spent because they want you to come back again and again because you feel it's worth every penny. Do you realize how simple and important that is?

Jeff: Yes. You know what, it's so simple that 99% of the businesses don't do it.

Ken: And here's the other one, actually it's the last philosophy. It's called friendliness. The name Disney is synonymous with the warm fuzzies; happiness and smiles on the faces of children of all ages. Disney touches people in ways that they understand and they believe and they want to come back and experience it again and again and again. Do people feel the same about your business, and when I mean your business, the people who are listening to this tape. Do they feel the same? If they do, then you've got more customers than you know what to do with. When was the last time you went into a store and really saw a smiling face?

Jeff: Every now and then. It happens occasionally, but you know what? I can specifically remember those instances because the person was actually really smiling and helpful and it's so rare that I can specifically identify it. How many times have I been in a retail store in the last year, a couple hundred? I can remember the

three or four times when somebody actually made me feel like they actually wanted me there and couldn't do enough to help me get what I wanted and be happy. Everybody else is just like "Yeah, whatever." I will give you a quick example. I went to buy a book at a big giant bookstore the other night, and I walked in and they had one person behind the counter. I finally get up to this person because I can't find anybody else who works there because there are no identifications and everybody looks the same. I asked him if they had this book and he looked in the computer and said, "Yes we do. It's in such and such section." And he tells me what section it's in. So I go back there and look through the books. I can't find the book. I'm walking around looking for a clerk or somebody that works there. I cannot find anybody and I walk around the whole entire downstairs of this huge operation and cannot find a single person, except this guy behind the register. I go back to him, wait in line, get to him and he tells me he can't help me find it because he can't leave the register. So what did I do? I left. I was really pissed. I can tell you something right now. I will never ever set foot in that store again. Then I went to a different bookstore a couple days later. I walked in, somebody was right there, a bunch of people who all had tags on and that were easily identifiable. Somebody greeted me with a smile and said, "Hi. Can I help you find something?" "Yes, as a matter of fact, you can. I'm looking for such and such a book." And she says, "One Second." And she runs behind the counter, looks it up on the computer, then she walks me over to the section, looks through the rows of books, pulls it out for me and says, "Here. Is this what you're looking for." And I said, "Thank you." She said, "Can I ring that up for you?" And I said, "Yes, you can." She walked up, she smiled and I said, "Thank you very much." That's where I'm going shopping from now on. Those were two identical operations

that had the same product. If there are a lot of people like me, one's going to kill the other one over time.

Ken: I'm sure everybody listening to this tape has had that similar experience.

Jeff: Yes, but also think about it from your business. Which business are you? Are you the first business I went into to or are you the second one? Walt Disney was always the second one.

Ken: That's right, and the one you always wanted to come back to.

Jeff: Right. And come back to and come back to and come back to, which is the final point of all of this because as much money as you can make with getting new customers, obviously anybody who comes back is infinitely more profitable than somebody you have to pay to acquire. And I'm sure the return rate to Disney World must be spectacular.

Ken: It's horrendous. When I was checking out on the day after Halloween, they asked me if I wanted to book the same room and their earliest booking was a year out. Did I want that room for next year? They were already booked.

Jeff: And that's the soonest they could get to you in?

Ken: Yes.

Jeff: If that's the kind of business you want to have, then I think you really need to pay attention to what Ken's told you here today. I just want to thank you very much because this was a spectacular interview because of the wisdom that you shared with us and the facts you

pointed out that didn't come from any theories or whatever, but they're from your real world experiences. You've lived what I consider a life that many people would kill to have. I'm just grateful that I know you and that I can share and learn from you, and get this experience out there to people so they can deliver the experience. I hope they paid close attention to what you said. I hope they will read the transcripts and listen to these tapes over and over. I took two pages of notes talking to you, which I usually do when I have great guests like yourself, and I hope they are doing the same thing and they go back and keep listening to them because you've given them the key to the vault. Now it's up to them to go ahead and do it. So Ken, thank you very, very much for this. I really appreciate it. It was wonderful.

Ken: Jeff, it was absolutely my pleasure and I know we're running out of time here, but if people want to get in touch with me, they can find me online at makemoney@kenkerr.com.

Jeff: Could you spell that really quickly?

Ken: Yes. M-A-K-E-M-O-N-E-Y-@-K-E-N-K-E-R-R.C-O-M.

Jeff: Is it the word "at" or the symbol @?

Ken: It's the little symbol @, makemoney@kenkerr.com.

Jeff: Wonderful. Ken, thank you very, very much. I appreciate it and I look forward to seeing you again soon. I wish the best of luck to you.

Ken: Absolutely my pleasure. Thanks for having me on this morning, Jeff. It was a delight.

Jeff: Bye-bye.

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