

Income Claims, The FTC and Jail

Some of you might remember the wild west days of the Internet, where you could make ANY income claim and pretty much never have to worry about the feds coming after you.

“Bank 10 Gazzillion Bajillion dollars in 2.3 Seconds!”

Yeah, in some ways those really were the wild west days...

The days of people throwing up a website, creating a crappy product and ripping everyone off to the tune of hundreds of dollars apiece...

...and then disappearing down the rabbit hole from which they came.

No, we don't miss those days a bit.

These days advertisers have to be...

(get ready for it, this is a lulu of a shocker)

...advertisers have to be HONEST.

Gasp! Shock! Oh, the horror!!

Wait a minute – isn't that a GOOD thing?

So many times I've heard people moan and groan about the Federal Trade Commission (FTC) playing cop and being mean when someone makes income claims.

For example, legendary marketer Frank Kern was sued by the FTC because he advertised specific income results. Yes, he might have made 5 or 6 figures from what he was teaching, but the vast majority of people won't.

To be fair, I'm sure there are cases where the FTC gets over-zealous or even spiteful and targets a marketer who means well.

But you have to admit, the trust level overall these days between product creators and product buyers is arguably higher than it used to be, because of the FTC regulations in place.

And this is a wonderful thing, because people are generally LESS skeptical when they read about a new product that *doesn't* claim to make millionaires out of paupers at the press of a button.

Now then, if you're new to marketing or you haven't been paying attention to what you can and cannot do in your advertising, here are some guidelines to keep you out of hot water with the FTC.

And please note: I am not a lawyer, nor do I play one on Netflix. This isn't legal advice. This is simply me wanting to keep you out of jail with some good common sense.

Let's get started:

1. If you're making income claims of any kind, be fully prepared to back them up with documentation that will satisfy a court of law - just in case.
2. If you're making income claims, state clearly that the income claimed is one example of what might be accomplished, and absolutely no guarantee these results can be duplicated. Just because someone can win a gold medal in running, and then teach me to run, doesn't mean I can win a gold medal, too.
3. It's okay – and even a most excellent idea – to let people know that many will make absolutely nothing with your system. After all, there is work involved, and if someone

doesn't consume your product and put it to work, they're not going to make anything. This is common sense and yes, your reader already knows this. Expressing this demonstrates your honesty and makes everything else you say more believable. Plus, it's true. And near as I can tell, the FTC likes truth in advertising. A lot.

4. If there are expenses related to making this money, clearly state what those are. For example, did you earn \$10,000 but you paid affiliates \$5,000? Then don't say you earned \$10,000 without immediately revealing you paid half of that to affiliates. Or simply say you cleared \$5000 after paying affiliates.
5. Reassure your prospects that your money making method takes WORK. Believe it or not, this will usually increase your conversion rate, because people believe it takes work to make money. If you make it sound too easy (even if it is

easy) they won't believe you. And if they do believe you and buy the product, and then realize it's not as easy as you made it sound, there will be complaints – some of them straight to the FTC.

6. Be brutally honest about how long it took you to achieve your results. Oddly enough, this not only keeps you honest, but it can also be a great selling point. "I had to try 27 different techniques before I got it right and I made my first dollar. Fortunately, I'll teach you only the 27th method, the one that works for me. Because you won't be wasting your time with the other 26 methods that didn't work, your learning curve should be far shorter and less bumpy than mine was.

7. With everything you write or say, ask yourself if you are telling the whole story, because a half-truth is in fact a LIE.

From the FTC website (bolding is mine): *The Federal Trade*

*Commission Act allows the FTC to act in the interest of all consumers to prevent deceptive and unfair acts or practices. In interpreting Section 5 of the Act, the Commission has determined that a **representation, omission or practice** is deceptive if it is likely to: mislead consumers and affect consumers' behavior or decisions about the product or service.*

8. Assume the FTC is going to read your copy or watch your sales video. Yup. That puts things in perspective, doesn't it?

9. Whenever possible, don't make an income claim your primary benefit. Let's say you teach a course on how to do marketing for offline businesses. Hopefully that is your BIG benefit – teaching offline marketing. Any income claims should be secondary to that benefit.

10. Can you sell your product without making income claims at all? That's terrific – do it. Very few products MUST contain income claims.

Okay, I need to talk about #10 – back in the day if you wanted to sell an Internet Marketing type of product, you just needed to make some realistic income claims along with a plausible story of how it works, and you made sales.

As marketers we got complacent. We had a sales technique that worked – making income claims – and so we used that most every time we were selling an IM type product.

Bottom line – we got lazy and we forgot how to sell without income claims.

So let's say Bob has a nice little method to earn \$1,000 a week. And that's what he's earning, too. He writes up the process he uses and makes a product out of it. So far, so good. But how does he market it?

One method he might use is to tell his story while never revealing how much money he makes. "I had a good job with a copier

company, but I wasn't happy. So I tried this and that, and finally found a method that worked. In fact, it replaced the income from my job, so I could tell my boss goodbye forever. Now, I don't know if you'll do as well. Heck, you might do better, since I'm no Einstein. But if you're interested, I will show you step by step what I do and how I do it. Expect to invest about 10 hours a week doing this. There is a learning curve – it took me 8 weeks to get up to the income I currently earn. You can scale it up if you want to. Frankly, I'm kind of lazy so I haven't done that yet, and I don't know how much that would earn you. Etc."

You get the idea. You're being REAL. No wild claims. Just good old fashioned honesty.

Will you get as many sales this way? It depends. But the sales you do get will stick, and you'll sleep like a baby at night.

Other things to keep in mind, straight from the FTC's website:

- ***Disclaimers*** and disclosures must be clear and conspicuous. That is, consumers must be able to notice, read or hear, and understand the information. Still, a disclaimer or disclosure

alone usually is not enough to remedy a false or deceptive claim.

- ***Demonstrations*** must show how the product will perform under normal use.
- ***Refunds*** must be made to dissatisfied consumers - if you promised to make them.
- ***Advertising directed to children*** raises special issues.
That's because children may have greater difficulty evaluating advertising claims and understanding the nature of the information you provide. Sellers should take special care not to misrepresent a product or its performance when advertising to children. The Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus has published specific guidelines for children's advertising that you may find helpful.

A good rule of thumb – when in doubt, leave it out.

One last thought – what if you became known as the painfully, brutally honest marketer who always told the 100% truth? What would happen?

My guess is two things: Initially you would make fewer sales, but you would also get far fewer refund requests.

Over time people would flock to you, read your every word, watch your every video and act on your every recommendation.

And the FTC would have no need to knock on your door with one of those nasty warrants.

I think you'll agree that putting your good name and honest reputation ahead of immediate profits is not a bad approach to marketing at all.