



# Butterfly Marketing 2.0 EXPOSED!

By

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Learn the TRUTH behind why Mike Filsaime '*Gave Away*' his  
best selling product...

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## About the Author



Andrew Seltz has been actively marketing online since 2005. He has created a number of very popular products including [WP-SalesPage](#), [Selling Online with E-Junkie](#), and [4-Day Cash Machine EXPOSED!](#)

and is an active affiliate marketer through various niche websites that he owns.

Andrew has studied Frank Kern's *Mass Control*, Mark Joyner's *Mind Control Marketing*, Jeff Walker's *Product Launch Formula*, John Reese's *Traffic Secrets*, in addition to Mike Filsaime's *Butterfly Marketing*. He also also studied the work of offline marketers like Joseph Sugarman and psychologist Robert B. Cialdini in order to discover the most powerful methods for selling products online.

Andrew writes extensively about marketing online at his blog:

[www.IMInsights.com](http://www.IMInsights.com).

He lives in New York City with his wife and daughters.

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## Butterfly Marketing 2.0 EXPOSED

Internet Marketing legend Mike Filsaime recently made an astonishing offer that had some people wondering whether **he had completely lost his mind**. He offered to send a copy of his *Butterfly Marketing Manuscript*, his *7 Figure Secrets* manuscript, several *Butterfly Marketing audio interviews*, and (the real kicker) a fully functioning copy of his *Butterfly Marketing software* for free to anyone willing to pay him \$29.95 shipping and handling and agree to a one month free trial subscription to his *Internet Marketing Newsletter*.

The initial offer was limited to the first 5,000 people, but due to some **serious technical problems** with the initial launch (the site crashed in minutes and took over 6 hours to get back online) he ultimately extended this limit to 15,000 people.

According to Mike himself, it cost \$250,000 to have 15,000 copies of this product manufactured and delivered to his fulfillment facility for shipping. That comes to \$16.66 per package - which is not out of line for 2 bound books, and a multi-cd pack with color covers, labels, and inserts.

In addition to the cost of producing the products, you also need to remember that the *Butterfly Marketing Manuscript* has been selling for \$97 for years and the flagship software package has been selling for nearly \$2000. These are some of his best selling and most profitable products.

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At this point, you are probably asking yourself...

**Why in the Hell would Mike Filsaime give away his best selling products and risk losing \$250,000???**

I'm glad you asked! 😊

## **The Method Behind the Madness**

The offer behind *Butterfly Marketing 2.0* makes a lot more sense when you start to look at the numbers and what is really being offered.

First, while the *Butterfly Marketing Manuscript and Software* are useful and valuable products, they have also been on the market for quite a while and already earned millions of dollars for Mike Filsaime's company. Giving them away at this point in the product life cycle is probably not going to cut into profits as much as it might appear. In fact, if you've purchased any offers from his company in recent years, you have very likely been offered a free copy of the manuscript and a very reduced price offer for the software already.

The second thing to remember is that the profits from these kinds of promotions are NEVER made from the front end offer. It is the backend sales (upsells, downsells, one-time-offers, cross-sells, and integrated promotions) that generate the real profits and the front end is usually a loss-leader or a

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self-liquidating offer.

A **loss-leader** is a product that is sold for less than it costs in order to capture a customer and get them to buy other more profitable items. Money is lost on the first sale and is later earned back from sales of other related products.

A **self-liquidating offer** is an zero profit offer that earns back just enough money from sales to cover the costs of marketing and fulfilling the product sales. Profits are made from selling other items to the customers acquired by the initial offer.

The *Butterfly Marketing 2.0* promotion is a classic loss-leader that is designed to acquire new customers to Mike Filsaime's Internet Marketing Newsletter. You must agree to a 1 month free trial subscription to get the free offer and that automatically converts into an ongoing \$39.95 subscription after the first month if you don't cancel.

## **Let's Look At The Numbers**

During the promotion of *Butterfly Marketing 2.0*, Mike Filsaime stated that he paid \$250,000 to create 15,000 copies of the giveaway package and ship them to his fulfillment company. That's a reasonable cost for producing this kind of package and we'll accept that number at face value.

For the sake of argument, we'll also assume that the \$29.95 shipping and

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handling fee is exactly what it cost to process and ship each unit and that no money is lost or gained as a result.

Mike has previously claimed that the attrition rate for newsletter subscribers from similar offers has been 4 months (meaning, the average subscription duration is 4 months before canceling.) So, on average, he'll get 4 subscription payments from each person who accepts the *Butterfly Marketing 2.0* offer.

The value of the products that are being given away has been well established by years of previous sales. Because the subscribers know that they are getting a genuine gift worth more than \$2000, they are very likely to feel indebted to Mike Filsaime for his generosity. Psychology research suggests they will look for a way to return the favor - and the best way is to stay subscribed for a little while. So, the odds are very good that people actually will stick with their newsletter subscriptions for a few months.

We'll assume that every single order was generated by an affiliate who will claim a 50% commission for each subscription payment (and who generated no income from the initial offer.)

With those numbers in mind, let' take a look at the results that can be expected from this offer.

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## ***Worst Case Scenario***

First let's look at what would happen if the subscriber attrition rate was 1 month instead of 4. This is a worst-case scenario.

In this case the numbers break down like this:

15,000 Subscribers \* \$39.95 = \$599,250

15,000 Units = **(\$250,000)**

50% Affiliate Commission = **(\$299,625)**

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**Net Income for Mike Filsaime = \$49,625**

## ***Best Case Scenario***

If the actual attrition rate for the newsletter subscribers is actually 4 months (as in previous offers) the numbers look like this:

(15,000 Subscribers \* \$39.95) \* 4 Months = \$2,397,000

15,000 Units = **(\$250,000)**

50% Affiliate Commission = **(\$1,198,500)**

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**Net Income for Mike Filsaime = \$948,500**

So, this 'crazy' *Butterfly Marketing 2.0* free offer stands an excellent chance

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to generate profits of between \$49,625 and \$948,500 for Mike Filsaime and his company.

## **Don't Forget These Sneaky Details**

There are some very important details I left out of this case study. Related expenses, backend offers, and the list.

Mike Filsaime runs a full fledged business with offices and employees. They dedicated many hours to preparing and running this offer and the costs of their salaries are not included here. He also has to maintain servers, merchant accounts, and other costs which are also not included here. Fulfilling the newsletter carries a cost as well.

So, the total costs involved in this promotion are higher than just the cost of manufacturing the product, even though that is probably the biggest single cost.

On the plus side, we also need to remember that there were upsell offers made during the ordering process which surely generated additional profits for the company.

Also, not every order came from an affiliate referral, so some of the newsletter payments will not have an affiliate commission attached.

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Finally, never forget that a promotion like this generates a huge influx of new mailing list subscribers. Future promotional efforts will be sent to those subscribers and generate additional income for Mike Filsaime's company.

After *Mass Control*, Frank Kern earned more than \$96,000 from a single affiliate promotion he made to the list his launch had generated (this was for Jeff Walker's *Product Launch Formula 2.0*.)

I won't speculate on what the actual numbers are behind these costs and profit centers, but I am very sure that the net result is a substantial profit - or Mike Filsaime wouldn't be making this offer in the first place. He is a business man after all – a very successful businessman.

## **Conclusion**

At first glance, it seems like Mike Filsaime was taking a huge risk giving away *Butterfly Marketing 2.0*. That was part of the “launch story” told by Mike Filsaime himself and many of his affiliates as well.

When you work through the numbers you quickly realize that the chances of him actually losing money were extremely low, and the potential for earning more than \$1 million were very high.

Not everyone can afford the upfront costs of producing a physical product like the *Butterfly Marketing 2.0* package, but there are lots of ways you can

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leverage the products you have to generate similar results. You just need to be a little creative.

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## Special Offer

Did you enjoy this analysis of the *Butterfly Marketing 2.0* free offer promotion? **Then you will love:**

### Frank Kern's "4 Day Cash Machine EXPOSED!"

In this content packed no-fluff report, I break down Frank Kern's *4 Day Cash Machine* and show you **what it is, how it works**, and (most importantly) **why it works**.

**Claim Your Copy of "4 Day Cash Machine EXPOSED!" today!**

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