

Entrepreneur's Workshop

Marketing Primer

Marketing primer

Tipping point between success and failure

- Great ideas die with bad marketing
- Mediocre ideas succeed with good marketing
- Bad ideas?

Marketing primer

Bad Idea? -- I'll sell people hand-sized rocks !

Marketing primer

I'll sell people hand-sized rocks



\$15.88 each

>\$4 million revenues
in ~ six months

(2009 dollars, adjusted)

Marketing fundamentals

How many people do you need?

- “Customers”
- Your financials will tell you this

Marketing fundamentals

How many people do you need? (customers)

How many people are there?

- “Target market”
- This number must be significantly larger

Marketing fundamentals

How many people do you need? (customers)

How many people are there? (target market)

How many touches are needed?

- “Frequency”
- How many times do they have to see your message to see it???
- Function of good target market analysis and good creative
- How smexy is your “Spark”?

Marketing fundamentals

Thomas Smith's "Effective Advertising"
1885

Marketing fundamentals

Frequency = 1 creative is very, very, very unusual

[Frequency = One] creative is very, very, very unusual

Marketing fundamentals

How many people do you need? (customers)

How many people are there? (target market)

How many touches are needed? (frequency)

What is your sales conversion (hit) rate?

- For each message you deliver, what % become customers
- Direct mail = 1-2%, web ads are *fractions* of a percent
- If you don't know, you haven't talked to enough customers

Marketing fundamentals

How many people do you need? (customers)

How many people are there? (target market)

How many touches are needed? (frequency)

What is your conversion (hit) rate?

Cost per touch?

- How much does it cost to reach a customer ONCE
- Function of your marketing path
- Function of your creative costs

Marketing magic number

How many people are there? (target market) 10,000

How many touches are needed? (frequency) 3

What is your conversion (hit) rate? 2%

Cost per touch? \$1.25

$10,000 \times 3 = 30,000$ pieces

$30,000 \times \$1.25 = \$37,500$ campaign expense

$30,000 \times 2\% = 600$ converted to customers

$\$37,500 / 600 = \62.50 cost per customer

Magic Number = \$62.50

Marketing budget

$$\begin{array}{c} \text{Magic Number} \\ \times \\ \text{How many customers you need} \\ = \\ \text{Marketing budget} \end{array}$$

Marketing gut checks

How many people do you need? (customers)

How many people are there? (target market)

How many touches are needed? (frequency)

What is your conversion (hit) rate?

Cost per touch?

Let logic shine through

- \$62.50 to sell a product with a \$50 retail price?
- Small target market, high development costs, low price strategy?
- High quality, high service, AND low price?
- Problem: Unreasonable conversion numbers
- Problem: Too low frequency with no-cost creative

Hunting 'Wevenue'

You must seek out real customers

- Nobody does this early or often enough
- The right questions don't always get asked



Hunting Customers

You must seek out real customers

What information should you gather ?

- Product features
- Price sensitivity
- Cost savings
- Current/desired behavior
- Behavior modifications required
- **What media they consume!**

Where do they live?

The joys of the Media Kit

- Circulation numbers (reach)
- Complete demographics
- Pricing

Decoding media kits

Men	71.6%	Attended College	69.3%
Women	28.4%	Graduated College+	42.5%
Age		Employed	73.9%
18-34	7.3%	Professionals	36.1%
18-49	69.9%		
25-54	72.0%	Household Income	
35-44	27.9%	\$50,000+	65.7%
45-54	27.5%	\$75,000+	51.9%
Average	43.1	\$100,000+	36.3%
Median	43.1	Average	\$89,461
		Median	\$78,103
Married	59.2%	Individual Income	
Single	40.8%	\$50,000+	36.0%
		\$75,000+	19.5%
		Average	\$60,807
		Median	\$44,699



Custom research is available

Entrepreneur's Workshop

Decoding media kits

2008 ADVERTISING RATES

	OPEN	4-PAGE	7-PAGE	11-PAGE	18-PAGE
Discount		2%	4%	6%	8%
4-color					
Full Page	49,060	48,075	47,345	46,110	45,125
2/3 Page	38,270	37,500	36,930	35,970	35,210
1/2 Page	30,415	29,805	29,360	28,595	27,990
1/3 Page	22,570	22,115	21,785	21,210	20,765
Black & White					
Full Page	34,835	34,140	33,645	32,745	32,045
2/3 Page	26,980	26,445	26,035	25,370	24,825
1/2 Page	21,585	21,180	20,830	20,300	19,870
1/3 Page	15,695	15,390	15,155	14,760	14,450
Covers					
Second	61,325	60,105	59,180	57,645	56,410
Third	58,870	57,690	56,810	55,335	54,155
Fourth	63,780	62,505	61,545	59,940	58,670

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- One time
- Full page
- Full color

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What if you determined you needed a frequency of 4?

Decoding media kits

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- 4 times
- Full page
- Full color
- \$192,300
- (+10% design)

Decoding media kits

The joys of the Media Kit

Every legitimate advertiser has some version

Where do they live?

Reverse-engineered demographics

- Collect EXCELLENT data on media habits from customers
- Go to Media Kits of those publications
- Good confirmation of your own target market research

Guerilla marketing

Not synonymous with “no budget”

- Exceptionally creative approaches
- Usually works best with highly targeted, cohesive populations
- Bonus of media coverage
- Very time consuming and often labor intensive
- “I wish I would have thought of that”

Guerilla marketing

Not synonymous with “no budget”

Association marketing

- Affinity marketing
- A club or association or blog or FB group for *everything*
- Meetings and publications and writing expert columns

Guerilla marketing

Not synonymous with “no budget”
Association marketing

Referral marketing

- Support staff as sales agents (not salespeople)
- Consider carefully paying for referrals
- Requires excellent support and operations
- Slow, slow, slow revenue growth to start

Guerilla marketing

Not synonymous with “no budget”

Association marketing

Referral marketing

Viral marketing

- Variant of referral marketing
- Modern viral marketing driven by tech-based social networks
- YouTube, Twitter, FaceBook, MySpace, etc.
- Does NOT happen by chance
- Cost per exposure is cheap, but not always cash cheap

Salespeople

A unique and interesting species

- Touchy
- Overly sensitive
- Annoying, especially to coders and support people
- Not really on your side
- Terrible at taking orders or direction
- Overpromise always
- All about the money & the perks

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Good ones are more valuable than gold...

Salespeople

Incentivize along your business model

- Commission structure decisions
- Recurring revenue conundrum
- Clear bonus programs
- Compensation plans should fit on a sticky note

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Questions