

Marketing Primer

Marketing primer

Tipping point between success and failure

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

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

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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
- Unique to every product -- must talk to customers
- "Reach without frequency = wasted money"
- 10,000 people once, or 2,500 people four times?

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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 = 0.1-0.5%
- Direct sales = highly variable
- If you don't know, you haven't talked to enough customers

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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

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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 x 3 = 30,000 pieces
 30,000 x \$1.25 = \$37,500 campaign expense
 30,000 x 2% = 600 converted to customers
 \$37,500/600 = \$62.50 cost per customer

Magic Number = \$62.50

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Marketing budget

Magic Number
 x
 How many customers you need
 =
 Marketing budget

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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 market + high development costs <- low price strategy
- Problem: Unreasonable conversion numbers
- Problem: Too low frequency with no-cost creative

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Hunting revenue

You must seek out real customers

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



Hunting revenue

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!**

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Where do they live?

The joys of the Media Kit

- Circulation numbers (reach)
- Complete demographics
- Pricing

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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

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Decoding media kits

2008 ADVERTISING RATES

| Discount | OPEN | 4-PAGE 2% | 7-PAGE 4% | 11-PAGE 6% | 18-PAGE 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 |

Decoding media kits

The joys of the Media Kit

Every legitimate advertiser has some version

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Where do they live?

Reverse-engineered demographics

- Collect EXCELLENT data on media habits (many in-depth talks)
- Go to Media Kits of those publications
- Good confirmation of your own target market research

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Guerilla marketing

Not synonymous with "no budget"

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

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Guerilla marketing

Not synonymous with "no budget"

Association marketing

- Pre-blogsphere affinity marketing
- A club or association for *everything*
- Meetings and publications and writing expert columns

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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

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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...

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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

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