BREAK EVEN OR BUST

5 Selling Systems DigitalMarketer Needed for Growth

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T&C
2017

HI, I'M JOHN…

JOHN GRIMSHAW
Analytics & Data Manager
DigitalMarketer

- I manage the systems and assets DigitalMarketer uses to "actually do this stuff"

- I created Analytics & Data Mastery course with the help of Justin Rondeau

- Managed data that drove over $3 million in paid traffic spend, 261 million emails and hundreds of promotions

I'm Conducting a Social Experiment...
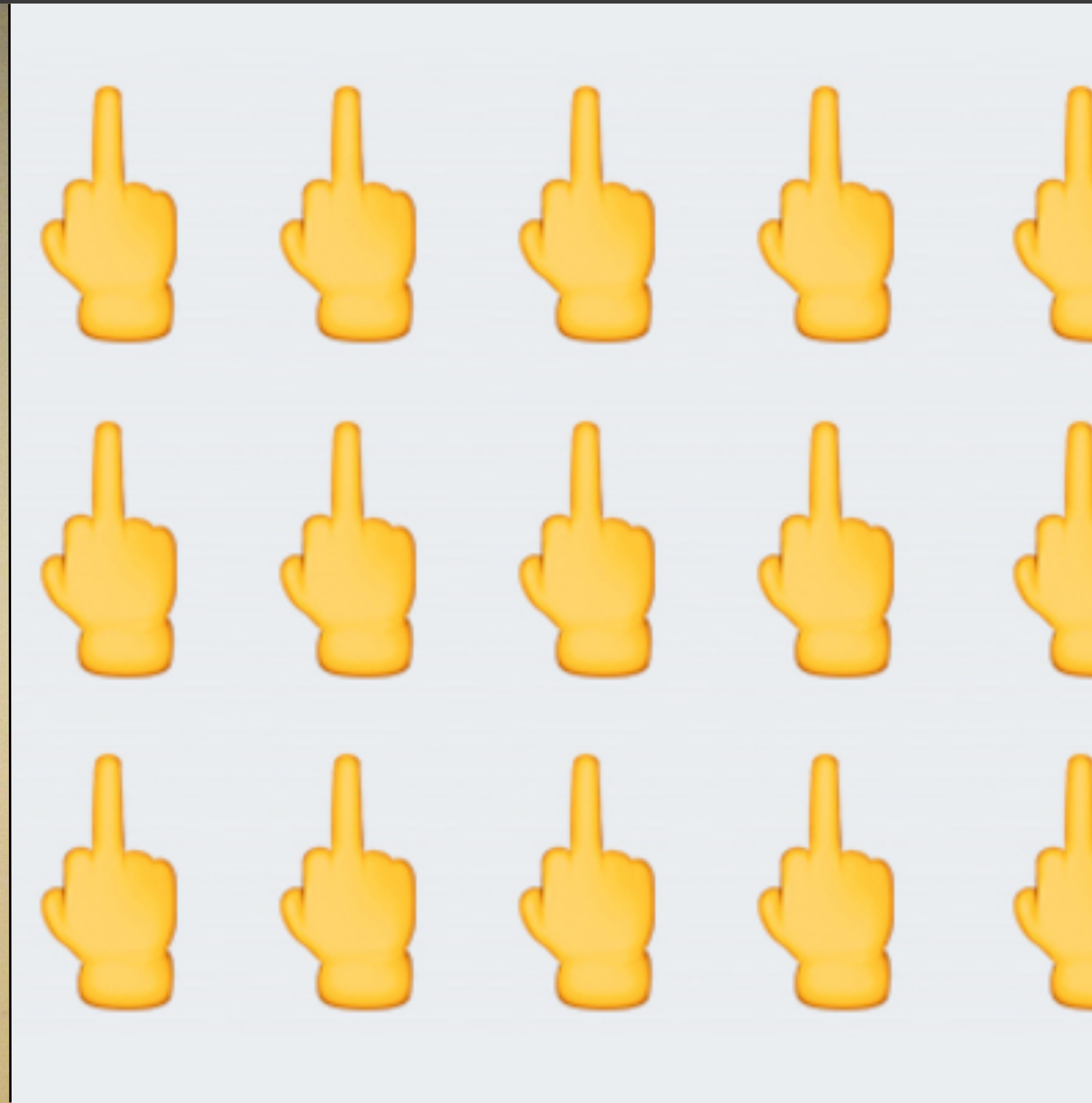
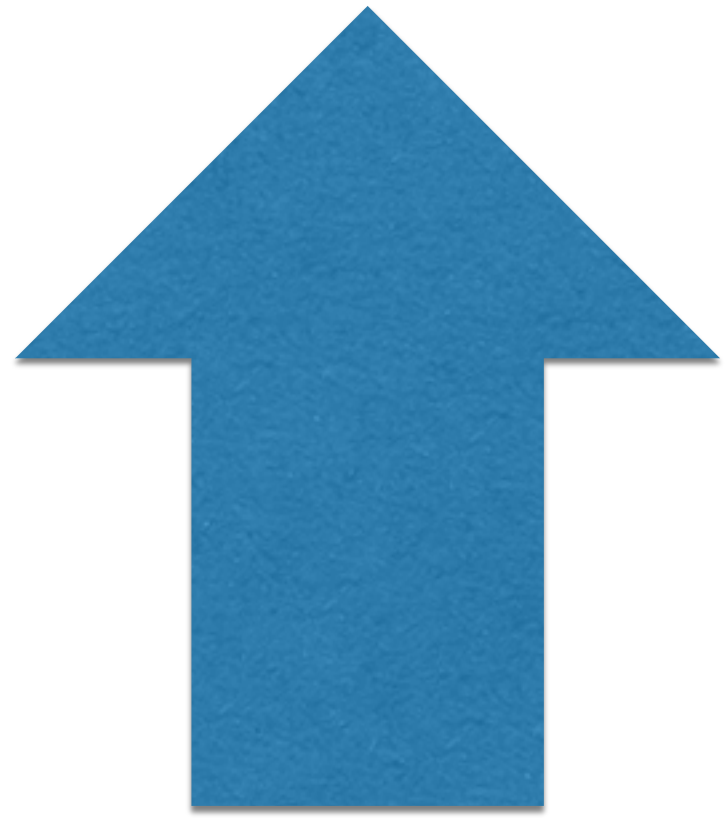I'M GOING TO INTRODUCE YOU TO THE SELLING SYSTEMS WE'VE USED TO GROW & THE METHODOLOGY USED TO BUILD THEM
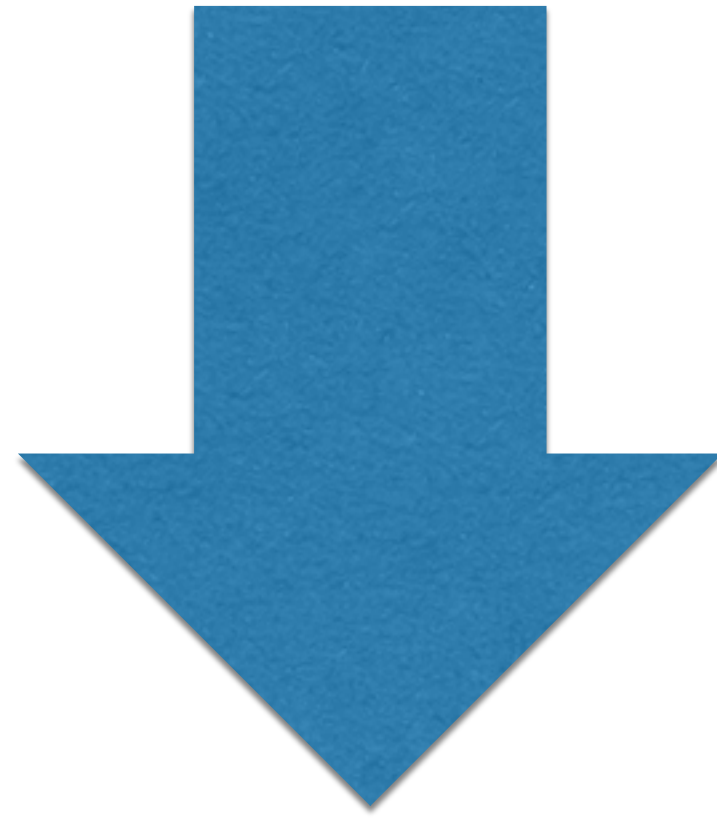
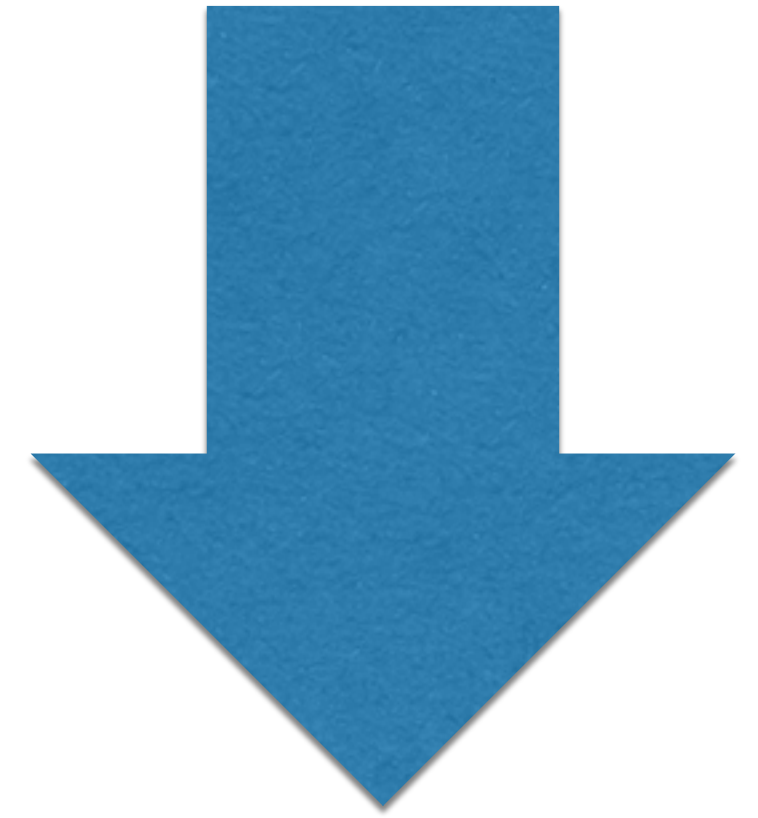# This is Molly Pittman…

…she's very smart :)

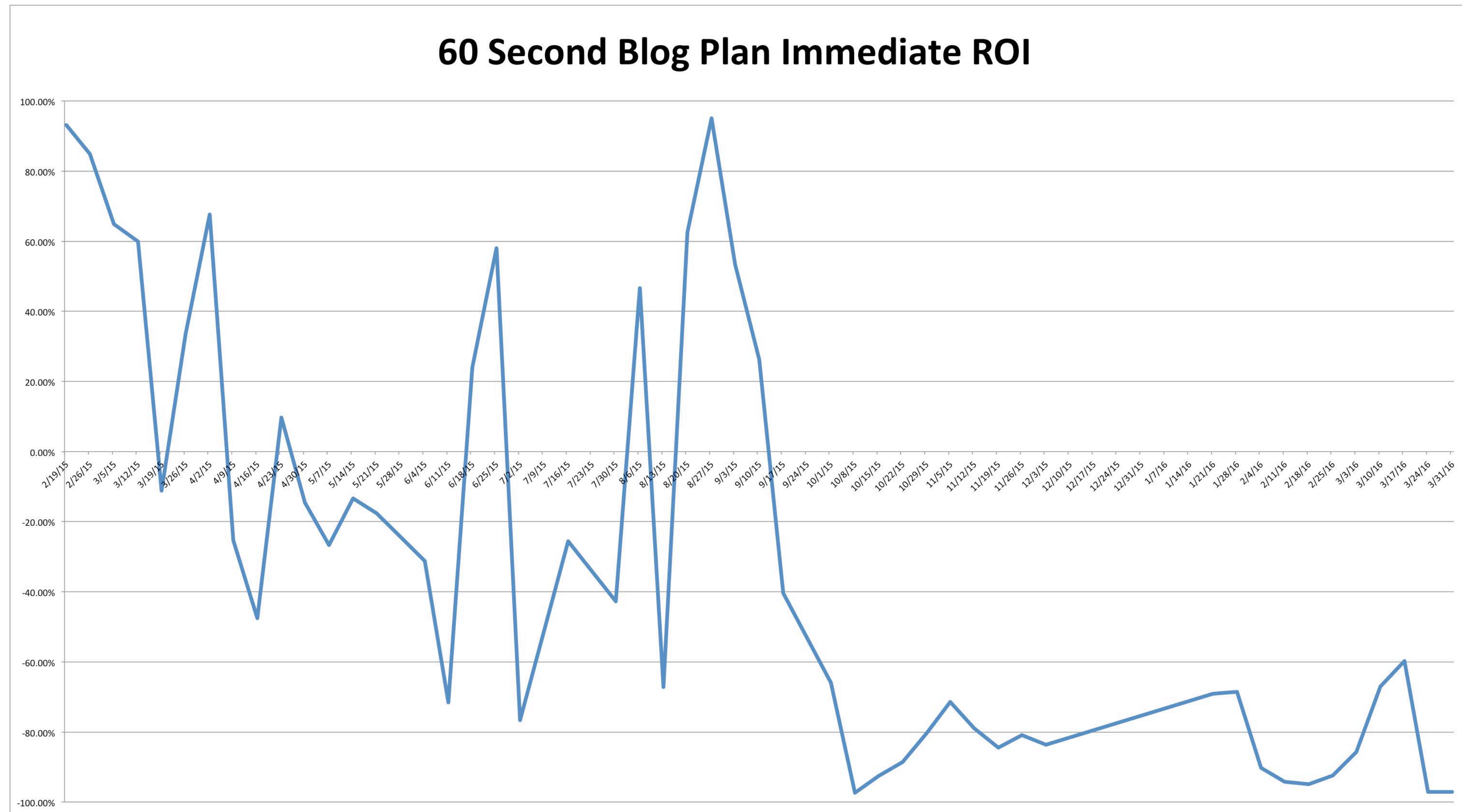# She Identified that We Needed to Make a Change

COSTS   RELEVANCE   ROI

WE NEEDED TO EXPAND OUR MARKET TO INCLUDE B2B CUSTOMERS

DIGITALMARKETER SCALED ITS ACQUISITION CAMPAIGNS...

…and it Didn't Go Great.

60 Second Blog Plan Immediate ROI

OUR IMMEDIATE ROI CRASHED

-87%

DOZENS OF TESTS LATER...

OUR IMMEDIATE ROI DIDN'T IMPROVE, BUT OUR REVENUE FROM TRAFFIC WAS GROWING

THINGS WERE WORKING – WE JUST DIDN'T HAVE A PLAN TO MEASURE HOW *WELL* THEY WORKED

—

The System We Used to Solve the Puzzle

TWO CRITICAL DATA CONCEPTS

ATTRIBUTION

What You Need to Know about Attribution

- **Assigns credit for success to customer interactions**

- **There are lots of different ways to model attribution - there is no one right answer**

Last Click First Click Linear

Position-based Time Decay
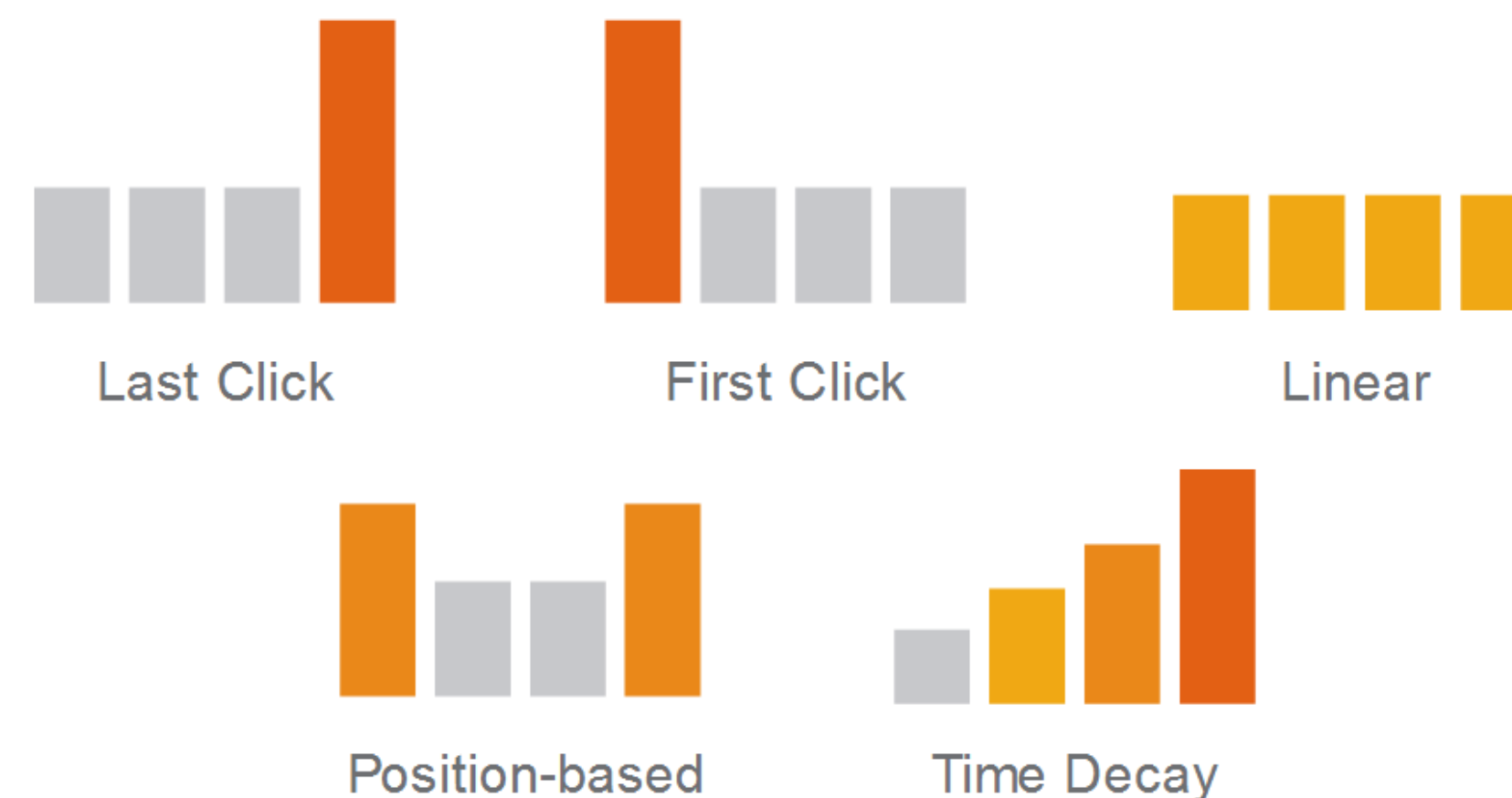
DigitalMarketer's Two Key Attribution Models

- *Last Touch* – Looks at sales happening within 6 hours of their last click. Great for evaluating immediate ROI.

- *Previous Optin* – Looks at sales that happened to customers who took a specific action in the past.

ROI

What You Need to Know about ROI

- **ROI illustrates the relationship between cost & revenue**

- **ROI focuses attention on recapturing expenses**

$$\text{ROI} = \frac{(\text{Revenue} - \text{Cost})}{\text{Cost}} \times 100$$

- **You've made your money back when you hit 0% ROI**

HERE'S WHY THESE MATTER

ATTRIBUTION HELPS US DECIDE WHAT GETS CREDIT FOR SUCCESS

ROI HELPS US MEASURE HOW SUCCESSFUL WE WERE

RECAP: WE EXPANDED OUR MARKET AND HAD TO REDEFINE HOW TO MEASURE SUCCESS

Let's Jump Back to this Spreadsheet

The Process

- **Grouped traffic into cohorts by week and by offer**

- **Tracked ROI with previous optin attribution**

- **Identified average date at which break even was achieved**

60 Second Blog Planner

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
2015	-16%	9%	34%	58%	77%	104%	113%	123%	147%	169%	186%	194%	243%
2016	-86%	-84%	-83%	-81%	-76%	-71%	-67%	-63%	-39%	-29%	-20%	-16%	12%
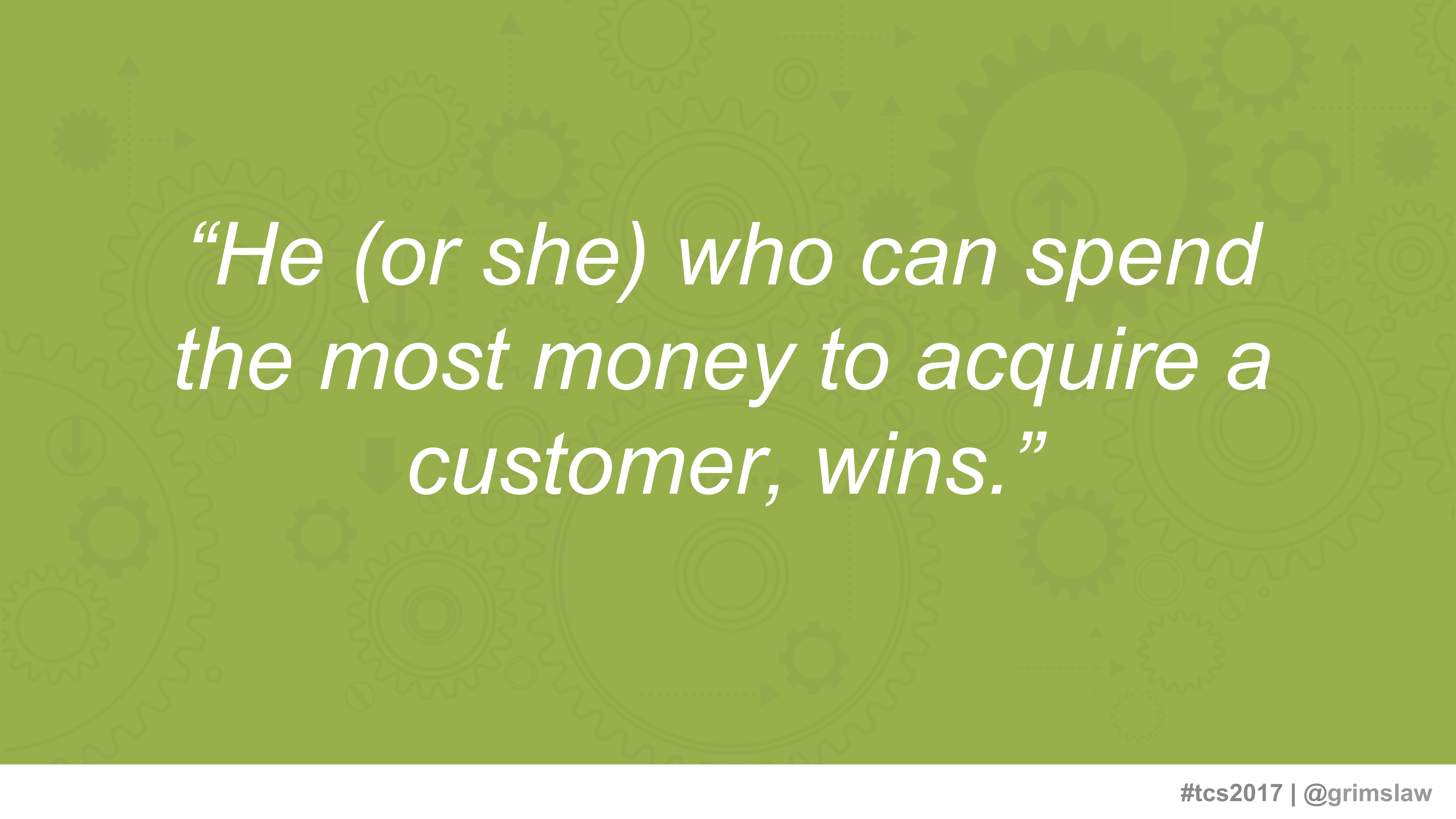
BREAK EVEN

(OR BUST)

0%

"He (or she) who can spend the most money to acquire a customer, wins."

IF YOU GET 100% ROI ON EVERY DOLLAR YOU SPEND ONLINE, *YOU'VE STUNTED YOUR BUSINESS*

MAKING MONEY IS NOT THE GOAL OF EVERY SELLING SYSTEM (BUT IT IS THE GOAL OF SOME)

Goals of DigitalMarketer's Selling Systems

- **Need to *at least* break even at 0% ROI**

- **Need to break even in a reasonable amount of time**

- **Need to use the revenue potential of a customer to see how many days you can wait**

- **You need to have one specific goal – don't ask too much of your system**

The Perfect Selling System Questionnaire

- **What is the goal of this system?** *(What does the business need?)*

- **How do you define success for that goal?** *(Revenue, leads, subscribers, phone calls, visitors, etc)*

- **How much risk are you willing to take to accomplish the goal?** *(Correlates with opportunity)*

DIGITALMARKETER'S SELLING SYSTEMS

HOW WE GREW THE BUSINESS

BULK LEAD ACQUISITION

Facebook Ad Templates

Goal: Drive New Leads to Our Email List

Bulk Lead Acquisition – The Method

- **What is the goal of this system?**
  Drive New Leads to Our Email List

- **How do you define success for that goal?**
  Positive Growth in Email List

- **How much risk are you willing to take to accomplish the goal?**
  Breakeven within 45 days (after first rebill)

How You Can Build This System

- **Creative & Assets:**
Take your business' main product, turn a part of that into a cheaper product, then extract an idea from that into an offer for lead capture. Needs a follow-up sequence & cart abandon retargeting

- **How Much Opportunity: Low**
If core product is subscription, should break even in 2 billing cycles. If not, should break even in 30 days.

- **Potential Pitfalls:**
This system should be less focused on immediate monetization and more focused on moving core product units and focusing attention

LOW ENTRY BARRIER SUBSCRIPTIONS

Low Entry Barrier Subscriptions

Goal: Build Subscriptions by Mitigating Risk

Low Entry Barrier Subscriptions – The Method

- **What is the goal of this system?**
  To encourage subscription growth by limiting initial risk

- **How do you define success for that goal?**
  Conversions to full-paying subscriptions

- **How much risk are you willing to take to accomplish the goal?**
  Breakeven within 40 days (after first rebill)

How You Can Build This System

- **Creative & Assets:**
  Offer a trial, a money-back guarantee, or a subscription bonus worth more than the payment and drive existing leads to that offer

- **How Much Opportunity: Medium**
  If you already have a functioning subscription business in place, this is great way to grow. It's not a good strategy for building one, though

- **Potential Pitfalls:**
  You must understand conversion rates from low entry barrier offers to full subscriptions and their subscription churn rates after converting

VALUE-CENTRIC LEAD ACQUISITION

Double Your Sales Mini-Class

Goal: Qualify Leads for High Dollar Offer
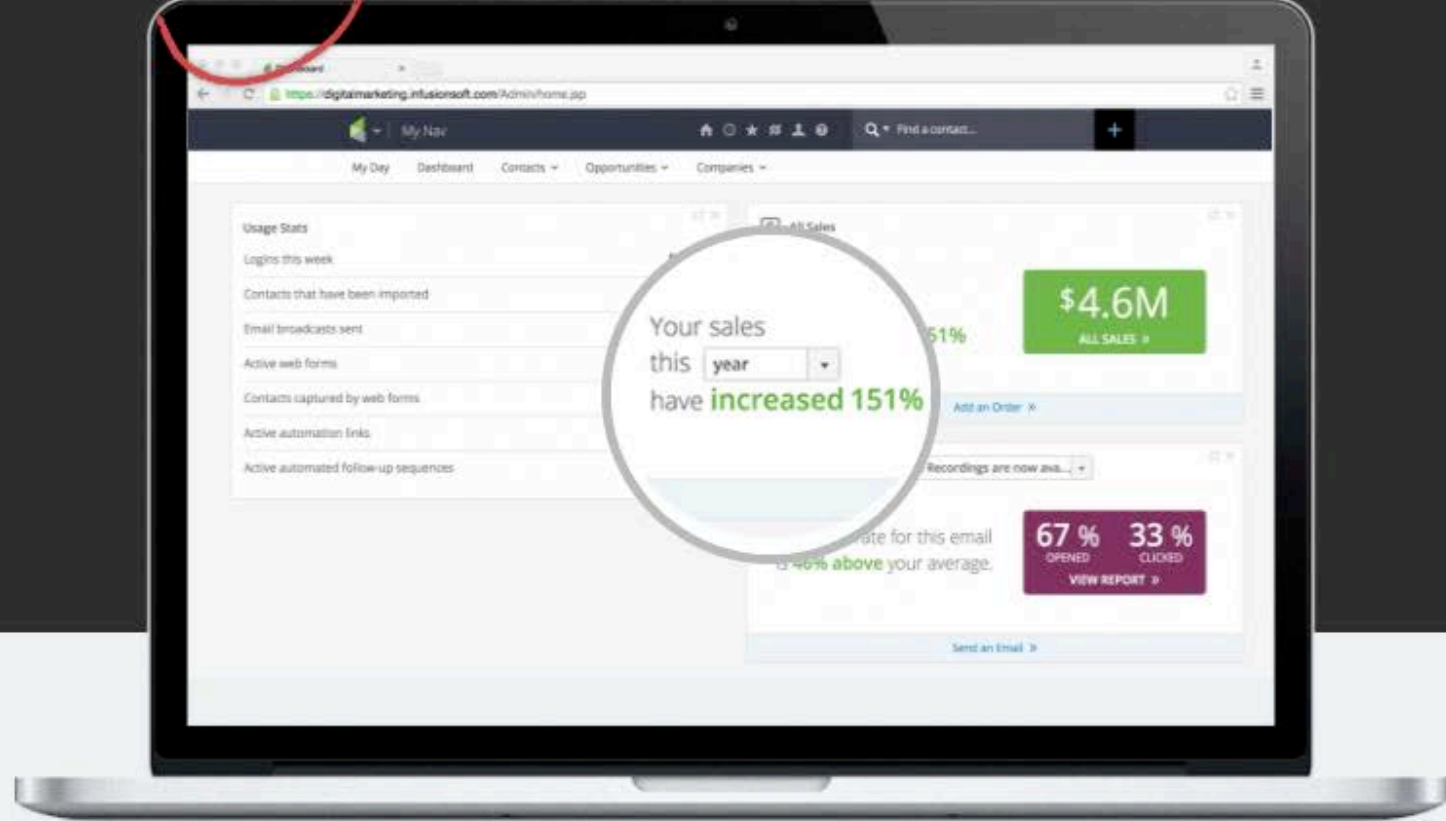
Value-Centric Lead Acquisition – The Method

- **What is the goal of this system?**
  To educate and excite highly targeted audiences about systems in preparation for a relevant offer for which they are self-qualifying

- **How do you define success for that goal?**
  Percentage of course consumed

- **How much risk are you willing to take to accomplish the goal?**
  Breakeven within 60 days (after completion of high-dollar follow-up sequence)

How You Can Build This System

- **Creative & Assets:**
  Choose a high-dollar product your business sells. Identify desire that product can help satisfy, and create content focused on educating people with that desire. Needs a follow-up sequence for content delivery and the high-dollar product.

- **How Much Opportunity: Medium-High**
  Aim for breakeven at the end of your high-dollar product follow-up sequence

- **Potential Pitfalls:**
  Your content must delivery massive value & be relevant to your offer

MONETIZATION AND RETARGETING

Live Events

Goal: Monetize Customers

Monetization and Retargeting – The Method

- **What is the goal of this system?**
  To turn customers into multi-buyers and promote high-dollar products

- **How do you define success for that goal?**
  Positive ROI

- **How much risk are you willing to take to accomplish the goal?**
  Breakeven within 0-3 days, depending on abandonment retargeting

How You Can Build This System

- **Creative & Assets:**
  Use traffic to promote your high-dollar offers to your best customers, not leads, not currently enrolled in these programs

- **How Much Opportunity: Low**
  If you aren't breaking even almost immediately, something is wrong

- **Potential Pitfalls:**
  These campaigns should target your customers, not cold traffic

SALES LEAD ACQUISITION

Sales Lead Acquisition

Goal: Sales Conversations & Migrating Decision Making

Sales Lead Acquisition – The Method

- **What is the goal of this system?**
  To generate conversations for offers that require more customization and a more nuanced understanding of the customer

- **How do you define success for that goal?**
  Conversations started

- **How much risk are you willing to take to accomplish the goal?**
  Breakeven within 60 days

How You Can Build This System

- **Creative & Assets:**
For your most complex offers, build a lead capture system that's only purpose is to initiate a conversation. Requires a follow-up sequence to turn lead into conversation & sales team to convert conversations

- **How Much Opportunity: High**
Use your post-conversation conversion funnel to guide timeline, but remember that the sales cycle will be long

- **Potential Pitfalls:**
You must have a sales team and strong sales processes in place to make this work

TAKEAWAYS

What's the Big Idea?

What You Must Remember

- **Systems that work have specific purposes**

- **Your capacity for risk is your opportunity**

- **The way you measure things *matters***

BIG CAVEAT WARNING

DON'T DO THIS WITHOUT PLANNING – OUTLINE SPECIFIC GOALS & HOW YOU'LL MEASURE SUCCESS

MEASURING OPPORTUNITY MAKES SCALE POSSIBLE

THANK YOU!