

BUILDING A HIGH GROWTH MARKETING ORGANIZATION

Chapter 1: Which Channels are Right for My Business

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*This paper is the first chapter
in a series on building a high
growth marketing
organization*

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Introduction

How to build and develop the right channels, organizational structure, and people to accelerate growth

Marketing has taken center stage once again in technology companies. The importance and pressure to quickly build & optimize scalable growth engines has never been greater. The goal of this whitepaper is to provide context on the market dynamics driving these changes and offer a framework for building a high performance marketing organization.

There's no single answer to this challenge and the best approach varies based on both customer economics and company stage. This piece is meant to frame the right questions and suggest specific strategies we have seen work successfully across a range of tech companies. This thinking has been refined with input from top CMOs who have scaled great companies in Silicon Valley.

This paper is meant for everyone from CEOs to CMOs to VCs of consumer technology companies.

What's Changed

Technology companies are raising more money, growing faster and going after larger markets—putting greater pressure on marketing

Larger Addressable Markets

Digital marketers are pursuing larger customer bases than ever. In 1999, 400M people were online, today it's 3.2B. This growth has been driven by mobile, which has created a user base that is always online, with rich preference and location context.

In addition, internet businesses have grown from being niche offerings to significant players going after major markets like retail, travel, media, transportation, and hospitality.

Increased Capital

Greater pools of capital and larger funding rounds have heightened competition. Once an attractive market is identified, it often draws multiple, well-funded competitors.

Consequently, companies are hiring and investing in their marketing organizations much earlier to capture market share and build sustainable customer lifetime value.

New Marketing Tools

A robust, low-cost marketing technology stack has developed, putting sophisticated tools in the hands of entrepreneurs. This includes marketing automation, analytics, paid campaign management, and CRM.

What once required significant dollars and in-house resources is now available for plug-and-play deployment and rapid scaling via SaaS. This levels the playing field and heightens competition.

More Marketing Channels

Over the last 3-5 years, new marketing channels (Facebook, Twitter, Pinterest, Snapchat, native formats) and technologies (re-targeting, programmatic buying) have emerged, providing marketers with a more diverse toolkit, but also requiring them to manage greater complexity.

Implications for Marketers & Leaders

Companies succeed or fail faster, so marketing is entering the mix earlier, scaling rapidly and calling for functional specialists

Marketing Strategy

Marketing is entering the mix earlier in the company lifecycle. You need to figure out what works and scale it or a well-funded competitor will get to your customers first.

Channels and programs need to be tested early to find a repeatable, predictable growth engine.

Companies are also find their fate sooner - either growing rapidly and building defensible moats, or dying.

Organization & Talent

Inexpensive access to advanced SaaS technology is leveling the playing field, which means tech companies now compete more based on the quality and execution of their people.

The increased complexity of marketing tools and channels creates greater demand for specialists and means the difference between an average marketer and a great one can be 10x.

Organizational structure needs to be right at each stage, with individuals responsible for each of your key metrics.

Chapter 1: Which Channels Are Right for My Business?

Channel & Business Model Fit

Am I leveraging the right channels for my business?

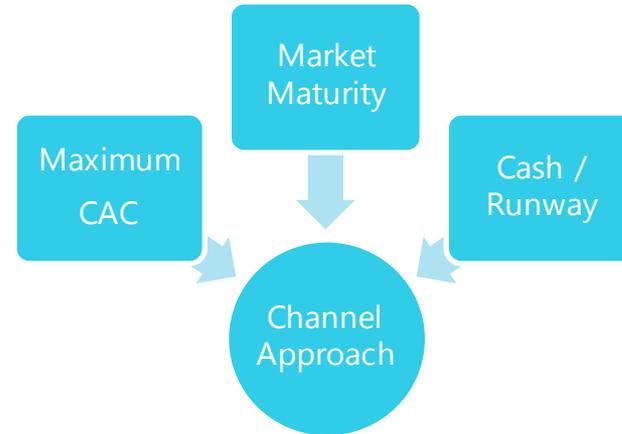
While a mature marketing org typically encompasses the full range of programs, navigating growth requires prioritizing the channels you choose to test, develop, and scale. Without a well-informed channel plan, companies risk running out of money before they learn how to profitably acquire customers.

The pressure to move quickly with high volume testing, iteration, and trendy notions like “growth hacking” can cause tactical planning to become disconnected from strategic fundamentals. This can lead to mistakes like hiring a strong performance marketer into a business that can’t justify the budget they expect to spend.

To develop your channel strategy, you need to start with your core business economics. The next page outlines key metrics to consider and how they impact which channels are right for your business.

Key Marketing & Financial Metrics

The interplay between these three factors is critical



Set Your Maximum CAC

First, you need to understand your maximum customer acquisition cost:

Lifetime Value (LTV) = What is the net profit you can expect from a customer during their relationship with the company.

(note that 6-12 months is a typical LTV benchmark period in growing tech businesses.)

LTV sets your maximum Customer Acquisition Cost (CAC). If your CAC high, you have lots of channel options, if it's low, you won't.

Understand Your Market Maturity

Are you in a new or existing category? If existing, start in the channels your competitors use and manage to your maximum CAC.

Are you creating a new category? Educating customers about a new category or counting on future sales of new offerings requires a defined period of investment where you're spending more to acquire customers than they are worth.

This period of negative economics needs to end before you run out cash (or investor patience).

Max out Direct Channels First

Maximize performance-driven, measurable channels first before investing in less measurable ones. Channels should be assessed on 4 dimensions: Cost, Payback, Predictability, and Measurability.

- PR can be free and have a massive, impact, but it's too unpredictable to build a business on.
- SEM can be expensive, but once optimized & profitable, it's a dial you can turn up fast to grow.
- Content is free and impactful, but requires ongoing resources, and has a long payback period.

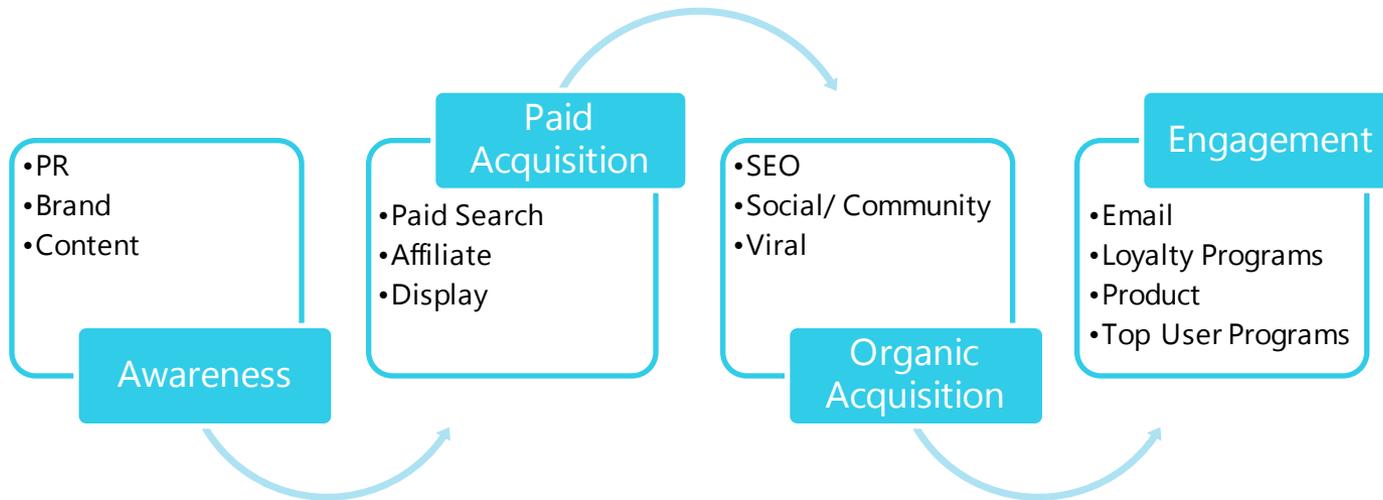
Channel Overview

*Framework for developing
your channel strategy*

Overview

In the next section, we will review key questions to consider in determining which channels are right for your business.

See Revel's **Skills Map** (reveltalent.com/skills-map) to learn about all channels and skills required in fully developed marketing organization so you can prioritize your next steps.



Brand / Awareness

Brand channels require a commitment of ongoing resources and a willingness to be patient

PR

This is a must have for all organizations from the start. The key is figuring out your brand strategy and core positioning first.

Done right, there is no cheaper way to tell your story to massive numbers of new customers.

It also creates an umbrella for other channels, supports recruiting, partnerships, and fund-raising.

However, it's unpredictable and cutting through the noise is harder than you think.

Some companies have naturally compelling stories (Airbnb, Etsy).

Other companies need to manufacture news by leveraging their data to create stories, hiring spokespeople, or leveraging trends. (Dropbox, Godaddy).

Brand Advertising

Does your product have mass appeal and attractive margins? Alternatively, are you in a niche where you can buy media narrowly (e.g., home improvement channel)? Being caught in the middle is risky.

Content Marketing

While core to enterprise, the importance of content marketing varies for consumer businesses. It can be key for SEO, brand and community efforts, but risks being a distraction if not well aligned.

Content marketing works when you can make your brand less about the product details and connect it to a back story or higher level emotions.

Assess whether your business is more transactional (Amazon) or based on trust & expertise (Wealthfront) where content is more relevant.

Paid Acquisition

Paid acquisition requires analytics capabilities and a structured testing methodology

Paid Search

First assess how your margins compare to your competitors. If they have better margins, they can outspend you.

Can you play in the “tail” of keywords or only “head” terms that are very tough to win economically (e.g., insurance, credit cards)?

SEM is a great channel to try early since it requires little investment to get started and is scalable.

Affiliate

This channel gives you an army of entrepreneurs rapidly testing marketing approaches for you. Once you see what works, you can reward those partners or replicate their methods in-house.

Make sure you have rich enough margins for a third party. Also, your affiliates will look for consistent, high converting offers or they will move on to others.

Use transparent networks to manage how affiliates represent you.

Display (Paid Social, Retargeting)

For display, does your audience aggregate in places where they show purchase intent in your product category? For example, a camera manufacturer can have strong display economics on a site like Shutterbug.com. Conversely, Uber probably can't find sites for people who want a ride.

Is your product visually appealing and is the shopping process serendipitous or highly considered?

Much of web display volume has moved to performance and SEM-like models, you'll need good economics and conversion rates to do this at scale.

Facebook paid display is attractive but highly competitive. To be effective, you'll need micro-targeted campaigns, analytics to measure them, and the creative to support it.

Organic Acquisition

Unpaid channels are effective where content and community/viral effects are strong

SEO

You need to think about SEO from day one. Done right, it can have a massive impact on your business. Assess whether you need to invest in outside help. If you're not sure, hire a freelancer to do a high level audit.

To assess SEO, consider if you have quality, unique, indexable, static, content at scale. This can include content, product info or UGC

- TripAdvisor has millions of pages on destinations, Houzz has high quality UGC, Thumbtack has unique pages about service pros.
- Conversely, Teespring has many content pages but faces the challenge of transient inventory.

Targeted content marketing can drive high quality links.

Consider the competitive set in your space. Ranking for general terms in a space like travel is hard, however, a differentiated or newer offering creates more opportunity.

Social & Community

Does your product lend itself to social conversation and buzz in an ongoing way? If not, you may need to catalyze this with PR.

This is typically more of an engagement and loyalty driver; only certain brands with enthusiastic audiences can do acquisition at scale this way.

Distributing relevant, interesting content (e.g., visual assets on Pinterest) can be effective for keeping users engaged.

You need to invest resources for community to work. This can't be turned on and off like other channels, once you engage, it can have negative impact to back off.

Viral Marketing

Are network effects or referral core to your product experience? Messaging apps and marketplaces show natural virality. Enabling your users to promote your product is compelling, but requires offering a strong motivation for them to do so. | 12

Retention

Improving engagement & retention capabilities enables you to be more competitive in acquiring users

Email

Email is critical to retention and low cost to start. The real decision is how much to invest & at to what degree of complexity.

Investment should be commensurate with purchase frequency or supporting engagement for high LTV.

How much of a license do you have to communicate? (e.g., flash sales vs infrequent purchases).

If your audience is enthusiastic and engaged, you can send more, independent of purchase cycles.

Loyalty Programs

While loyalty programs can drive short term behavior, they are easily copied and are often not a sustainable competitive advantage.

Loyalty programs need to drive incrementality, not just cannibalize the margins of your best customers.

The more differentiated your product, the less you need a loyalty program.

Notifications / Product-Driven

One of your product goals is to create customer habits. For offerings with social interaction or frequent relevant updates, triggered notifications can play a key role.

For mobile apps, managing the nuances of notification permissions and instrumentation is its own competency and involves integrated product work.

This is an increasingly important cross-functional area. It is not typically owned by marketing, and requires close collaboration with product and engineering.

Top User Programs

Top user programs can be the single best tool in your arsenal if you have high user concentration.

By offering your highest value users better levels of service, you retain them more effectively, deepen your understanding of their needs, and uncover potential opportunities to expand the relationship.

Mobile

Mobile has moved from an optional channel to primary. Marketing strategies and assets need to be optimized for mobile.

Mobile

The volume of consumer activity on mobile requires that creative and messaging approaches be customized for it. For the top 10 web properties, 34% of traffic is mobile and this number is growing rapidly.

For example, you don't want to be merely shrinking standard banners. Custom creative and new interstitial formats need to be supported.

At the campaign level, mobile paid search and display are no longer niches, they are managed via core campaign management tools.

For SEO, marketers and web teams have to move beyond just considering whether their site is responsive. They need to deliver against a set of best practices and Google standards to support search rankings, deliver a good search results page experience on mobile, and win a "mobile-friendly" designation from Google.

App Marketing

If mobile apps are core to your business, separate channels exist that you need to consider.

Paid app install programs, networks, and cross-promotions are worth examining. They have gotten crowded with "bubble" marketing budgets, so watch that customer LTV supports them.

Facebook, Twitter and others support standards for app deep links that drive from ad creative straight to app store installs.

On the organic side, App Store Optimization (ASO) is baseline to supporting discoverability, but not a silver bullet given massive and growing app store inventory.

Outside the app store, Google is beginning to include more app-results in core search, so optimizing for app indexing and deep link standards is critical.

Preview: Chapters 2 - 5

How to Grow a Marketing Organization

This series provides a framework and specific advice for building an effective, scalable marketing department

Next Chapters

Revel describes how to build your marketing organization at each growth stage, including channel strategies, organizational structure, skill requirements and technology resources.

The following pages outline this four-stage framework.



Traction



Flywheel



Rocketship



Winner

Learn more about Revel Stages and see a database of where Top Silicon Valley companies fit.

reveltalent.com/top-companies-tool

Sign up

to receive new chapters as soon as they are available.

reveltalent.com/content1

Company Growth Stages

Before thinking about your marketing strategy, you need to understand your growth stage.

Revel has identified four key inflection points in the growth curve and the implications for marketing organizations as they transition through them.

Learn more about Revel Stages and see a database of where Top Silicon Valley companies fit. (reveltalent.com/top-companies-tool)



Traction



Flywheel



Rocketship



Winner

Companies have found product-market fit and raised early rounds of funding to grow.

Marketing channels are still being tested to develop an optimal initial portfolio.

Companies show predictable momentum and rapid growth.

Marketing has identified the most effective channels and are increasing their investments. Roles are getting more specialized.

Potential winners in a key market with significant funding and strong competitors.

Marketing is focused on structuring what's working for maximum scale. Investments in more advanced marketing tech are being deployed.

Winners dominate in huge markets and have built a defensible brand and marketing machine.

Marketing is fully built out and structured like a mature company. Roles are very well defined and narrowly scoped for performance in each channel.

Raised \$20M+

Annual Rev Run Rate:
\$10M+

Zirx, Hipmunk, Poshmark,
Strava, Threadflip

Raised \$50M+

Annual Rev Run Rate:
~\$25-50M+

Udacity, RelayRides, Minted,
Thumbtack, VSCO,
HotelTonight

Raised \$150M+

Annual Rev Run Rate:
~\$100M+

Eventbrite, Instacart, Houzz,
Credit Karma

Raised \$500M+ or IPO

Annual Rev Run Rate:
~\$250M+

Uber, Airbnb, Jawbone,
Pinterest

Preview: Channels & Organization by Stage



Channels

- Paid channels (esp. SEM & Paid Social) are being tested
- PR should be seeded to provide air cover for marketing, fundraising & hiring
- Marketing and Engineering should be thinking about SEO
- Establish basic analytics capabilities

- Paid channels that work are being built out
- Organic channels are being scaled
- Qualitative areas (Brand, PR) are being planned more strategically
- Brand architecture and structure may be needed in order to scale across larger org

- Foundation in place across all key areas
- Dedicated resources for testing channels - those that work go mainstream
- Formalize brand efforts
- Invest in more advanced customer development and CRM

- Channel strategy and organization in place
- Marketing spend optimization becomes most important
- Build out deeper supporting groups (analytics, operations, creative)

People

- Initial leader is mid-level performance marketers with strong quant skills
- Junior “doers” on team are executing
- Use 3rd party agency or freelancers to provide speed and best practices.
- Bring in-house successful efforts to scale cost effectively

- Be disciplined about titles/leveling and hire with an eye towards future growth potential
- Hire functional doers into winning channels
- Assess requirements for a VP of Marketing and assess if current leader can step up

- Build out teams based on scale of channel in the business
- Evaluate where to grow owners vs bringing new people in
- Consider pod structures across marketing & dev
- Assess scaling of VP into CMO-level
- Evaluate functional leaders next level down

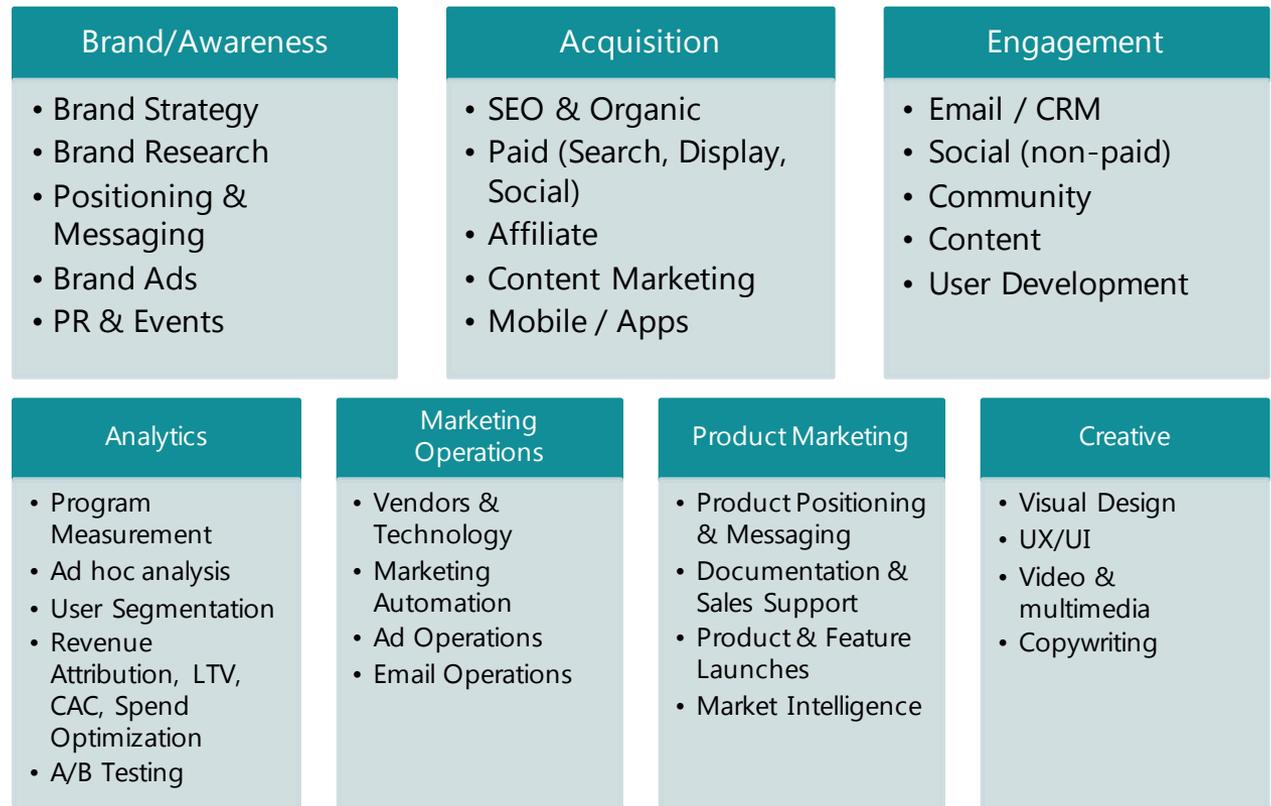
- Management priorities driven by need to maintain large organization that can sustain growth
- Recruiting machine needed as organization grows and natural attrition and transitions occur
- Hiring, onboarding, and development are key

Organizational Design

Sample built-out marketing organization

In a fully built out marketing organization, the lifecycle groups and support functions are fleshed out.

The next chapters in this series provide insights and sample org charts for how to sequence your growth - from the first few marketers in the company's early stages to a fully formed marketing organization.



About Us

Authors



Gary Calega

Co-Founder, RevelTalent

Gary Calega has over 20 years of experience in Marketing, BD and General Management.

Most recently, he was SVP of category management at Craftsyt, VP of marketing at Coupons.com, and President of AgilOne, a marketing intelligence platform. Previously, Gary held executive positions at eBay.



Dan Weiner

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Dan has over 20 years experience in Marketing, Product Management and General Management.

He ran Product at Placeable, a local marketing automation platform for enterprise brands and was EVP Marketing at T3Media, a video licensing and asset management platform. Previously, he was VP, Online Media at Sony Music.



Greg Fant

VP Marketing, Thumbtack

Advisor, RevelTalent

Greg has extensive product, marketing and general management experience in both strategy and as an operator.

Prior to Thumbtack, Greg led marketing for One Kings Lane and spent 10 years at eBay where he most recently held the position of Vice President of North America Marketing.

Learn More

Additional Resources

Company Stage Framework

Learn more about the four stage model of growth company evolution, including a dynamic, searchable database of over 400 of Silicon Valley's top companies.

reveltalent.com/top-companies-tool

Organization & Skills

See an overview of the 7 major marketing organization areas and a detailed Skills Map outlining the roles and skills that fall under each.

reveltalent.com/skills-map

Help with Building Your Organization

Revel can help with org strategy, role design and recruiting top marketing, product, and bus dev talent.

As former operators, we focus on finding the specialists you need. Our structured research and outreach methodology results in better candidates faster, giving you the time and talent you need to hit your growth targets.

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