

Digital Marketers: A *Proven* Approach to Local Business Growth

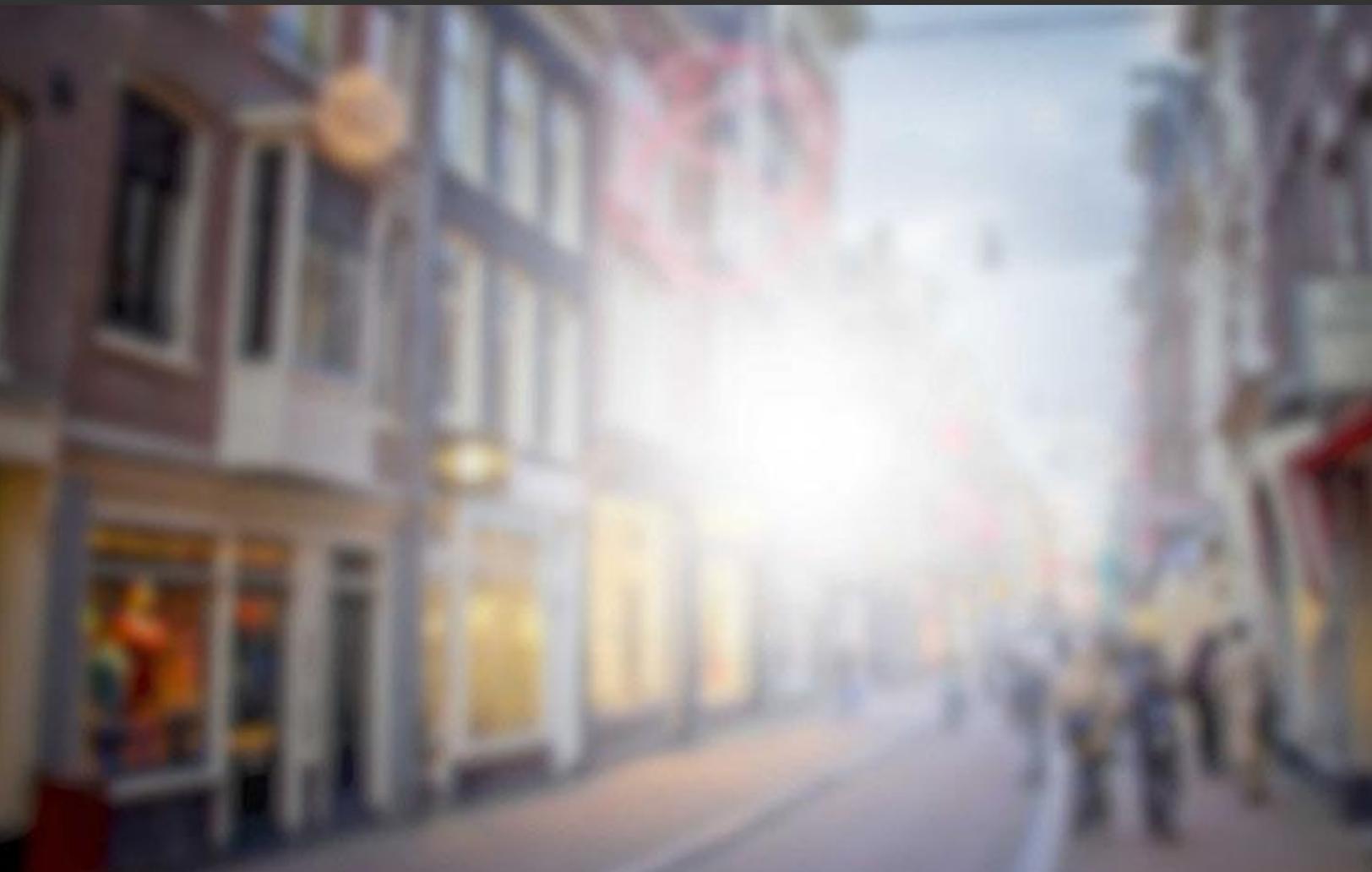
Updopt

Why Digital Marketing Companies are not Achieving Market Potential

- Low Local Business Adoption
- High Costs and Low Retention

The New Class of Products and Tools to Facilitate Growth

- Increasing the Perceived Customer Value
- Lowering Costs and Increasing Retention



Executive Summary

→ Overview

If you are finding it costly to “Sell” Digital Marketing products to Local Businesses, a new class of products and new approaches to selling may be the solution you need.

The past 10-20 years has seen the “first generation” of Digital Marketing products brought to market for Local Businesses.

Year	Events
2000	 Digital Ad restart (Dot Bomb)
2003-2005	  Google Analytics
2006-2009	  iPhone
2010-2012	Internet Surpasses Print ReachLocal IPO Facebook/Twitter Ads Begin
2013-2015	SEO+Mobile Upgrades Reviews/Listings usage Marketing Platforms usage
2016-2019	CRM, AI Marketing Automation

Despite the very large opportunity, the products and selling approaches have not realized the market's potential. Only a few Digital Marketers serving Local Business are generating sustainable revenue margins or growth and, there are still only a few standout successes.

Digital Marketers have faced barriers in engaging with Local Businesses. Innovations have moved well ahead of the ability of many of these businesses to adopt and consume products and services. Some just don't have the knowledge to understand the value properly, leaving them feeling vulnerable and confused during the selling process and wary once sold. Most Digital Marketers are resigned to competing for Local Businesses who have already moved through the adoption process. Unfortunately, they are all competing for the same businesses; the "top" of the proverbial local business pyramid. Meanwhile, the real promise of the market, the middle and lower sections remain underserved.

As with data largely ubiquitous and the general business adoption of AI, the traditional barrier of knowledge, expertise, terminology can be detected and costly prospects can be eliminated. These tools, use a multitude of data sources and, have data science built in to provide the most current information on Local Business' digital footprint at lower costs. With these low expenditures and increased insights, Digital Marketers can efficiently target the optimal businesses to ensure they already have adopted to digital marketing. By assessing their Digital Marketing Adoption Level (DMAL) they can offer low cost introductory products that provide high value while gaining trust and authority.

The promise of this new class of products and services is that Sales organizations become more efficient and, Customers are more engaged while moving quicker through the Digital Marketing Adoption Process.

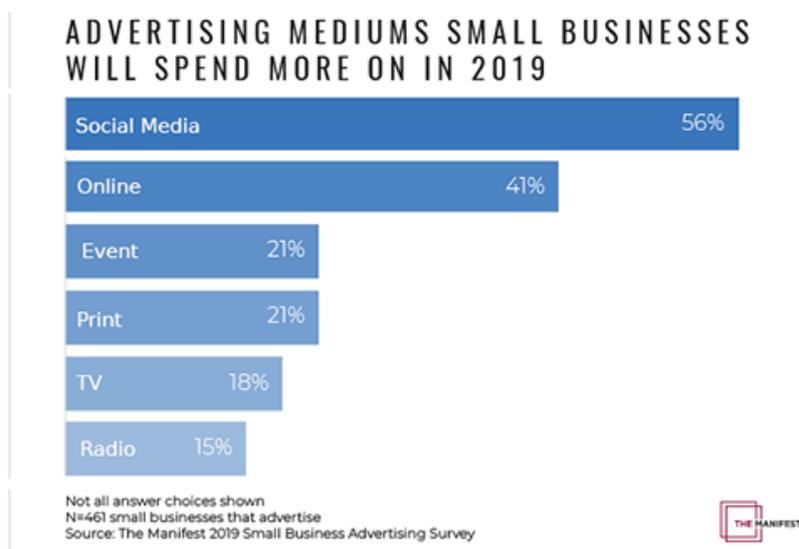
Business Challenge

High Cost of Goods Sold (COGS), Customer Acquisition Cost (CAC) and low Life Time Values (LTV) remain the biggest challenges facing Digital Marketers engaging with Local Businesses. Efficiencies in acquisition, better margins and, greater retention are required for Digital Marketers to meet the market's true potential. Below, are the specific barriers to realizing this market:

- **Problem #1;** *there is limited Digital Marketing adoption by Local Businesses and those that have moved through the adoption process, have had bad experiences along the way.*
- **Problem #2;** *most Sales and Marketing organizations require more efficiency, as they must expend human resources to qualify a Local Business' Digital Marketing experience and adoption levels.*
- **Problem #3:** *Local Businesses with low Digital Marketing adoption have less product and service retention when they do not understand the value.*

→ Limited Digital Marketing Adoption

Digital Marketers continue to have a tough time selling their products and services because there is such low adoption by Local Businesses.



A survey by The Manifest shows a majority of Local Businesses surveyed willing to spend more marketing budget allocated to digital. In addition, 97% of Local Businesses say Digital is where they want to spend.

Traditional Marketing (Print, TV, Radio, etc.) has been around for years, is simple to understand and is very tangible (tearsheets, mailers, coupons, etc.). Digital Marketing, on the other hand, is sometimes complicated and, commonly obfuscated with buzzwords and technologies. Because most Local Businesses do not have professional Marketers on staff (albeit younger team members are proficient in social media), there isn't a trusted resource to understand the entire digital marketing mix and bring them through the adoption process.

Compounding the adoption issue is the approach Digital Marketers have used to engage Local Businesses; there are many disparate point solutions using existing Local Business relationships, with products not focused enough on the value to those businesses.

“There are so many people trying to sell into local markets and trying to make their voice heard and get across a differentiated pitch and that can lead to very aggressive selling....companies have massive churn problems.....the digital advertising space as a whole has a very poor reputation...”

– CEO Interview

Streetfightmag.com

→ Sales and Marketing organizations require more efficiency

Adding to the adoption problems is the issue of changing Customer expectations, the use of social media and, old tools and techniques used to qualify prospective Customers.

“While the basics of the selling process have remained the same over the years, the methods of communication and the way people interact are quickly evolving with the use of interactive capabilities on the internet by customers and salespeople alike. Each step now includes more collaboration between customers and salespeople (and even between customers) with the use of social networking, consumer reviews, wikis, and other community based tools.”

- Richmond, K. (2012), “Prospecting and Qualifying: The Power to Identify Your Customers”

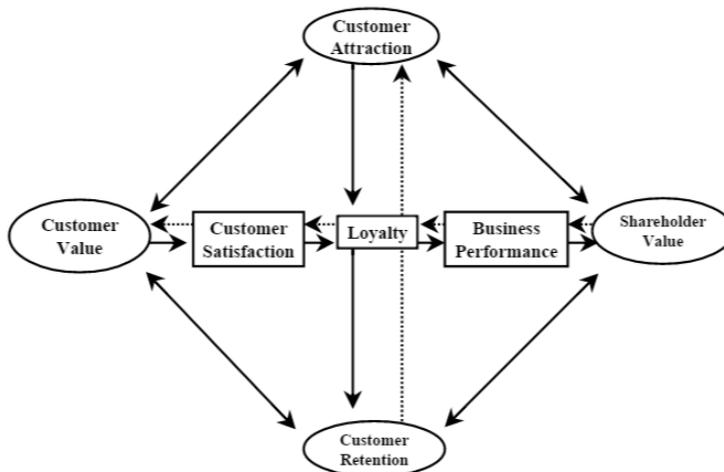
More collaboration often means more of a Salesperson’s time (cost). Therefore, qualifying a Customers propensity to adopt a product efficiently is paramount.

Traditional Customer profiling and market segmentation (annual revenues, number of employees, MSA, etc.) is not effective enough in qualifying prospects. Without the understanding the how much digital marketing knowledge and experience a local business has attained (the level of digital marketing adoption), the Sales and Marketing teams are blind to how best identify, approach and, offer to the prospect.

These inefficiencies create additional Customer Acquisition Cost (CAC) which ultimately converts to lower Lifetime Values (LTV) and profit margins. It is no small wonder why Digital Marketers find it difficult “selling” their products and services. They are either engaging with a potential Customer that has not gone through enough of the adoption process to legitimately engage in a transaction (they need more education and experience) or a potential Customer with an appropriate level of adoption but, who is guarded at initial engagement due to a previous bad experience within the digital marketing industry.

→ **Low Customer value lowers retention**

“New products may have compelling benefits and competitive advantages, but they are likely not to achieve digital adoption if the consumers do not perceive and understand. Therefore perceived value seems to be the main reason of most adoption failures.” (Tran, T. (2004), Business Journal: Consumer Marketing, “Consumer Understanding and New Product Adoption”).



The value of anything is perceived by the Customer. Their attraction, retention, loyalty and, satisfaction are all predicated on the understanding of product value. (Weinstein PhD., A. (2001), “Customer Specific Strategies, Customer retention: A usage segmentation and customer value approach”).

If a Customer cannot understand the value due to low Digital Marketing Adoption, they are destined to be expensive to acquire (higher CAC), have lower retention and, ultimately a poor LTV.

→ Realizing the Market's Potential

Because of the added costs and lower retention, most Digital Marketers engage local businesses at the “top” of the proverbial local business pyramid or “stick” with specific business verticals where it is highly competitive but, where Customers can perceive the value. This is the primary reason why growth is slow and limited for Digital Marketers engaging local businesses. To achieve growth and to realize the true market potential, Digital Marketers must engage Customers with less Digital Marketing Adoption or look at additional business categories. If they are to be effective, this must be done mindfully so as not to suffer from the stated problems.

Engaging Customers with Low Digital Marketing Adoption requires two strategies; a) have a “low end” suite and move them up the functionality curve or b) “drip market” knowledge to them point to where their digital marketing adoption level is in line with the product offering. Given the two approaches, low priced, easy to understand products, with inexpensive pre-qualifying is the surest way to effectively increase perceived value and successfully engage the market (Kalish, S., (1985), Management Science: “A New Product Adoption Model with Price, Advertising and, Uncertainty”).

Solution Description

Updopt has created a set of very low-priced products and tools to allow Digital Marketers to engage Local Businesses with all levels of digital marketing adoption. Because these product and tools were developed specifically to meet the low adoption market, they were built inexpensively and independently to reduce the barriers of product adoption.

→ How are products and tools built inexpensively?

Approach	Attributes
Open Source Software	Free to use
Cloud Based Services	Inexpensive and pay as you go
Open APIs	Free/Paid Usage
LEAN Methodology	Fewer resources while eliminating waste and maximizing Customer value

By combining these four approaches with Updopt's extensive Local Business Digital Marketing experience, products and tools can be priced very low, which offers Digital Marketers a huge advantage in the market place. When the Cost of Goods Sold (COGS) is lower than a competitor's, the savings can be reinvested to create a better Customer experience for a legitimate differentiation, taken as profit or, used in combination.

→ **What are the products and tools?**

Updopt has created high value and easy to use products and tools designed for both Local Businesses and Digital Marketers. The products support the core digital marketing needs for the Local Business and support the Sales team in providing specific insights on the Local Businesses, including the Digital Marketing Adoption Level.

Class	Product
Local Business Suite	Website Analysis
	Social Media
	Business Listings
	Reputation
	Market Intelligence
	Digital Tearsheet (like print but, for on-line)
	Competitor Analysis
Sales & Marketing Tools	Segmentation & Lead Ranking
	Targeted Prospects
	Insights/Dashboards
	Personalize Messaging
	Adoption Assessments
	CRM & Marketing Automation

→ **How are products and tools delivered?**

Products and tools are provisioned together or independently and are delivered via APIs. The software needed to access the APIs and present the data is free and Digital Marketers have the flexibility to integrate their specific user experience into each product.

Solution Benefits

Updopt's products and tools are designed specifically to engage Local Businesses from High to Low digital marketing adoption.

- ➔ Low priced, high value and, easy to use Local Business products to manage their digital marketing
- ➔ Low cost Sales Tools to identify and engage the right Local Businesses at their level of adoption
- ➔ Simple, fast and, flexible implementations for provisioning and presenting, via APIs

Problem	Solution
Limited Digital Adoption and Low Retention	Complete low cost digital marketing suite: <ul style="list-style-type: none">• Easy to use and learn• High value perception• High margin• High retention
Sales/Marketing Inefficiency	Low cost Sales Tools: <ul style="list-style-type: none">• Identifying best prospects• Detailed insights quickly• Call to action reports• Value based messaging• Targeted (leads per your specifications)

→ **Increase the speed and lower the cost of product roadmaps**

The Updopt APIs are fully documented and accessible to partners. Its partners can utilize the same API and platform Updopt uses to develop products.

Leveraging the technical architecture and domain knowledge of the Updopt team allows its partners to increase the speed of their product roadmap while reducing risk and cost.

→ **Classify Local businesses by their Digital Marketing Adoption**

Updopt scans Local Businesses in seconds to fully assess the Digital Marketing footprint. Over 500 data points are collected to produce the insights, reports, and the Digital Marketing Adoption Level outlined in the table below. Partners can utilize the Digital Marketing Adoption Level to determine how to best engage with and offer to, the business.

Digital Marketing Adoption Level	Description
Awareness	Becoming aware of the need to be a Modern Marketer. May not be aware of the benefits, may not know costs of slow adoption.
Understanding	Actively pursuing knowledge of the need to be a Modern Marketer. Understands the benefits of adopting and costs of slow adoption.

Positive Perception	Becoming aware that being a Modern Marketer will enhance the business and increase the ROI.
Buy-in	Actively considering tools and resources to engage as a Modern Marketer.
Participation/Hands-on	Actively operating as a Modern Marketer. Has begun to employ resources and tools to increase ROI.
Acceptance/Commitment	Actively demonstrating ROI increases to the business. Completely engaged in integrating Modern Marketer techniques into the business.
Internalized Change	Actively managing Modern Marketing processes into the planning and operations of the business.



Case Study

→ Overview

This study was conducted in conjunction with a large online marketplace (OM) in the US. A targeted lead criteria was selected by OM. The criteria was for a large vertical industry segment in two of the top 10 Metropolitan Statistical Areas in the US. Of the 6,426 targeted leads provided, 1,060 were new to OM and used in this study.

→ Problem: Classifying Customers for Acquisition

To predict the propensity for Customer acquisition and to classify and rank Customers. A successful prediction allows for a lower CAC by focusing the Sales organization on the best potential customers.

→ Solution: Classify using Updopt's Digital Marketing Adoption Levels

The Lead sample set of 1,060 was processed through Updopt's Visibility product to obtain the Digital Marketing Adoption Level (DMAL). The DMAL was not known to OM while the potential Customers were being engaged. The results of OM's sales process were returned to the study and each lead result was mapped back to their DMAL to validate the propensity of Customer acquisition.

→ Results:

The table below outlines the results of OM's sales process. Segmented by DMAL, the columns represent the progressing stages of a sale:

- Worked: Leads to be addressed by the sales team.
- Undeveloped: Prospect not engaged or not qualified
- Appointment: Prospect qualified and appointment is set
- Sale in Progress: Prospect is engaging for a sale
- Approved for sale: Prospect is a Customer

DMAL	Worked	Undeveloped	Appointment	Sale in Progress	Approved for Sale
Awareness	397	96	16	0	0
Understanding	394	111	9	1	5
Positive Perception	243	65	4	1	0
Buy-in	25	6	1	0	0
Participation/ Hands-on	1	0	0	0	0

→ Analysis of Results

The results of the study show that when OM classifies Prospects by Digital Marketing Adoption Level, those leads that would have the best outcome in OM's sales process can be predicted. The "Understanding" classification (DMAL), in this case, has a much higher correlation to the best outcomes; "Sale in Progress" and "Approved".

Summary

Digital Marketers face barriers to growth with Local Businesses in; low adoption. and, high customer acquisition cost (CAC) and low retention rates, resulting in low life time values (LTV). The root problem is value perception by the Customer. Local Businesses, with predominantly very low adoption to digital marketing products, are unable to see the value.

Digital Marketers must take advantage of a new class of products and tools that primarily demonstrate high value to the customer. An increased value perception (enabled by a lower cost of goods) will result in increased retention.

Additionally, sales and marketing organizations must take advantage of technologies that can better predict which customers will acquire to make their teams more efficient. These efficiencies will lower CAC.

By combining lower pricing, lower CAC and, higher retention, Digital Marketers can overcome the existing barriers to successfully engage new customers with low adoption rates for digital marketing.

Updopt has developed a platform that will enable digital marketers to immediately begin using these products and tools to grow revenues while reducing costs.

More Information

Name: Chris Black

Address: 171 Pier Ave, #323

Santa Monica, CA

90405,

USA

Email: chris@updopt.com

Website: www.updopt.com

Tel: 1-424-744-3170

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