



Avance Ideas

An Online, Partnership and Revenue Sharing Focused Digital Marketing Agency

Simpson Au

May 21, 2023

Table of Contents

I) Introduction.....	3
II SWOT ANALYSIS.....	8
III Marketing objectives / SMART Goals.....	10
IV Marketing Strategy.....	11
V Marketing Mix.....	14
VI Conclusion.....	19

I) Introduction

Avance Ideas is offering digital marketing services through an entirely new partnership focused business model. We will grow micro-businesses and share revenue and equity.

A renaissance is happening in the digital marketing agency space. Proven marketing agency owners are sharing valuable content on techniques to grow and start new businesses in this space. There are thousands of tutorials on social media, sharing methods for lead generation, writing and sales.

It is true that some of these tutorial authors are smoke and mirrors and cashing in on the digital guru trend.¹ The objective of the tutorial author is to scale up their income through teaching and selling their tutorials and products (the proverbial selling the shovel). However, there is *still* ample room for new prospects in the online marketing space.

The global market for digital marketing services is set to more than double from 2020 to 2026 – from 305 billion to 807 billion globally.² There is always room for more participants in the market, especially because these marketing agencies are service intensive and do not always scale up.

¹ Mens Journal Editors. (2023, Jan 4). <https://www.mensjournal.com/entertainment/who-is-iman-gadzhi-and-how-did-he-establish-himself-as-an-entrepreneur>

² Marketing Tech News. (n.d.). NordVPN Archives - Marketing Tech News. <https://www.marketingtechnews.net/news/tag/nordvpn/>

Our agency, Avance Ideas, is taking and rolling in these exciting new ideas happening in the digital marketing space. Ultimately, our goal is to 1) increase our client’s revenue and profit 2) compensate ourselves through profit/equity sharing.

1) History

The first acknowledged advertising agency was William Taylor in 1786.³ Modern ad agencies were fully operational in the 1900s and the 60s era is glorified by Mad Men (2007).

Digital methods and computers were used by these agencies in the 80s but the true scale up of digital marketing services started in the 90s with the internet. As we discussed in class, digital marketing and online marketing are not the same – but the internet really propelled the growth of digital marketing services.

A short list of innovations and impacts in online and digital marketing:

Innovation	Impacts on the industry
Internet, email (80s)	Email marketers, spam
The first clickable ad banner was created in 1993. ⁴	Creatives, banner artists, moving ad creatives from analog to digital, Pay per click (PPC)
Google monetized its search with Adwords in 2000	Whole industries created around blogs, content writing, SEO, scaling up of PPC Analytics

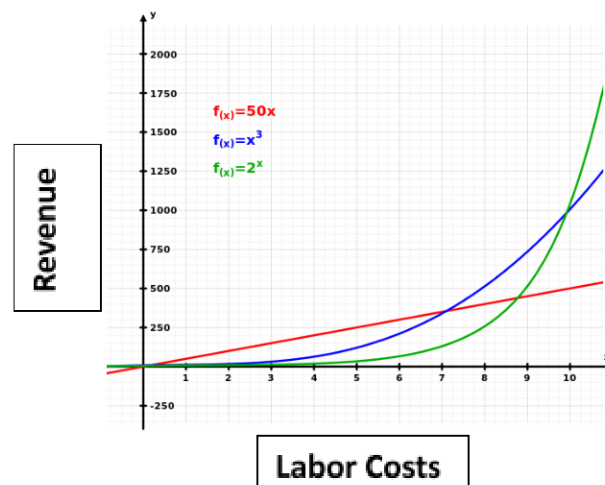
³ Wikipedia contributors. (2023). Advertising agency. Wikipedia. https://en.wikipedia.org/wiki/Advertising_agency

⁴ Monnappa, A. (2023). The History and Evolution of Digital Marketing. Simplilearn.com. <https://www.simplilearn.com/history-and-evolution-of-digital-marketing-article>

- It's a consulting service, a labor-intensive service
- fixed fees (monthly fees) from clients

A practical example - a very competitive fee for digital marketing services on retainer is approximately \$2500 / month to cover all inclusive marketing services. That figure does not include ad spend, and is only revenue. To scale up, the business would need to continuously hire and look for more and more clients. One person agencies typically have difficulty scaling past 10k / month - a solopreneur could only handle four clients concurrently.

The traditional agency model is not so much a business, but a collective freelancing service. It is definitely NOT a business that can scale up. **The traditional agency model is limited to linear growth (red line); more revenue requires more labor. Profit margins are slim.** As we discuss later, **our model enables us to hit the blue and green lines.** **Profit margins are high.**



As mentioned previously, online 'digital marketing gurus' on social media are providing tutorials on digital marketing to scale up their own revenue through teaching – because they likely are not able to take on any more of their own clients without scaling

up their own staffing. They are promising that you would also make \$10,000 / month – but only if you buy their course.

Problem #2: Poor results, companies are not getting value for the marketing budget spend with existing digital agencies.

Some clients/companies invest money in ads whose return on investment (ROI) rate is very low. For instance, pay per click offers a \$2 return for every \$1 spent. For example, our team member has experience with her home services company with paid ads posted on Instagram. The ads reached out to some customers, but none of the target audience converted.

Social media shows a home services company's experience and culture, but does not generate the necessary sales. A better choice might have been Google Ads. Many digital agencies only offer off the shelf packages and business owners/clients are not educated on where to spend their budget to truly get strategic results.

To summarize this problem, clients need: 1) a consultative and educational experience, and 2) measurable guaranteed results.

II SWOT ANALYSIS

The SWOT analysis is for the organization as a whole because the business model is the main selling point, but also we will cover our product offerings (digital marketing services). **It may be helpful to skim over section IV before reading this section.**

Strengths

- Personnel; together, the team covers a comprehensive range of services (from high level strategy to operations and implementation of the recommended services).
- Positioned in a high demand, growing market (digital marketing services)
- Low overheads, WFH
- Our team has a wide range of job and business experience with an existing network
- Our new innovation and competitive advantage is a partnership model approach (revenue and equity sharing) for digital market services

Weaknesses

- Many competitors offering the same services, low barrier to entry
- New business, low reputation without our first client testimonial
- Lack of capital
- Three person company, need hiring and contractors to scale up
- Main target client is **on micro-companies** (high risk, long term growth)
 - High Risk strategy

- Lack of differentiation with competitors in product offerings, besides the business model

Opportunities

- Growing market
- Capture the low end of the market (low fee, low willingness to pay);
micro-companies are willing to work with us in exchange for future growth
- Few providers of Tiktok organic marketing, this is another possible space or niche offering to fill in the future
- Find niches that Avance can operate in

Threats

- New digital marketing entrants, service has low barrier to entry
- Established firms, though this is less of a threat with our target market
- Dilution of vision and reliance on flat fixed fee revenue – bigger threat at beginning of business

III Marketing objectives / SMART Goals

Internal SMART (Specific, Measurable, Achievable, Relevant, Time Bound) Goals for Avance

- To build momentum for our business, our first clients come within our professional network, they may not be our ideal target client but we need to build momentum to acquire future clients
 - Minimum 1 paying client (from our personal network) within 15 days
- 2 paying clients within 45 days
- \$6000 / month in reoccurring revenue within 120 days (lean on personal network)
- Outsourced operations by month 3 (indicator is how many freelancers we have and what we are paying them)
- First revenue share client signed within 90 days

SMART Goals for Outreach Process (for ideal client):

- Maintain a minimum of 150 potential clients approached / day (initial message - prospecting). That is 4,500 cold approaches / month.
- Minimum 5% response rate (225 replies / month), any less, we will NEED to improve our messaging
- 1% conversion rate to above; improve this rate by hiring better sales persons
- **Equals acquisition of 2.25 clients per month**

Once we Acquire Clients, We need to have Performance Targets for Clients

- Monitor increase in revenue for the client for every client
- 1.5x client's revenue within 90 days – at the end of the day this is the most important metric for clients

IV Marketing Strategy

Why will clients/customers choose us?

Our main messaging and differentiation (business model) affects our entire marketing strategy across ALL channels so it must be introduced first. It's the foundation for how we will attain more customers.

Refer back to the problem statement: 1) Marketing agencies have trouble scaling up their revenue. 2) They are not always delivering on results.

Q: What can we do differently?

A: Align profit and revenue incentives.

If our client wins (more revenue), we (Avance) wins. Similar to the Nike and Michael Jordan relationship with a long term revenue sharing / commission plan, our business model is based on capturing future growth from our clients. This addresses both of the problems we identified.

Our Innovation - How we will do it

- Our ideal clients are open to a revenue sharing model.

- We are working on a long term partnership model.
- **Our main focus: We are looking to work with micro-companies (0 to 50k revenue / month), startups, ecommerce agencies and digital product and online coaching offers.**
 - Why? Because medium sized companies are already scaled up and DO NOT want to give away a portion of their business. They are already established.

Our method to capture future growth is revenue sharing agreements, long term partnerships, and co-ownership / shared equity.

Scalability is an advantage of our model. Traditional agencies charge anywhere from \$2000+ / month, but they need more clients and more work. Whereas our model - we could take 10% of all future revenue and grow a new unicorn from 10k / month in revenue to a multi-million dollar company; and we are incentivized to do it because everyone wins. This solves the scalability issue of digital marketing agencies too.

This opens an entirely new market too, because micro companies typically do not have a big marketing budget. We are confident that we can create alliances with (small) online e-commerce and digital product businesses. We can capture attention for their businesses and drive sales. Our business model is an innovation in this sector.

How we will meet the SMART Goals listed in section III / How we will get more customers

We briefly mentioned some of this in previous sections already. We rely on our internal network for first clients. At the beginning of our journey, we may also consider diluting our vision and mission to work on a traditional fee model to get started. We would get the momentum started with clients from our existing network. We can create case studies with our first clients. Erika already has interested clients.

For long term growth, the outreach process (end goal of 2.25 clients per month) is most important as all the other SMART Goals flow from that.

The main strategy used is a social selling outreach strategy. We hire 2 virtual assistants for \$5 / hour. They are based overseas. Each day, they would each contact 75 potential clients on social media. Facebook has ecommerce, entrepreneurial groups and digital service offering groups to source prospects. Our main team's job is to craft content and the marketing material for our virtual assistants to send.

Secondly, cold email to the US market is another powerful tool to outreach to small businesses. Automating email campaigns to contact 150 clients per day through cold email would only take a day or two of work. So, the target outreach numbers (4,500 cold approaches / month) are VERY, VERY realistic.

Both these services (social selling and cold email marketing) will be used to scale up our client's revenue too. We discuss a lot more about them in section V, the following section, specifically in V 1) product strategy and V 4) promotion strategy.

V Marketing Mix

1) Product Strategy

Our product offering is based on the strengths of our three team members, plus services that we can outsource to freelancers. Again, to reiterate, brand messaging (we win, you win) and client results (we will double your revenue) are front and center in all our product offerings.

Our two main service offerings: we will offer our clients the same methods and marketing services that are used to grow our business to our clients:

- 1) Outreach through social selling (hire an ‘army’ of virtual assistants to contact potential buyers of our clients’ services)
 - Mainly offered to clients who sell digital services (online coaches and digital product offerings)
 - Ecommerce to a lesser extent
- 2) Outreach through mass email marketing.
 - Mainly offered for B2B Ecommerce clients

We still need to craft an engaging offer for B2C ecommerce clients, but the following services may cover their needs.

Other Service Offerings and Leads

- High level marketing consultation (Erika) / consulting services

- Branding, Public Relations, Social media management, Consulting, liability risk awareness
- Provide high level strategy to help businesses that have not entered the digital marketing space - on where to spend their money, because a lot of small and medium sized businesses have to be smart about where they spend their money with limited marketing funds.
- We do things right from the beginning - a comprehensive marketing study and consultation. Analysis and development of a custom plan
 - Messaging and offer creation consultation (entire team)
 - Content creation (outsourced)
 - Copywriting – (Sy+outsourced)
 - Search engine optimization (Rano+outsourced)
 - Organic marketing, Tik-tok (not at present, future hires)

As we continue to expand our business, we can outsource marketing services such as SEO, outreach and administration.

2) Pricing Strategy

Selling digital marketing services is a tough, competitive market. We are aiming to capture the lower end market (lower end of willingness to pay)

The main objective of our business model is to capture long term growth, sacrificing immediate payoff for long term growth and scalability. We need to identify winners; willingness to pay is not an issue as long as client is able to sacrifice equity.

Our focus and priority is on growth.

If we dilute our vision, we can work on a flat fee model like a standard agency - but then how do we differentiate? A competitive agency charges \$2000/month + ad expenses. If a company hires a full time junior marketer, they would pay around \$4000 / month at least. Digital marketing agencies need to be competitive with these mentioned figures.

Our flat fee for micro-companies would be \$0 (if we identify a complete winner that we can scale up) to \$2000 / month. Ad spend and marketing budget is the responsibility of the client.

Furthermore, our two main product offerings (social selling and email marketing) are INCREDIBLY cost effective. For organizations without a marketing budget, we would fit their needs with just these two product offerings.

Social selling would not cost more than \$500 a month for a part time virtual assistant; they could contact 100 prospects per day. Emailing marketing requires a few web services (Apollo.io, sendinblue) and domains; for less than \$150 / month we can outreach to thousands of prospects per day.

3) Place (Physical Distribution Strategy)

In our branding, we have to emphasize that we are a local (Vancouver) company serving the North American market. Too many companies are outsourced and based abroad (even though we will be doing the same, we want to emphasize our Vancouver roots and hide the outsourcing aspect as much as possible).

However, we are operating almost entirely online consultations and work. Maybe a few in client meetings. Our services are remote, and our promotions are online.

Where online?

- Tools: CRM (Hubspot) / Zoom / Calendly, Google Suite of services
- Prospecting and sourcing data (<http://www.apollo.io> a B2B business email database, <https://www.brandnav.io> a ecommerce database) – where we'll get our B2B email leads
- Social Selling through social media (Twitter, Facebook, Instagram)

The importance of a CRM to house our data: We need to have tools in place to record, automate and document client interactions. If we're dealing with 10 clients a day online, we can rely on manual processes; but what if we scale up to 100 / day? We NEED to have processes in place at the start.

4) Promotion Strategy



Again, we emphasize our brand and main message: a partnership model, and doubling our client's monthly sales. "We grow your business to grow our business." Stay on brand.

Outbound Strategy

To get stated, our outbound strategy to our ideal customer is based on very cost-effective methods as we mentioned above (social selling through VAs and email marketing). Not to give away our cold email process, but it involves automatically scraping US email address off of Apollo and then feeding it to an email campaign service like instantly.ai or sendinblue. That is one way that we will receive our prospecting list.

Our prospecting and promotion strategy is based on automation and use of existing tools. We will primarily rely on outbound marketing and forming relationships and referrals. Sending cold emails and DMS through LinkedIn Premium or other LinkedIn automation tools, Twitter, and Facebook.

Inbound Strategy

Our main inbound strategy is to craft messaging and content that can be reused for both inbound and outbound campaigns. To reduce the burden of work, we would reuse and repurpose content. A blog post could be used for an email, and as a script for a Youtube video; that Youtube video could be spliced into shorts for Instagram.

For our inbound strategy: we will do all the standard marketing activities 1) Start a website, 2) SEO, 3) Google Ads, 4) Social media, 5) In person networking events, 6) Join entrepreneurial groups and local business networking.

Most importantly, we need social proof and testimonials from our first clients. Landing the first client could produce us case studies, lessons and more information to share on social media.

Specific content ideas:

- Client testimonials - very important!
- Documenting our student journey on Youtube and social media (show what we learned).
- Sharing knowledge on digital marketing and providing free value: Educate the audience about the importance of having a digital marketing plan and how it would contribute positively to your sales, this would it be done by a video channels youtube, podcast, instagram videos.

VI Conclusion

Our team is very excited about our idea and bringing it to market. We already have domains, a website built with no-code tools, a fantastic logo, and the business processes laid out.

We have potential clients from Erika's network and email campaigns with the tools mentioned have been sent out by Simpson in the past. A lot of work is needed to bring it onto market, but if we stay on brand, we can cover a service niche in the digital marketing space.

Key learnings and findings

- Digital marketing is a fast growing field.
- There are problems related to scalability of revenue and results for traditional model agencies, especially newer ones.
- We must stay on brand and emphasize our partnership model. Our messaging will get us clients. "We win, you win."
- Converting 4,500 clients prospected per month to 2.25 paying clients / month is a realistic goal.
- Email marketing and social selling are very cost-effective ways of outbound marketing, and what we should focus on first as a promotion method and product offering