Marketing and The Sales Pipeline
Total Available Market, Served Available Market, Target Market

TAM = how big is the universe

SAM = how many can I reach with my sales channel

Target Market (for a startup) = who will be the most likely buyers
Segmentation
Show Me the Money

- Geographic
- Demographic
- Psychographic variables
- Behavioral variables
- Channel
- etc…
Customers, Marketing and the Sales Funnel

• Positioning matters
Positioning Happens **Before** Demand Creation

- **For** (target customer)
- **Who** (statement of the need or opportunity)
- **The** (product name) is a (product category)

- **That** (statement of key benefit – the compelling reason to buy)
- **Unlike** (primary competitive advantage)
- **Our product** (statement of primary differentiation)

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**Demand Creation**

- Executive Summary
- Corporate Presentation
- Elevator Pitch
- Web site, collateral
- Tagline

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E145 Entrepreneurship Autumn 2008
Demand Creation Feeds the Sales Funnel

Demand Creation

Acquisition

Paying Customers

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Demand Creation

Example – Enterprise Software

- Print Advertising
- Direct Mail
- Viral marketing
- E-mail marketing
- Blogs
- Communities
- SEM/SEO
Demand Creation

Example– Web Virtual World

- Search Engine Marketing (SEM)
- Search Engine Optimization (SEO)
- Viral marketing
- E-mail marketing
- Affiliate Marketing
- Bannering
- Communities
Demand Creation on the Web is Different

- Search engine marketing (SEM) i.e. keyword advertising, paid search, etc.
  - your ad in a search engine. Paid for on a per-click-basis (PPC - pay per click)
- Search engine optimization (SEO)
  - free traffic by optimizing your website for readability by the search engines
- Viral marketing
  - Spreads your message by your users/customer. i.e. Hotmail email tag line
- Affiliate management
  - Partners that promote your product or service on their web own page. They earn money by selling your product.
- Bannering i.e. skyscrapers, superbanners, content ads, flash layers, etc.
  - you buy media space on other websites on a PPC (pay per click) or CPM (cost per million.) Your banners displayed in predefined spaces.
Demand Creation on the Web

You Pay For These (SEM)

These are Free (SEO)
Customer Acquisition Cost

How much do you have to spend here

To get one customer here

Paying Customers

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The Sales Funnel

Acquisition

Paying Customers $
Distribution Channels

How Does the Product Reach the Customer?

Acquisition

Distrib. Channel

Paying Customers

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Distribution Channel

Pick One

Your Company

- OEMs
- System Integrators
- Direct Sales Force
- Value-Added Resellers (VARs)
- Dealers
- Distributors
- Retail/Mass Merchants/Online

Your Customers
The Sales Funnel
Enterprise Software

Paying Customers

Leads
- Qualified Lead
- First Sales Call
- Demonstration
- Feasibility
- Proposal
- Purchase Order

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The Sales Funnel
Web Funnel

Acquisition

Registered
Log in
First Conversation
5 Conversations
Paid Once
Subscription

Paying Customers
→ $
AARRR: Web Marketing Metrics

- **ACQUISITION**
  - SEO
  - SEM
  - Social Networks
  - Apps & Widgets
  - Email
  - Domains

- **ACTIVATION**
  - Campaigns, Contests
  - Biz Dev
  - Direct, Tel, TV
  - Affiliates

- **RETENTION**
  - Emails & Alerts
  - Blogs, RSS, News Feeds
  - System Events & Time-based Features

- **REFERRAL**
  - Viral Loops
  - Emails & widgets
  - Affiliates, Contests

- **REVENUE**
  - Ads, Lead Gen, Subscriptions, ECommerce
  - Biz Dev

Website.com
Analyze The Funnel Over Time

Registered but didn’t login

Login but no conversation

Had 1 conversation but not 5

Had 5 conversations but didn’t pay

Paid
Cohort Analysis of the Funnel

This plot measures retention by calculating the fraction of ‘active’ users who had a conversation in the preceding 30 days. Active users are defined as having had at least 5 conversations total.
A Sales Funnel is Great if You Have One

• You should be so lucky
• How do you get a sales funnel?
• Who do you hire?
• How do you start?
Customer Development

- To get a funnel you need to have a deep understanding of customers
- Use the Customer Development methodology to get started