APPSUMO'S MULTI-MILLION DOLLAR — MARKETING PLAYBOOK —



Sumo.com Growth Study

Peek inside AppSumo's multi-million dollar marketing strategy

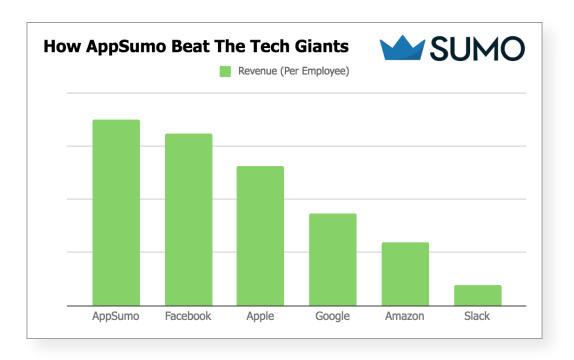


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There is one company in the world that makes more revenue per employee than Apple, Facebook, Google, Amazon, and Slack. And they do it with no venture capital and no investors. Who am I talking about? AppSumo.



I studied the tech giants' 2017 10-K Annual Reports and compared their data to AppSumo. Amazon with their \$136 billion in revenue and 230,000 employees has over 5,000 times more revenue than AppSumo, but let me ask you this question...

Would you rather run:

- 1. A big, Nasdaq-listed company with thousands of employees OR
- 2. A small, multimillion dollar business with 10 people you know by name, go surfing with in Hawaii, and get together with to chow down on tacos every week?

If your answer is 1, then <u>read this article I wrote on how Amazon generates \$136 billion in</u> <u>revenue</u>.

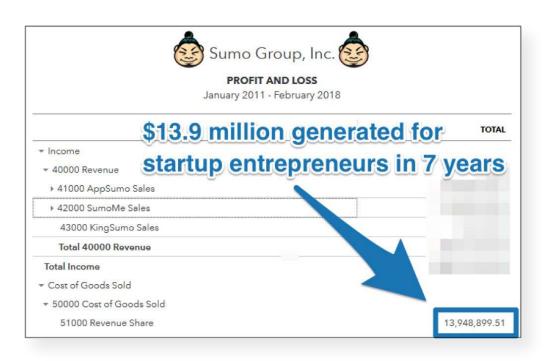
If your answer is 2, then keep reading (you're in for a treat).

AppSumo is the go-to eCommerce website for entrepreneurs to get lifetime deals on their favorite software. The AppSumo business model and marketing are so successful that a small nine-person team led by CEO Ayman Al-Abdullah (ex-Microsoft) took AppSumo from making millions per year to millions per month in the last two years with no outside funding.





In fact, they've paid out over \$13.9 million to their partners whose products they help promote to millions of entrepreneurs. That's a lot of taco money.





And they spend A LOT on expenses that come with helping startups reach millions of eyeballs:

- Affiliates (who promote AppSumo products to their audience).
- Paid Advertising (to help startups reach audiences they could never reach by themselves with their small marketing budgets).
- Employees (a small elite group dedicated to promoting the startups AppSumo partner with).

At its core, AppSumo was built to help promote cool products. Sit up straight, lean a little closer, and put your reading glasses on as I show you the key marketing tactics AppSumo use to promote the world's coolest products.

Note: Nothing in this case study is based on conjecture or theory. I traveled to Austin, slept in the AppSumo office, ate their tacos, and extracted every last business, life, and marketing nugget out of the world-class team behind AppSumo's success. They gave me the inside scoop on exactly what they do and how they do it.

Get access to the tools AppSumo used to make millions





The Kopywriting Formula Of A \$250,000 eCommerce Sales Page

There's one reason why AppSumo has some of the most die-hard fans (affectionately known as Sumolings) compared to all other companies on the internet. It's the same reason they can convert email leads into over \$250,000 in sales when they send one email.

The reason: kopywriting.

AppSumo has developed a unique brand voice. It is a personal voice... a good friend of yours from college who can explain things simply and you enjoy interacting with them. Some key characteristics that make AppSumo's copy so compelling include:

- They don't make you feel stupid
- They joke around
- They can make the boring seem exciting
- Not too cheesy or meme overload
- Not too wordy or corporate

- Show real results
- No over-promising
- No clickbaity
- No used car salesman
- If it's a serious topic, they're more direct

Here's an example of a very well copywritten headline that matches AppSumo's brand voice and audience (if you don't understand the DJ Snake and Lil Jon song reference, you likely aren't AppSumo's ideal customer anyway):



AppSumo is like the golden retrievers of the marketing world; reliable, friendly, personable and a little silly, but wise, loyal and humble at the same time.





The guy who started it all: Neville "The Brown Santa Claus" Medhora

Since the Kernest font deal, AppSumo has gone on to do deals with over \$250,000 in revenue using short 500-word sales pages. To show you exactly how they do it, I've broken down AppSumo's CloudApp deal page section-by-section.

- 1. Headline (short and intriguing, usually mentioning the benefit)
- 2. Subheadline (a bit more detail about the benefit)
- 3. Problem (common problem people have when not using the product)

Use CloudApp for snapping screenshots, recording video walkthroughs, creating GIFs, and communicating with your team and customers	
Despite what my ex tells her friends, I hate repeating myself.	
And when it comes to managing a remote team and answering thousands of customer support questions every week, the last thing I want to do is answer the same question over and over again.	# 3

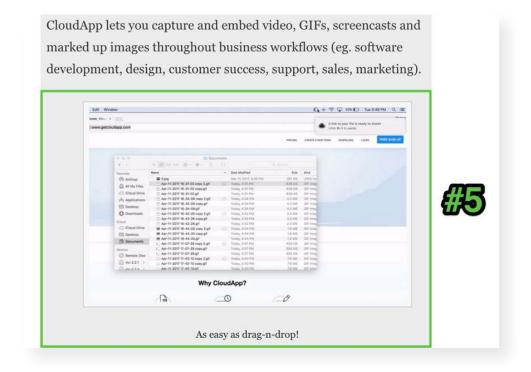


4. Video (add it in if you have one to increase credibility)



CloudApp is the coolest, sexiest, fastest way to explain and clarify your ideas or processes that we've ever come across.

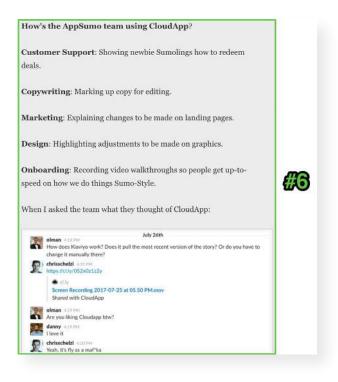
5. Pictures (demonstration of how to use the product)



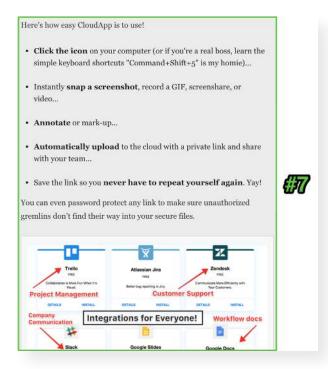


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6. Internal validation (mention how you are using it, or showcase how another popular brand uses it)

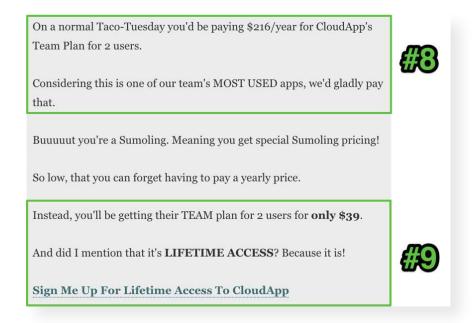


7. Examples (of how you can use the product)

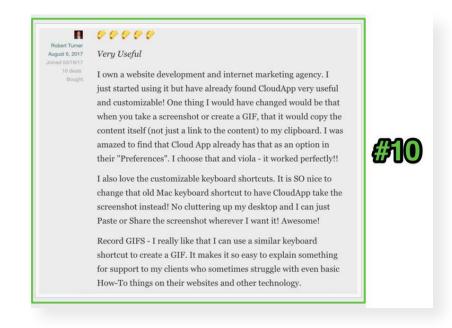




- **8.** Original price (show it and validate it by mentioning how you or someone else pay that price)
- **9.** AppSumo price (show it and tell people they can get lifetime access with a link to buy it now)



10. Testimonial (show a real testimonial from someone who's already bought the product with 5 tacos from when you beta-tested the deal)



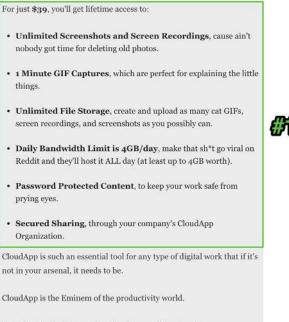


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11. Objections (go through common objections and debunk them)



12. Benefits (all the cool things you are about to get)



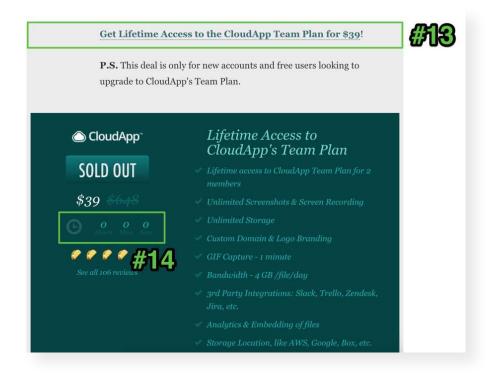


Secured Sharing, through your company's CloudApp

Don't let Marshall down. Buy CloudApp and thank us later.



- 13. Offer (final call to action to buy the product)
- 14. Scarcity (time until deal closes, how many deals are left)



15. Social proof (reviews and questions automatically sorted by most upvotes to kill spammers)





Golden Nugget: Don't write your sales page in Google Docs, Word, or your email editor. Write it inside Facebook messenger. It will help you write like you're writing to a friend (then copy it across to your website).

You don't need a long sales page to sell a lot of product, but it's critical that you have every element I covered above if you want your sales page to convert people.

The takeaway: Use the AIDA formula to write short 500-word emails and sales pages that capture attention and inspire action. Tony Robbins uses the AIDA formula to generate leads on his home page with his AIDA lead generation quiz. AppSumo uses it to sell millions of dollars worth of products via email, with this 15-part AIDA sales page framework:

Attention:

- 1. Headline (short, intriguing, usually mentioning the benefit)
- 2. Subheadline (a bit more detail about the benefit)
- 3. Problem (common problem people have when not using the product)

Interest:

- 4. Video (add it in if you have one to increase credibility)
- 5. Pictures (use case of how to use the product)
- 6. Internal validation (mention how you are using it, or if you're not using it then showcase how another popular brand uses it)
- 7. Examples (of how to use the product)

Desire:

- 8. Original price (show it and validate it)
- 9. Your price (show it and tell people they can get lifetime access with a link to buy it now)
- 10. Testimonial (show a real testimonial from someone who's already bought the product)
- 11. Objections (go through common objections and debunk them)
- 12. Benefits (all the cool things you are about to get)

Action:

- 13. Offer (final call to action to buy the product)
- 14. Scarcity (time until deal closes, how many deals are left)
- 15. Social proof (reviews and questions automatically sorted by most upvotes to kill spammers)

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10x Your Email List With Quarterly Giveaways (Hint: Viral Coefficient k>1)

Every quarter AppSumo tries to do one giveaway. The first giveaway they did in October 2012, a giveaway for 10 Dropbox lifetime licenses, helped the company grow their email list by 200,000 people.



Noah Kagan was drinking on a Friday night when he got inspired by a giveaway he saw on a women's deal site called Bloomspot. He was going to do the giveaway "ghetto" (without coding anything), but Chad Boyda (now CEO at Sumo.com) coded it up so people could get extra entries for referring friends.

They launched it the next Wednesday (five days after having the idea). After one week the giveaway generated over 200,000 email signups.





Regularly, it cost AppSumo around \$5 to get an email subscriber through online ads like Facebook back in 2012.

The giveaway cost them \$60,000.

\$1,200 a year (cost of Dropbox for a year for 10 people) multiplied by people living 60 years = \$60,000

Instead of paying \$5 per email subscriber, AppSumo got 200,000 email subscribers for only \$0.30 each with this giveaway.

To get Sumo-sized results (like Chad and Noah did with the Dropbox giveaway) you need to try new channels and new marketing techniques before others do. A giveaway with insane results like this is not common, however. There were a few key factors Noah told me that made this so successful:

- 1. It was viral with <u>KingSumo</u> (Chad coded the early version of KingSumo for AppSumo to use internally and it went viral because of the referral entry feature)
- **2.** It was early in the life cycle of Facebook and Twitter so social media spread faster and wasn't as crowded with other posts from your friend's taco-eating competition
- 3. The early adopters of the social media platforms were AppSumo's target market
- **4.** Noah was willing to experiment quickly with using giveaways as a new marketing tactic, and not many other people were using them yet (it only took Noah and Chad five days from idea to execution)

More recently, Chris Schelzi (AppSumo's Head of Marketing) ran a giveaway for a growth hacker bundle with five winners that generated 30,822 entries.

These weren't just people on AppSumo's 1,700,000+ email list either. 18,564 of these were new entries—people not already on their email list.

Chris tracked this cohort, and many of AppSumo's best customers came through this giveaway. He measured "best" by looking at the lifetime value of customers who came through the giveaway versus AppSumo's average customer lifetime value (CLTV). In 2016 AppSumo's average CLTV was \$163.96; in 2017 Chris helped increase that average by 55.53% to \$255.

To get a high CLTV with the giveaway, Chris got a bunch of partners who have a similar audience to AppSumo to DONATE their tools, so AppSumo had to pay very little to get in front of a targeted audience, but was able to give away prizes with a total value of \$28,260.





Golden Nugget: To reach a new audience, Chris bought five books from five different authors, and got eight software and two eCommerce companies to donate products. This gave AppSumo 13 potential opportunities to cross-promote with their partners' audiences.

Here is the seven-step process Chris uses to get partners to donate products and share AppSumo's giveaway, and how you can use it for your business:

- 1. Create a list of all the companies you want to partner with for your giveaway
- 2. Find the CEO and CMO of that company
- **3.** Email the CEO and copy the CMO on the email. Why both? Because chances are it'll work one of three ways:
 - The CEO will like the idea and then pass it along to the CMO to execute (accountability)
 - 2. The CMO will think it's a great marketing idea that'll make them look good and then will pitch the idea to the CEO and convince them for you
 - **3.** Each could think the other will answer (so make sure to send the email to the CEO and copy the CMO, not the other way around)
- 4. Highlight the major benefit your partner will get by participating when you pitch the giveaway (Chris highlighted the huge exposure partners would get to be in front of the 700k+ email subscribers AppSumo would email). Then make a small ask to get your first little "yes." Here is the first pitch email Chris sent:



Ð	Chris Schelzi <chrisschelzi@appsumo.com> to massimo. Tim Massimo! Hope you're doing awesome!</chrisschelzi@appsumo.com>
	I'm reaching out because AppSumo will be running a giveaway to our email list of 700,000+ subscribers aka Sumolings. You guys would be fantastic to include. I use AdEspresso all the time and would love to get you involved in the giveaway!
	Let me know if you're interested and we'll get it rolling :)
	Cheers, Chris Chris Schelzi Head of Marketig, AppSumo (978)-836-1418] chrisschelzi@appsumo.com] www.appsumo.com Skype: Schelzi3] 1305 East 6th Street, Austin, Texas ff in @

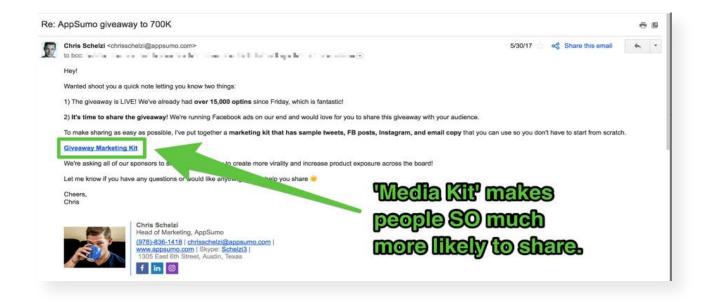
5. Once they agree to be a part of the giveaway, add in social proof, why it will work for them, the halo effect of other companies doing it, and say "OK, I'll need 10 free licenses" or whatever. If you ask for a bunch of free things in the first pitch email, it's much more likely to get shut down. Here is the second email Chris sent, where he outlines how the giveaway is going to work and adds more value to the partner (see P.S. in email):

Re: A	AppSumo <> AdEspresso giveaway to 700K?	0 8	
	Chris Schelzi <chrisschelzi@appsumo.com> 5/4/17 ☆ oĞ Share this email to Tim ⊙</chrisschelzi@appsumo.com>	* •	
	Tim,		
	Great to hear from you.		Ocalel
	Yeah, it's gonna be a lot of fun!	-	Social
	We're going to run it through KingSumo, our giveaway platform that has built in virality i.e. you ge entries every time a friend joins. We've run a bunch of these in the past and typically see between 20,000 entries.	t more n 5,000-	ന്ത്രണ്ട് 🧼
	Ideal Contestants Online entrepreneurs with 6-figure businesses.		Preced
	Prizes The prizes will fail under the category of tools to help entrepreneurs create, grow, and scale their online.	biz	Why ft
	I don't want to include more than 10 partners to keep it curated and not dilute each partners invol-	vement.	
	My goal is to make the overall giveaway value of \$10,000 - \$20,000 + in prizes. AKA it's gonna b brainer for everyone to join and share and share and share :)	e a no-	will work
	Promotion This giveaway will be promoted to our entire AppSumo email list of 700,000+ subscribers as well through the giveaway partners who share through their lists and social media. Lots of traffic.	85	
	Let of Prizes (may change): e9Designs (5-10 design packages) Best Self Journals (10 Journals) 10 book pack (bestselling entrepreneurship books) <u>Smart Desis</u> Rescue line Pro	loe are	fileof" of amamics
	Date End of May, for about a week.		Companies
	AdEspresso The University Plan seems a bit too basic for our audience. We want to blow this out of the water really make it something special so everyone involved is incentivized to share and get as many er as possible. If it works for y'all, let's do 5 - 10 one-year licenses for your base plan. One of the plane file based about Sumolings is that come they use and love a product, they often upgrade in higher tiered plans.	ye balls he things nto the	🔶 Theask
	gaga over :)	ii go	
	Happy to hop on a call as well to chat details :)		
	Cheers, Chris		
- 6	P.S. I may also be doing some Facebook Live promotions to our Facebook audience of 115,0 people as well to bump up the giveaway stats, so you'll get a shout out there as well .)	000	
ľ	Chris Schelzi Head of Marketing, AppSumo (978)-835-1418 chrisschelzi@appsumo.com www.appsumo.com Skype: Schelzi3 1305 East 6th Street, Austin, Texas		
	f in 🞯		

6. Collect all the prize codes and freebies ahead of time. For physical products (notebooks, etc.) it's better to have the partner mail them directly to the winner. Much easier for your logistics.



7. When the giveaway goes live, email all the giveaway partners with a media kit (see below) and ask them to promote the giveaway to their audience. This makes it as easy for them as possible to help share your message. Here is the email Chris sent:



Golden Nugget: Add a tracking link to your Media Kit so you can track how many people click it, to get an idea how effective it is.

The media kit Chris put together gave people tweets, Facebook posts, email copy, graphics and assets, links, etc. Chris used this before when promoting a crowdfunding campaign in the past (at a different company) and it led to nearly \$50,000 in direct revenue from the promotion partners.



After the giveaway ends, Chris sends a thank you email to all partners. He does not share the collected email addresses with partners; their benefit is getting exposure to millions of people through all of AppSumo's promotion of the giveaway.

Use this three-step process from AppSumo to promote your quarterly giveaways and get thousands of email signups:



Step 1: Buy a KingSumo license.

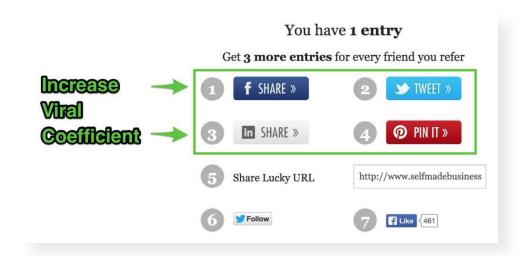
This is the software tool AppSumo uses to run all their giveaways. In the video, you can see the 34 giveaways AppSumo has run since 2011 and how Noah built KingSumo into a \$1 million business.



There are a lot of reasons why KingSumo is the best tool to use, but the main one is that true virality is engineered into the tool.

To make a giveaway go viral, you need to get a viral coefficient >1. That means turning every one giveaway entry into at least 1.1 entries (i.e., for every 10 people that sign up, there's an 11th that signs up). The higher your viral coefficient is, the better your giveaway will perform.

The best way to increase your viral coefficient is for people to "share" your giveaway page (not like, follow, comment, etc.). KingSumo has designed their software so that once someone enters your giveaway, the first four actions they are incentivized to take is sharing your giveaway across the four biggest social media platforms (Facebook, Twitter, LinkedIn, and Pinterest).



When someone clicks one of the sharing buttons, your post copy and image is automatically inserted and optimized to make it one-click easy for entrants to share your giveaway and get more entries.



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Step 2 : Pick a great prize with WOW factor.

The key to a successful giveaway is picking a prize that:

- **1.** Your target customer wants
- 2. Will inspire action (aka has WOW factor)

If you don't follow number one, you'll get email signups that aren't directly related to your product and won't buy later (hint: don't give away an iPad or iPhone).

You also want to make sure your prize has WOW factor. In other words, when your target audience hears the headline of your giveaway, it makes them want to drop everything and enter your giveaway.

Here are three "WOW factor" examples to get your creative juices flowing:

- 1. Business: Window installation company Prize: Voice-controlled shutters for your entire house
- 2. Business: Luxury car sales company Prize: Lease on a Mercedes for one year
- 3. Business: Cryptocurrency trading company Prize: Trezor wallet with \$1,000 bitcoin



Golden Nugget: Use "Authority Piggybacking" by picking a prize owned by a company that will help you promote your giveaway (like Sumo did above and like Chris did with The Ultimate Growth Hacker Giveaway). This can help you piggyback off the audience of the prize owner and be laser-targeted with your promotion.



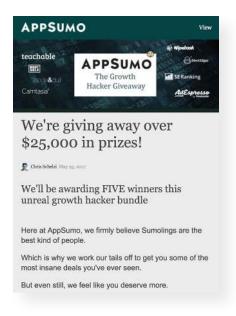
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Step 3 : Promote your giveaway.

If you've followed Step 1 and Step 2, then you don't need to do a lot to promote your giveaway in Step 3. You just need to give your giveaway the initial push to get it in front of your target audience.

Here is a simple promotion checklist you can follow:

 Send to your email list/push notification list/Facebook messenger list (send two emails: giveaway launch email and last-chance email). The email goes to AppSumo's full email list, and there is no segmentation done because people have the opportunity to earn more entries by sharing the KingSumo giveaway before it ends. Here is the giveaway launch email AppSumo sent:

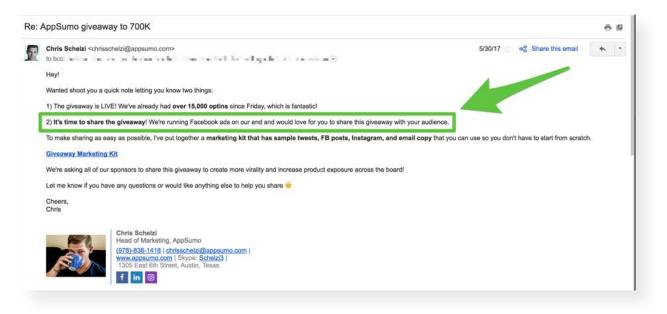


2. Post on your social media accounts (Chris and Olman did a Facebook Live stream five hours before the giveaway ended for AppSumo)





3. Ask your prize partners to email their list and share on their social media. Chris sent this email to partners:



- 4. Make a list of your friends who have the audience you want to target and ask them to post on their social media
- **5.** Send a small amount of paid traffic to your giveaway page (e.g., if you are giving away Dropbox licenses, advertise to Dropbox fans)

Remember to make it easy for your partners and friends to share by providing done-for-you email swipes and social media assets <u>like Amazon does</u> for their partners when promoting their charity program.

If you are looking for even more promotion ideas, here is a <u>complete list of 134 traffic tactics</u> we've put together. However, if you need to over-promote your giveaway, then it probably means your giveaway sucks (i.e., you didn't follow step 1 and step 2).

The takeaway: Schedule a quarterly giveaway on your marketing calendar to grow your email list. Get <u>KingSumo</u>, pick a great prize relevant to your audience with a unique angle (bonus points if you can use "Authority Piggybacking" like Chris did), and promote your giveaway to get it in front of the people who would crawl over broken glass to get what you're offering.





AppSumo's Top 4 Email List Building Tactics

AppSumo's whole business model is built around promoting cool products. Their email list is their #1 promotion channel. Most people think popups are annoying, but they aren't when you time them right. AppSumo has proven that by using popups as their primary email list building tactic.

Here are the top three popups they use (plus a bonus one). Before you copy them, <u>click here to</u> <u>get Sumo</u> (AppSumo uses these behavior-based website popups from Sumo to grow their email list).

AppSumo List Building Popup #1

Popup Type: \$100 Freebies Popup Popup Design: Sumo "Atomic" Template (available inside Sumo)

Freeb	oies!
Last year we gave away on ave each subscriber every i	0
Enter your best email	
Give me!	No Thanks



Timing and Display: 15 seconds after being on the website

Control e appears.	exactly when your popup		er Leaves w before a user leaves your page.
Show Popup after	-	If a visitor hasn'	't seen a popup in
15	seconds	1	month

Result: 78,888 email optins

Туре	Name 🔺	Last Edited	Views	Conversions	Conversion Rate
	Freebies! CRAFT	2017- 10-25	1,770,287	78,888	4.46%

Why It Works:

- It's timed to only show after someone has been on the AppSumo website for 15 seconds, so the visitor has had time to browse the latest product/deal before getting asked for an email.
- AppSumo's audience (early-stage entrepreneurs) is looking for great deals, so the marketing copy matches what they are seeking.
- The value proposition is simple: get \$100+ in free stuff every month.

AppSumo List Building Popup #2

Popup Type: New Product Popup (Optimized For Mobile)

Popup Design: Sumo "Focus" Template (available inside Sumo)

From This	To This
× Don't miss this deal Never miss a deal again. Get notified when our new offers drop, and when existing offers are about to expire!	X Don't miss this deal Never miss a deal again. Get notified when our new offers drop, and when existing offers are about to expire! Enter your Email
Enter your Email GET NOTIFIED	GET NOTIFIED No, I'm already on the list.



DON'T SHOW Path contains /account

Timing and Display: As a visitor using a mobile device leaves the website (except pages like account or privacy policy, where you don't want to interrupt people)

Ontrol exactly when your popup appears.	Show before a user lea	aves yo	ur pa	ge.
lf a visitor hasn't seen a popup in				
5	days			
isplay Rules				
	now.	+	\$	×
efine where forms should show or don't s SHOW Mobile Devices If Javascript var named dataLayer[0].userEm		+	*	×××

Result: Doubled AppSumo's email opt-ins in one day with a 100.49% increase in mobile conversions and 2,022 new email subscribers

A	1.2)-ET-MOB- sit on't miss this deal"		,297	11	0.85%		Baseline	50%		View
в	nb-targeted butto on't miss this deal"		,235	21	1.7%	89.66%	+100.49%	50%	✔ Winner!	View
	MS-(1.2)-ET-MOB- sit "Don't miss this deal"	PUBLISHED		7-12- 12	116,350	2,022	1.74%	• [OFF	t v

Why It Works:

- AppSumo took one of their highest-converting popups on desktop and changed the button position to improve the mobile layout.
- The new button layout roughly lined up right under the user's thumb to make it easier to opt in while browsing on mobile (AppSumo has a lot of mobile traffic, so any improvement is a good win).



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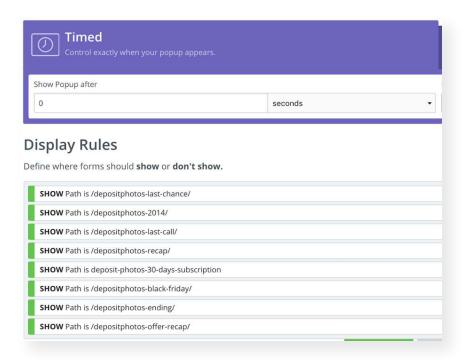
AppSumo List Building Popup #3

Popup Type: Expired Product Popup

Popup Design: Sumo "North" Template (available inside Sumo)



Timing and Display: All Depositphotos expired deal pages (plus AppSumo's other top 10 expired deals)





Result: 7.5% conversion rate and 58 email subscribers

MS-4.1-TP-Expired Deal-Depositphotos EMAILS POPUP AUTO RESPONDER		BEST FORM
IMPRESSIONS	EMAILS COLLECTED	CR%
773	58	7.50%

Why It Works:

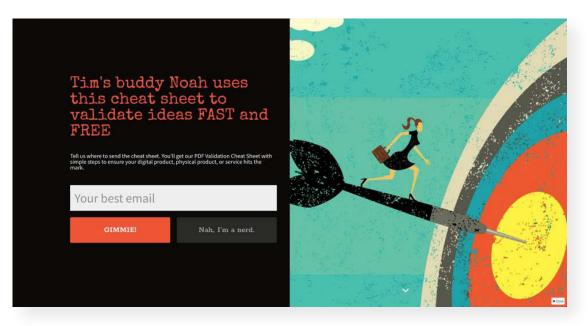
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- It lets the visitor know that the deal isn't live anymore, and collects their email, so they can get notified and not miss similar future deals.
- It improves user experience by letting people know the deal expired, yet still shows the valuable deals AppSumo has to offer. Many visitors come from catching up on months-old emails, and this beats showing them a sad taco.
- It uses separate popups for different individual expired deals. When people find an expired deal, the messaging is related to that individual software. This got the conversion rate up to 11.48% on one popup.

AppSumo List Building Popup #4

Popup Type: Referral Traffic Welcome Mat

Popup Design: Sumo "Creative" Template (available inside Sumo)





Timing and Display: Referral traffic from Tim Ferriss's website

isplay Rules						
efine where forms should show or don't	show.					
SHOW Referrer domain is http://tim.blog/				+	¢	×
	Add New Rule	Load Set	Save As Set			

Result: 6.3% conversion rate and 704 email subscribers

Why It Works:

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- It's personalized based on the referral traffic source (Tim Ferriss website visitors see a Tim Ferriss-branded popup).
- It leverages the "association bias" (one of 25 cognitive biases people have) to make AppSumo seem more credible and trustworthy by associating their brand with someone they trust (Tim Ferriss).
- Tim's readers are a little more "fun" so the buttons "GIMMIE!" and "Nah, I'm a nerd" tested better than just "Download" and "No Thanks."

These are four of AppSumo's most successful popup types. If you want help discovering which popup types can help grow your email list, you can get a free site optimization from Sumo's Optimization Team when you <u>visit this secret page</u> (warning: only apply if you're ready to grow your email list with an onslaught of new leads who are eager to buy what you sell).

The takeaway: There are four simple ways to grow your email list:

- Come up with a relevant offer for your audience and promote it on a popup that is timed to show after people have been on your website for X seconds (AppSumo do this with an offer to get \$100+ free stuff every month after someone has been on the site for 15 seconds)
- 2. Find your highest-converting email popup and create a mobile-optimized version with your call to action button below your email opt-in field (AppSumo do this for their sitewide deal notification popup that shows when someone tries to leave the website)
- **3.** Put email popups on your expired product pages (AppSumo put it on their top 10 expired deal pages with the most traffic)
- Create email popups on your website based on your referral traffic data (AppSumo create popups from big referral traffic sources like Tim Ferriss' website)





Get Your Next Big Business Idea By Mixing 2 Markets Together (AppSumo = Web Apps + Daily Deals)

Chief Sumo Noah Kagan (#30 at Facebook, #4 at Mint) is the CEO of Sumo Group Inc., started in March 2010. Sumo Group consists of four different companies (AppSumo, KingSumo, Sumo, and Briefcase HQ). Before Noah owned any of them, he was a solo entrepreneur trying to make money with a big business idea (after his first startup named Gambit failed).

If you know Noah, he's a smart, humble, taco-loving guy, who will be the first to tell you that "everything's a copy of something else."

It's hard for Noah's brain to come up with big, original ideas unexpectedly when he's singing Skinny Love in the shower, so back in 2010 Noah mixed two markets together to come up with his big business idea for AppSumo.

Here is how Noah's "taco brain" thinks:

- 1. I like marketing (I did it for Mint.com and grew the business from zero to 1 million users in six months #success #NoahGetsConfidence)
- 2. Dropbox and other web apps are growing damn fast (Dropbox took seven months to get 1 million users in 2009)
- MacHeist 3 sold 88,401 Mac app bundles at \$39 each with a two-month deal to rake in \$3,447,639 revenue (If time-limited deals work with MacHeist and Mac Apps, it's going to work with other verticals)

Knowing this, Noah used what I call the "Two-Market Method" and decided to help web apps get customers by using time-limited deals.

- Market 1 : Web apps (like Dropbox)
- Market 2 : Time-limited deals (like MacHeist)
- Noah's idea : Time-limited deals on web apps (cha-ching!)

He copied MacHeist's successful business model by mixing the web app market and the time-limited deals markets together with his love for marketing to come up with his business idea.



Noah even mocked up a MacHeist deal in a spreadsheet using some conservative numbers before starting AppSumo to get a rough idea of the business potential.

Bundles Sold	40,000	<= this number is public
Bundle Price	\$49	<= this number is public
Total Revenue	\$1,960,000.00	
PayPal Fees	\$70,800.00	
Total Profit	\$1,889,200.00	
# of Partners	10	
Rev / Partner	\$188920	
Profit Margin	30%	<= assumed
Macheist Profit	\$566,760.00	

Here are three big business ideas I brainstormed using this "Two-Market Method" to show you how easy it is:

- **Big Idea #1 : Supplements for UFC fighters**
- Big Idea #2 : Real estate investing for retired Navy SEALs
- Big Idea #3 : Daily deals for Kickstarter products

Golden Nugget: : Don't overlook Big Idea #3. When I asked AppSumo's CEO (Ayman Al-Abdullah) what other markets he saw ripe for an AppSumo model, he whispered in my ear "anything on Kickstarter" (backpacks, clothing, gadgets, etc.).

To prove his idea, Noah created a website to collect emails from friends, using a sexy picture of his friend Paul "Stammy" Stamatiou:

APPSUMO Star	nmy loves appSum	0
Free weekly emai	of your favorite software	
• Up to 80% off norma	prices	
Be first to get notified	when deals come	
Enter your email	See Today's Deal »	- 11
we promise to only send you amazing irrea		NO IN
skia		THE ALL THE
		© app5umo 2010



This was a big mistake for two reasons:

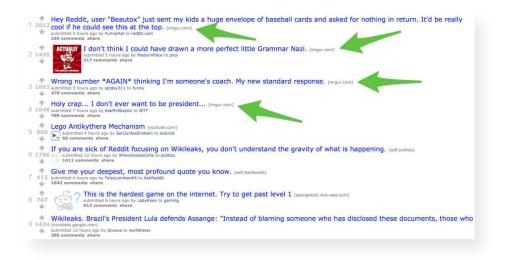
- 1. Collecting emails isn't validation, getting money is
- 2. No one knows who the heck Paul is, except maybe his Mom

Noah started A/B testing landing pages to collect more emails and wasted precious time until a friend slapped him in the face and said, "Go validate that people actually want this thing, NOW!"

For his revised attempt at proving the AppSumo idea was viable, Noah did two things:

- 1. Found a free web app he knew people were using
- 2. Saw if he could sell the paid version of the app to people

Noah is a big Reddit user, and he saw a crap ton of people on the top of Reddit's home page were using a free web app called Imgur.



When Noah saw this, he got to work brokering a deal with the founder of Imgur (Alan Schaaf) to sell the \$29 paid version of the product.

Noah brokered a deal with Alan to receive \$22 for every \$29 Imgur subscription he sold. Noah then set a <u>quant-based marketing goal</u> (the same thing he did to grow Mint from zero users to one million users in six months) for his idea to be considered "validated."

Noah's validation goal = sell 100 Imgur subscriptions.

He decided on 100 after calculating his time value of money. If he could find, secure, and launch a deal in two hours, he wanted to have a return of at least \$300 for those two hours of work. At \$3 commission per sale (after all his marketing and expenses), 100 sales was that amount.



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Here's the email Noah sent on May 11, 2010, to Alan about what he was going to do to promote the deal:

fyi.	i think we are launching tonight.	0.0	9 🛛
7111	Noah Kagan <noahkagan@gmail.com> 5/11/10 ☆ to Alan €</noahkagan@gmail.com>	Reply	•
	fingers-crossed. im going to send to my email list, friends, a bit of reddit and a fair amount of other blogs / places.		
P	Alan Schaaf <alan@imgur.com> 5/11/10</alan@imgur.com>	Reply	-
	to me 💌		J
	Awesome! Let me know when that is so I can check it out!		
	Awesome: Let me know when that is so I can check it out:		

To make the deal successful and get 100 customers, Noah sent a cold email to Chris Slowe, a Reddit founder, inviting him to breakfast at Pork Store Cafe in San Francisco. Here is some of Noah's post-breakfast rapport building:

to me 💌	Sensitive contractions and
2:27 PM 2:28 PM 2:29 PM	me: yowzers Christopher: oh hai internet friend me: im still full from breakfast Christopher: that's b/c you succeeded in finishing
2:31 PM	me: haha i know i was like, wow chris is a or im just a fat ass Christopher: ha well we were on a man-date
2:32 PM	I couldn't have you see me finish my meal me : I didn't even get a kiss afterwards haha I should have taken your left overs home like a good jew shame

Golden Nugget: Kevin "Mo' Money Mo' Tacos" Mendoza on the Sumo Optimization team said this about selling once: "Everyone has their own form of communication, so wherever they respond that's where you continue the conversation." That's exactly what Noah did here, responding via Google Chat where the conversation started.

As you can see, Chief Sumo is a real smooth talker over Google Chat after his breakfast dates. Noah bought Chris breakfast and plainly asked him if Reddit would provide some free advertising since he was promoting something valuable to Redditors.



Chris agreed, and Noah created AppSumo's first-ever ad (a banner ad for placement on Reddit):



Noah sent traffic from the ad to this simple landing page (he got a \$12/hr developer to create the "Buy Now" button and connect it to his PayPal Pro account).

	Snag One Year of	of Imgur Pro
Deal ends in:		the simple image share
It has arrived! 7 left		imgur
/ left		
normally \$28.99		What am I getting?
ONLY	and the second second second	– Infinite image uploads.
\$12.99	Buy Now »	- SM8 image compression vs 1M8
*12.99		- Permanent files
		- Perfect thumbnails

Golden Nugget: : Focus on your "Velocity to \$1" (i.e., the <u>fastest path to earning your</u> <u>first dollar</u>) and use a PayPal.Me link on your ad (i.e., a link you can share with anyone and get paid instantly). In hindsight, Noah would have directed the ads to a PayPal page (instead of creating this page) to save time while validating his idea.



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Notice how Noah didn't sell Imgur for \$29 and try to be greedy. Instead, he made Redditors an "Impulse Buy offer" (an offer with so much value that people buy on impulse instead of after careful consideration) by discounting the full retail price over 50% and selling it for \$12.99.

This is the same marketing tactic Noah (and his four-person marketing team) used when he stepped in as Interim Director of Marketing at Sumo to generate over \$100,000 sales in one day using Cart Casino.

When the Reddit ad went live, AppSumo's first dollar came rolling in because the "Impulse Buy offer" was so irresistible. PayPal eCheck payments like the one below kept rolling in until the Imgur deal ended and Noah had sold more than 200 Imgur pro accounts.

eCheck payment in progress	
< > To: AppSumo <yay@appsumo.com></yay@appsumo.com>	Thu, May 13, 2010 at 3:17 PM
Hello AppSumo,	
Grayson () has sent you an eCheck payment of It usually takes about 3-5 days for you to receive the money (estimated: 5/18/2010- money arrives before shipping items. We'll email you when this eCheck payment ha	5/20/2010). We recommend that you wait until the
Payment details	
Total amount: \$8.00 USD Currency: U.S. Dollars Item/Product Number: One Year of Imgur Pro Transaction ID: 9CC8480808684383A Quantity: 1	

Noah lost \$5 in fees on every \$12.99 sale for PayPal eCheck payments like this and the standard PayPal processing fee on others, but it didn't matter... his goal was to validate his business idea, not make money (yet). When Noah got a PayPal notification email, he manually sent the buyer the deal code to redeem their Imgur Pro account and asked two questions about their purchase.

Thank you so much for buying! Login to http://appsumo.com/register.php to upgrade (
I wanted to ask you a few questions if you have two minutes:
- What made you interested in buying Imgur?
- What other websites / services would you want big discounts on?
Your Friend, Noah
an tuantorragen Augen conserpt
- Sent from my iPhone



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Golden Nugget: Use conversational marketing to find out why your customers bought from you and what else they want so you can sell them more products in the future.

Noah used conversational marketing in his sales confirmation email by asking two simple questions he could then use to find more AppSumo deals.

From this simple email, Noah found people wanted big discounts on Dropbox, Zendesk, Typekit, and other specific web apps. This led to the first giveaway Noah ran. He gave away 10 lifetime Dropbox licenses, and he started growing his email list from hundreds to thousands of email subscribers (as I showed you in Tip #2).

Here is a breakdown of how you can use the psychology behind Noah's email questions to sell more:

Q1: What made you interested in buying [Product X]?

- Understand the #1 reason "why" your customer bought so you can use it in your future ads, landing pages, and product offers
- Take what your customer said and use their own words on your sales page to convince more people to buy

Q2: What other websites/services would you want big discounts on?

- Find out what else your customer wants to buy, tag them in your CRM, then email them when you have the product they want
- Use your customers' feedback to find and promote your next product
- Use the feedback to run a giveaway to grow your email list

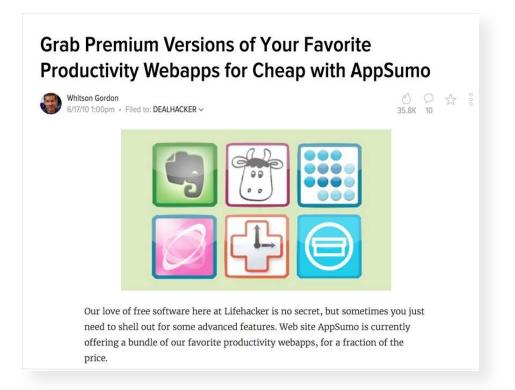
This is next-level marketing genius that really works.

After Noah hit his Reddit Imgur business validation goal, he did his second deal by finding popular tools people used via another website: Lifehacker.

He packaged the most popular productivity web apps mentioned on Lifehacker (Evernote, RescueTime, Remember The Milk, TimeBridge, and MindMeister) into this productivity app bundle:



Again Noah used an "Impulse Buy offer" to sell \$150 worth of web apps for only \$55. Just like he got Reddit to promote his deal with an ad, he got Lifehacker to showcase it in an article:



Golden Nugget: In addition to getting targeted niche sites like Lifehacker to promote, Noah said the best tactic was to get the deal partners to send alerts to their people (free users that want to know about it). Noah sold almost 500 bundles at \$55 to make around \$25,000 total sales. But he only made 2% profit (after paying partners, payment processing fees, and raising \$5,000 for charity). If you calculated his hourly rate, he would have made more money working at Taco Bell.

But Noah didn't care. The time value of money wasn't his goal here. His number one priority was to grow an email list of 50,000 qualified people (not quantity) that would buy cool things that he puts out. Noah was happy for his deal to break even, if he could build his list of qualified buyers who want to get updates about more AppSumo deals.

After the Lifehacker deal Noah sold more bundle deals, but quickly realized he could sell more and sell faster by moving to individual deals. The bundle deals helped Noah build his qualified email list of buyers, but took a lot of work to coordinate.

The key to Noah's early success was that he worked backward from where his audience was online. He researched what web apps people used/wanted on a particular website (Reddit, Lifehacker, etc.) then promoted discounts to those web apps on the same site.

The takeaway: Focus on growing your list of qualified buyers. Noah launched Sumo in 2014 to help entrepreneurs do it. <u>Click here to get Sumo</u> (the features on the eCommerce plan help you grow your buyers list). If you're trying to find and validate your next big business idea, here are the five steps you can use to do it:

- 1. Use the "Two-Market Method" to brainstorm business ideas by mixing two different markets together
- 2. Pick the one idea that most interests you (Noah had past success growing Mint and saw how fast web apps were growing, so he chose to promote time-limited deals on web apps)
- 3. Set a customer validation goal (Noah set his at 100 customers, which was equivalent to a \$300 net profit)
- 4. Promote your idea to a niche audience to see if you can get money for it (Noah worked backward from where his audience was and promoted his Imgur deal on Reddit, where lots of people use Imgur)
- 5. Use conversational marketing to ask your buyers simple questions you can use to sell more later (Noah asked one "why" did you buy this question and one "what" else do you want question)





Send More Email, Make More Money (With The 12-Week Email Challenge)

The more emails you send, the more money you make.

It's as simple as that.

Over 50% of AppSumo's revenue comes from email. Not Facebook messenger bots, not webinars, not 47-part behavioral dynamic email drip sequences.

Just plain, simple email broadcasts.

Ayman told me: "businesses aren't sending enough email." While everyone is busy trying to "automate" their marketing, AppSumo is sending offers to their email list every week. To see how they do it (and make six figures profit per email) watch Ayman lay it down for you:



Damn... Ayman be droppin' those knowledge bombs. You could try to figure out how to make money with email yourself—or follow a concept I like to call, "JUST DO WHAT AYMAN DOES."

Ilona "Witty Emails" Abramova (AppSumo's Email Marketing Manager) is now the brains behind AppSumo's email marketing strategy. She often sends emails for deals to AppSumo's whole email list. When she does segment, she sends to two main lists:

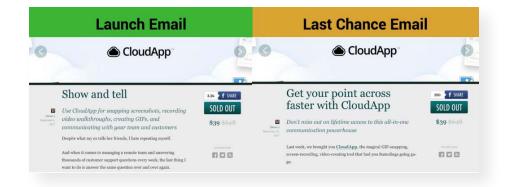
- 1. Active folks: Been on site, Clicked, or Purchased in the last 90 days
- 2. Inactive folks: Opened an email but has been on site, hasn't clicked and hasn't purchased in the last 180 days



They do very little segmentation because being an entrepreneur, especially a solopreneur, requires you to wear many hats. So a designer may still need an accounting and billing software (not only accountants). If AppSumo were to segment by job, they'd be missing a lot of these multi-hat entrepreneurs.

Click here to see the email marketing tool AppSumo uses to send emails to 350,000 people at a time with 99% email deliverability

AppSumo sends a launch email and a last-chance email, and only excludes people from the last-chance email who've already bought the deal.



Back when AppSumo was trying to find what would work, Ayman tested eBooks, courses, software and consulting offers. Then he'd track which had the highest amount of sales and do more of what was working.

From all the testing Ayman did, he stumbled upon one of the best deals in AppSumo's history: Depositphotos.





Chris Schelzi (AppSumo's Head of Marketing) broke down for me why he thought the Depositphotos deal was so successful:

- There's a wide audience for the deal (most people use or need stock photos whether setting up a website, running an eCommerce business, designing social media images, or creating Facebook ads)
- 2. The deal (100 photos for \$49) is repeatable so people can buy it multiple times
- 3. Photo credits never expire (people know at some point in their business they're going to need them)
- 4. The email and sales pages use a lot of the Depositphotos images (so people could see the value of using these photos)

Based on the data, Ayman and Chris have developed a system to find and promote more popular deals like Depositphotos.

To find out what offers work best for your audience so you can go from making six figures to eight figures in revenue like AppSumo did, Ayman said every business owner should do the "12-Week Email Challenge." This is where every week for 12 weeks you send one email to your email list, with a different offer each week.

For AppSumo, this meant promoting a different product to their email list every week. For you, it might mean promoting:

- Deals on different products (eCommerce)
- Complimentary service offerings (agency/consulting)
- Add-on services (software)

To help you get started, here are 12 example offers for an eCommerce business so you can see how it can be done:

- Week 1 : New product in category X
- Week 2 : Buy one, get one free
- Week 3 : Discount on worst-selling product
- Week 4 : Bonus for buying best-selling product
- Week 5 : Bulk buy package
- Week 6 : Five best-selling products for one discounted price
- Week 7 : Personal consultation when you spend >\$100
- Week 8 : Buy product X, get product Y free
- Week 9 : Unique product package
- Week 10 : Free shipping
- Week 11 : Chance to win \$500 when you spend >\$100
- Week 12 : Biggest daily spender wins flight to X destination



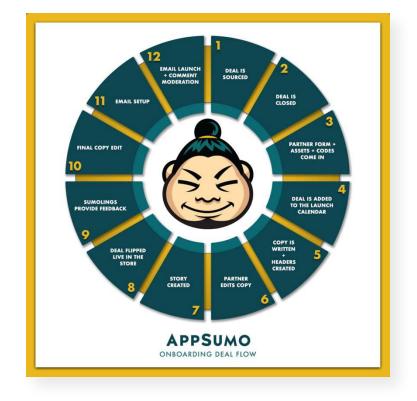
The takeaway: Send more email. Email is one of the most powerful marketing assets and money-making tools you have. Start by doing the "12-week email challenge" and schedule a time every week to send your email list a different offer.



AppSumo's 12-Point Product Promotion Checklist (Exactly What Happens To Promote Every AppSumo Product)

When AppSumo launches a new product/deal, there is a documented system they use EVERY time to guarantee consistent results. They don't just blast an email out to their email list and then hope for the best.

Here is the high-level 12-step deal flow every AppSumo deal goes through:





Click here to see the tool AppSumo use to document their systems.

Every step in the deal flow has its own checklist that the AppSumo team uses on a daily basis. From stage 1-12 in the system when the "Deal Is Sourced" to the "Email Launch", AppSumo has a unique process. Here is a summary of how it works:

 AppSumo has a closed Facebook group with threads to gather product suggestions from Sumolings (aka AppSumo fans) about deals they want. AppSumo posts regularly (about once per month) for requests, then Olman Quesada and Jeff Lurie (AppSumo biz dev reps) source and close deals based on the suggestions.



- 2. Olman and Jeff add the deal to AppSumo's internal Google calendar.
- 3. AppSumo's persuasive copywriter writes the copy.
- 4. Two weeks before the "official deal launch", the team pushes the deal live on the AppSumo website. Eager buyers buy, the team gets feedback on the deal, and they can go back to the partner company to make the deal even better.
- 5. If the deal has bad reviews from the early buyers, the team cancels the deal. If there is good feedback, the team moves forward with the deal based on the deal's "Taco Multiplier".

Golden Nugget: The "Taco Multiplier" is an internal metric the AppSumo team developed to determine how profitable a deal will be before spending money to promote it. It is calculated by the multiplying the deal's profit by its 5-star taco rating.

Taco Multiplier = Deal Profit x 5-Star Taco Rating

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- 6. If the Taco Multiplier is above a certain threshold (the threshold is top secret—only Noah, Ayman, and Chris know it), then AppSumo promotes the deal by sending the email, sending the deal to affiliates, and running Facebook ads.
- 7. The deal is live for 7-10 days; then a 24-hour last-chance email is sent.

Obviously, this is a simplified summary of AppSumo's entire deal flow, but I think from these seven nuggets you can now see why every public AppSumo deal is so successful. It's not luck; it's engineered taco-money-making genius.

The takeaway: Multimillion dollar businesses are built on systems (and tacos), not luck. Document the high-level system for your whole business like AppSumo did with their "Onboarding Deal Flow" diagram, then create checklists for every major stage in the system.





5 Things That Didn't Work (Read This If You Want To Save 1 Year Hustlin' Your Face Off)

In marketing these days everyone is writing about what's working, but what about all the stuff that didn't work? What most people won't tell you is that most of the marketing tactics they tried didn't actually work.

So I sat down with Ayman and asked him "what didn't work and why?" Here is a list of five big things that didn't work for AppSumo, and a framework you can use to prioritize your own marketing tests.

- 1. Didn't Work : Drip emails
 - Why : If it feels like a welcome series, no one will read it
 - Solution : Send broadcast emails that are already working



2. Didn't Work : AppSumo's original home page

Why : It just listed what people would get (aka "the offer," with scarcity)

Solution : Use 500-word copy written sales pages to sell the product using the AIDA formula (aka sell the problem, solution, and offer with scarcity)

٢	DIDN'T WORK	٢
	on web apps	Taik to us. 415.886 50800 <u>Login</u>
CIT NEW COALS		
THE REMAINING		BUY NOW ·
Get a smokin' hot deal on ten of full 40% of the proceeds will be d	Charity the greatest games, program	Bundle for s, and services known to man. A provides clean drinking water to
() playon	PLANES-ZOMENS	DIAL200
Regularly, 520 Stream Videos from Hulu, Netflix, and more fram- your PC to your TV	Regularly 120 One of the most popular games of all tima!	Regularly, \$25 Use your voice to test, email and more while you drive



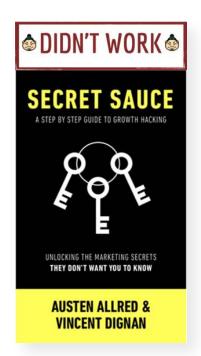
3. Didn't Work : Instant popup

Why : Fewer quality email conversions than a Welcome Mat or Timed Popup

Solution : Use a <u>Welcome Mat</u> to increase email conversions



- 4. Didn't Work : AppSumo Secret Sauce eBook deal
 - Why : The AppSumo audience was not buying the deal after it was live in the AppSumo store, before the email. Because people weren't buying, AppSumo pulled it from the store and canceled the email.
 - **Solution** : Find and source deals based on fans' feedback inside a closed Facebook group to increase the probability of success (and save marketing time prepping copy and graphics for deals that get canceled).





- 5. Didn't Work : Deal page comments version 1.0
 - Why : People were creating multiple accounts and posting similar comments to make it sound like there was a big outrage against the deal.
 - Solution : Add how long someone has been an AppSumo member under their name. Since rolling it out, it's become a badge of honor to have been around a long time and bought a lot of deals. It gives buyers credibility, so AppSumo sells more products, buyers find better tools, and the community gets trusted voices to review tools honestly (Win-Win-Win).



Because marketing ideas fail all the time, the AppSumo team pivots quickly based on feedback (within hours). They have a simple process they've used for years to prioritize what marketing ideas and new projects they are going to work on next. Here is what it looks like:

	A	В	С	D	E
1	Ideas	Ease (1 - 5 highest)	Impact (1 - 5)	Total	Notes
2	Regular AppSumo deal	5	4	9	Hit up Ayman to s
3	Weekly Posting /giveaways	4	4	8	
4	Targeting verticals (LinkedIn, Instagram, YouTube)	4	4	8	
5	Email list letting them know monthly / weekly updates	4	4	8	
6	Pre-set action suggestions (facebook like, share dropdown)	3	4	7	
7	Redesign layout of giveaway	3	4	7	Ask Ibaldo for hel
8	Make sure site and giveaway are mobile responsive	3	4	7	
9	Merge the get more entries so its not 3 for refer friends and 1 po	3	3	6	
10	Improve UX for creating giveaway -> promotion	3	3	6	Ask Ibaldo for hel
11	A/B powered by text for SEO	3	3	6	Like headlines?
12	Optimize for YouTube (watch video + subscribe)	3	3	6	
13	Auto Social Media (like edgar / buffer but auto)	2	3	5	
14	Referrals (like talkable.com but affordable)	2	3	5	https://www.droph
15	When click powered by link include persons name in landing pa	3	2	5	Cool idea, will on
16	Login to giveaways besides email	3	2	5	aka google/faceb
17	Able to ask more info from person joining (first name, etc)	3	2	5	
18	Give out multiple prices (tier 1, tier 2, tier 3)	3	2	5	
19	Confirm the actions people take	3	2	5	
20	Some action button post doing thing in giveaway	3	2	5	Like go buy some
21	Setup retargeting to people who visit site but don't buy	2	3	5	Maybe 1 show fre

Click here to get access to the Marketing Ideas Matrix spreadsheet AppSumo uses



Here is how you can use this in your own business:

- 1. List every marketing idea you have in column A
- 2. Rank the ease of implementing each idea (hard to easy on a 1-5 scale) in column B
- 3. Rank the impact each idea will have (low- to high-profit on a 1-5 scale) in column C
- 4. Add your "ease" score to your "impact" score to find which ideas have the highest score in column D
- 5. Work down the list, starting with your highest total score idea

Chris Schelzi at AppSumo is a master at testing new marketing channels, then hiring someone to scale the channel if he can validate it works. He calls it his "Test And Invest" method. He uses this exact same process to prioritize which new marketing channel he is going to test next:

	А	В	С	D
1	Ideas	Ease (1 - 5 highest)	Impact (1 - 5)	Total
2	Email marketing	5	5	10
3	Giveaways	5	5	10
4	Affiliates	4	5	9
5	Facebook ads	3	5	8
6	Google ads	3	4	7
7	Webinars	3	3	6
8	Content marketing	1	4	5
9	Social media marketing	3	1	4

When Chris decided to test the affiliate marketing channel for AppSumo, his goal was to take it from \$0 to \$100,000 in one year. To start signing affiliates, he added a link to sign up for AppSumo's affiliate program to the bottom of deal pages. The link was at the bottom of the page, below all the comments, in faded black letters in small font—and it still generated interest.

	spend ages clicking through the slides?	
	This could be utilised as part of your sales enablement processes.	423 F SHARE
	Your sales people can provide the links to your Slidebean	BUY NOW »
	presentations and you know that the customer is seeing the right	DOT NOW //
	info.	\$39 \$348
	\$39, come on sumolings, it's worth a whole lot more than that!	
	103	
	A 2	we love you
	Unapprove Comment Deny Whitelist Author Blacklist Author	
	Wow! Thanks for the amazing review, David!	
423 Shares	Sideboar Team February 7, 2018 Unapprive Comment Deny Whitelist Author Blackhist Author P01	
_	Jones 10014/17 3 death	
Jan	Creater -	
9		

	1000000	
	APPSUMO Curated in Austin, Texas. About Careers FAD	Partner Privacy Atfiliates



Chris grew the affiliate program quickly, pulling in hundreds of thousands of dollars per month (his top month was \$380,000 from affiliates). Once he'd validated the channel within six months himself, he invested in an external affiliate agency in Austin to handle support. He then hired Nick "DJ Taco" Christensen to coordinate with their affiliate manager (who sends a weekly email to 1,800 affiliates).

He did the same with Facebook ads, growing it to \$5k/month in revenue, then used that money to ultimately hire Jack Paxton to take it to \$10k/month and beyond (aka he tested, then invested in the marketing channel). To do the same, get someone on your team to spend some time growing the channel to validate it works, then reinvest into scaling that channel.

The takeaway: Most of your marketing tests and ideas are going to fail. To prioritize which ideas have the most chance of success (easy to implement and high profit) stack rank new ideas using the <u>marketing ideas matrix</u>. You can use this framework to prioritize new marketing promotion ideas, new marketing channels, new products or even new software features. Work on the idea yourself to validate it, then hire someone else to scale it.





How To Spend \$11K And Make \$329K With Facebook Ads In 1 Month (Hint: The "Thumb-Stop" Hack)

Not many companies can pull off a 29X ROI on their advertising spend. AppSumo can.

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To find out how they consistently turn \$1 into \$2 (in one case \$1 into \$29), I asked Ayman and AppSumo's Facebook ads genius (Jack "50 Million Dollar Man" Paxton) to tell me exactly how they do it.

Here are six Facebook advertising tactics (and one nugget of wisdom) AppSumo follows, based on what they've learned spending over \$1 million on Facebook ads to run high-performance ad campaigns (#1 is the most important if you want to reduce your stress levels and make sure you have a proven offer first).

 Start by focusing on cold email and cold calls (once you get to seven figures in revenue then start thinking about Facebook ads). Here's an example cold email Noah got one of his early sales guys to send for the Kernest deal that made close to \$10,000 sales, before ever starting FB ads.

Dear Garrick,
I'm reaching out to you on behalf of <u>Appsumo.com</u> , a site dedicated to putting great software and web applications into the hands of highly qualified users at a great deal.
We are currently working with <u>Forrst.com</u> to create an exclusive bundled deal starting September 13 or 20 for their membership of elite and highly engaged web developers and designers. They have expressed interest in testing out your service (Kernest) so I'm reaching out to you to talk further about the details before I head out of town tonight. Du to the timing of my trip, I was hoping to connect with you early tomorrow to talk through the details.
Looking forward to connecting.
Chris Bank 585.414.1464



- **2.** Start with your end goal and then work people down your funnel. AppSumo's end goal is to get someone to buy their deals.
- **3.** Retargeting should be your #1 performer because these people have purchasing intent from visiting your sales pages in the past. You just need to work them down your funnel. Just take a look at AppSumo's results from one month retargeting if you don't believe me:

Campa	ign : Past-Purchase Retargeting
Result	: Spent \$11,157. Made \$329,619.
ROI	: 29.5X
Campa	ign : Email Engagement Retargeting
Result	: Spent \$19,354. Made \$44,621.
ROI	: 2.3X ROI
Campa	ign : Facebook Post Engagement Retargeting
Result	: Spent \$10,432. Made \$25,771.
ROI	: 2.4X ROI

Golden Nugget: Past-purchase retargeting is the art of getting people to make a repeat purchase. It is AppSumo's highest-ROI Facebook ad campaign. Jack said it has great ROI because people are already familiar with the brand. It's also much easier to convert someone who has already purchased from you.

4. Every Facebook image should have a designer build a beautiful asset (don't DIY with Canva). The image creative is your highest ROI asset. Here is AppSumo's top-performing retargeting ad creative:





Golden Nugget: This ad uses a 24-second video. Jack could have just used a still image, but by making it into a video, he can retarget people based on how long they watch the video. In other words, he can build a higher-quality retargeting list from people who have watched >80% of the video versus people who have only watched <20%.

5. You should be running one piece of ad creative against dozens, sometimes hundreds of targeted audiences. Here's an example of where Jack used \$335,769.88 to run a single ad across 60 campaigns and 341 ad sets (it did pretty gooood making AppSumo a cool \$1,365,480.10 and only took Jack 4-6 hours to research all the audiences using Facebook Audience Insights, Suggested Interest Targets, and SimilarWeb):

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	wrand / scitchest that not purchase		9128.40		\$14.29	\$475.75	8.70	-15	12.80	#2	42	1.95	83.04	\$12.74	\$129.60
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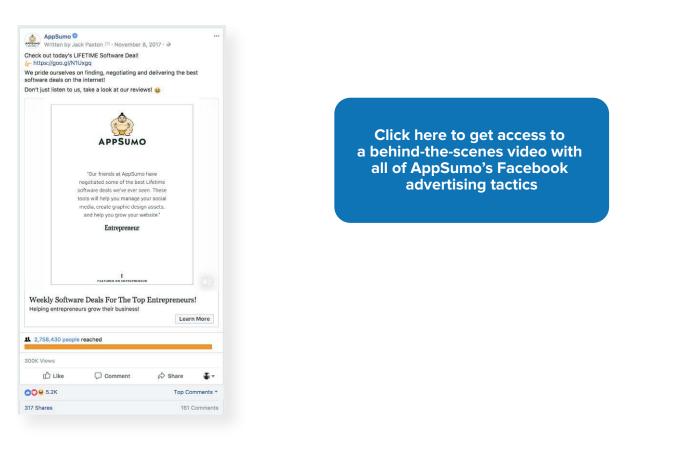
Click here to get a link to AppSumo's 1 million dollar ad

6. For one ad creative, use one post ID over and over again so you can build social proof (like Jack did above to make \$1 million with one ad). When people see a post with beautiful ad creative and thousands of likes, it creates a thumb-stopping effect. Here's just one example of an AppSumo ad with 8,200 likes:



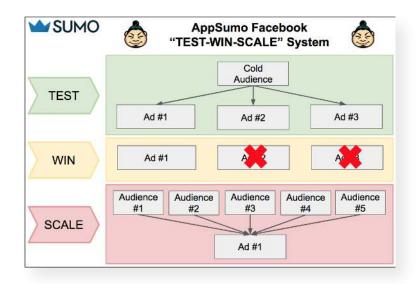
AppSumo	
Written by Jack Paxton [?] · September 2	2017 - @
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□□ = Jack Bill Paxton and 8.2K others	Top Comments -

7. Some of the best ad creative comes from outside your company. Get a fantastic user testimonial or featured on a big site? Send it to your designer to make it into ad creative and leverage it for social proof. This 16-second video ad with testimonials from Entrepreneur, PC Magazine and 99signals got 5,200 likes, 317 shares, and 161 comments:





What's unique about AppSumo's Facebook ads strategy is they follow this simple data-driven "TEST-WIN-SCALE" system:



TEST: Initial round of testing three ad variations (targeting three ads against one cold audience with multiple interests inside one ad set, so the ads are being tested on a neutral audience).

WIN: Pick the highest return on ad spend (ROAS) ad variation as the winning ad. A clear winner is usually found after spending between \$500-\$1,000.

SCALE: Scale the one ad across multiple audiences.

This makes sure that all social proof is applied to one ad as opposed to being spread out across multiple ads. AppSumo has found that the power of social proof outweighs the power of one customized ad per audience.

The takeaway: There are six Facebook advertising tactics (and one nugget of wisdom) that have helped AppSumo get to \$400,000+ profit in one month from Facebook ads:

- 1. Start Facebook ads after you break seven figures in revenue
- 2. Start with your end goal, then work people down your funnel
- 3. Retargeting is your #1 performer (try past-purchase retargeting, email engagement retargeting and Facebook post engagement retargeting)
- 4. Every Facebook image should have a designer build a beautiful asset (don't do Canva)
- 5. Test dozens/hundreds of audiences against one ad creative
- 6. Use one post ID over and over again so you can build social proof
- 7. If you have testimonials or have been featured on a big site, use user-generated creative for your ad





How AppSumo Launched A Million Dollar SaaS Company In 5 Months

On June 1, 2017, AppSumo launched a new AppSumo project called <u>Briefcase</u> (where entrepreneurs can get dozens of software tools for one low monthly price). In five months the SaaS product was on track to do a million dollars annual recurring revenue.

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Note: AppSumo wanted you to know that while Briefcase is a \$1M+ business, it's still far from profitable. Don't let anyone distract you with flashy "7 figure" case studies - the real truth is behind the revenue numbers. Many self-proclaimed "7 figure" entrepreneurs barely make \$50k per year.

Briefcase is one of the fastest-growing SaaS companies of all time. However, when Chris Schelzi showed me the landing page they used to launch Briefcase, I thought "this is as ugly as a monkey's ass." But as ugly as it is, it worked. This simple landing page got AppSumo their first seven customers (aka the OG 7) for a brand-new untested product.



Briefcase (formerly known as AppSumo Black) started with this one page and a simple four-section hybrid pre-sell/checkout page that you went to after clicking the "Join AppSumo Black Today!" button. Here is what the checkout page looked like:



Section 1

Headline including price, what you get, image and signup form with three form fields.

Join AppSumo Black today for only	Sign Up Today
\$49/month and get access to dozens of software tools to help you create, grow, and scale your business!	1 ^{INFO} 2 ORDER
PPSUMO I RUX	Put Name
	Email Address
BOOK LIVE Stralipager Shirty	Phone Namber
	> Go To Step #2
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Section 2

A list of the 23 software tools you will get, the retail price, screenshot (or video) of the software, and a one-line description.

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Section 3

The price of the product versus the price of buying all the products separately (aka "The Value Stack").





Section 4

The same signup form that was at the top of the page (to make it easy for people who wanted to read the full checkout page to sign up straight away).

INFO	2 ORDER	
Full Name		
Email Address		
Phone Number		
	So To Step #2	
	Was Respect Your Privacy & Information	

Click here to access the landing page software AppSumo used to build this simple four-section landing page

After building this landing page, AppSumo started running Facebook ads to it, to see if they could validate that people would actually pay for it. Using ads is a smart way to quickly validate if your idea will work, like Noah did with Reddit ads on his first-ever AppSumo deal. Here is the Facebook dark post AppSumo used to get their first seven customers for Briefcase:

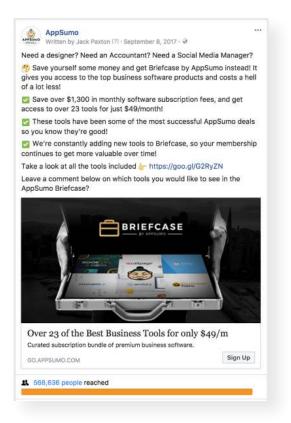




When someone bought the product, Chris would jump on a call with the customer and ask them some simple questions (just like Noah used conversational marketing via email back in 2010 after someone bought Imgur). Here are some of the questions Chris asked Briefcase customers:

- 1. Why they joined
- 2. What they were looking to get out of the product
- 3. What other software they'd really like to have in the product

Chandler "Full-Stack" Thompson (AppSumo's Lead Engineer) who built the Briefcase product would then use that feedback to improve the product. This feedback loop lasted for three weeks, then Chandler rebranded AppSumo Black to Briefcase and the AppSumo team started running more Facebook ads to grow the SaaS business, like this one:



Since working with those first seven customers, AppSumo has grown Briefcase into a \$1 million business in about five months. They offered a seven-day free trial of Briefcase at the start of October (collecting credit cards upfront) to get an initial spike in signups. Then they ran a big marketing promotion on Black Friday, where they did a million-dollar launch.

To promote Briefcase's million dollar launch during Black Friday AppSumo built one landing page with their Black Friday offer and then did everything they could to drive traffic to it. There were two key steps to the million dollar launch.



Step 1

Convert the Briefcase home page into one professionally-designed landing page with this four-part Black Friday offer:

Part 1: "Black Friday Sale" headline and a single call to action. The top of the page was intentionally designed to be simple because the value proposition (\$1,419/month retail value of software for \$49/month) was mentioned in the promotion to get people to the page.

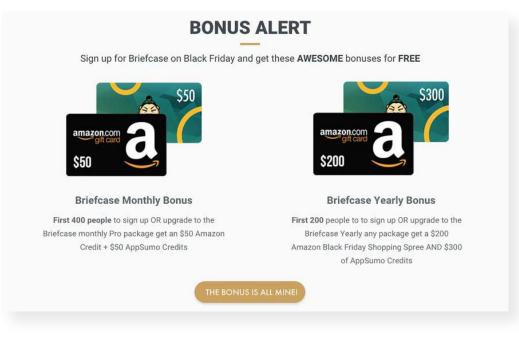


Part 2 : Early access to AppSumo deals in 2018

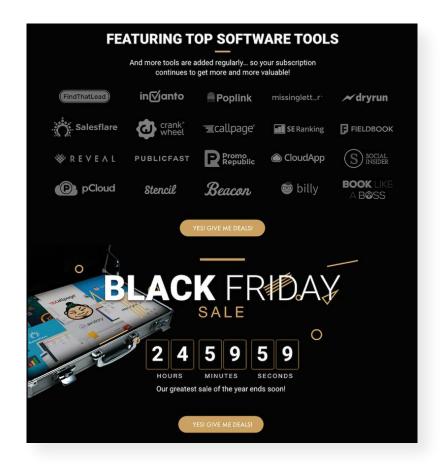


Part 3: \$50 Amazon and \$50 AppSumo gift cards for buying Briefcase Monthly Pro, or \$200 Amazon and \$300 AppSumo gift cards for buying Briefcase Yearly





Part 4 : Promise of adding more software tools regularly



With the one landing page and offer ready, AppSumo now needed to drive traffic to the page (ideally entrepreneurs who this deal would appeal to). This is where Step 2 comes in.

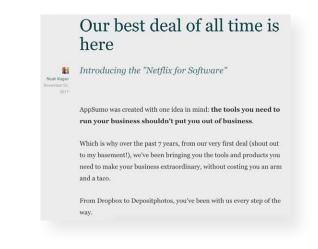


Step 2

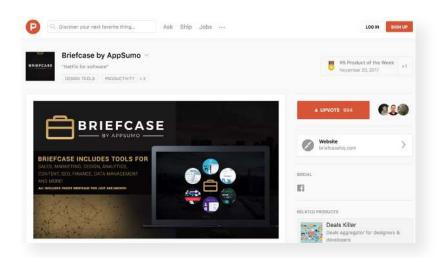
Drive traffic to the landing page with the offer

Here's a list of the different promotion items AppSumo did to get entrepreneurs to visit the above landing page:

• Email to AppSumo 1.7M email list



Product Hunt



- Facebook Ads
- Affiliate promotion (from AppSumo affiliates)
- Partnership promotions (offering Briefcase as an upsell for certain online business courses)
- Facebook Groups postings

For platforms and partnerships that AppSumo knew were going to drive a significant amount of traffic, they got custom "above-the-fold" designs made for a handful of promotion partners (Product Hunt, Dribbble, and Tim Ferriss) to drive traffic to their own version of the Briefcase offer. Here is a side-by-side comparison of how they looked:





Golden Nugget: Customize one part of your landing page for your partners/affiliates, so it looks like your partner has their own custom landing page to increase both of your sales. One Sumo customer did this and got 130 people to buy his eCommerce product from one affiliate promotion.

Before you go and copy what AppSumo did to make sales and validate your own business or product though, know this... Briefcase was successful because AppSumo found an offer that converts.

The offer: \$1,419/month retail value worth of software for \$49/month (plus the promise of adding more software as your subscription continues) is...

- Insanely good
- A clear value proposition
- More compelling than any software bundle offer on the market

Then on Black Friday AppSumo stacked on bonuses to this already high-converting offer with early access to AppSumo deals, plus AppSumo and Amazon gift card bonuses.

If you get a world-class marketing team to promote an offer that converts, you've got a winning formula to be on a trajectory to grow a \$1 million business in months (not years).

The takeaway: Don't wait until perfection to launch your business, otherwise you will never launch. The first step is your velocity to \$1–getting to your first dollar as fast as possible to validate you have an offer people want. AppSumo did this by running Facebook ads to a landing page and validating the first version of the product with seven paying customers.





60

Hire The Best Talent In The World (Hint: Hire People Who Impress The Shit Out Of You)

From 2010 to 2012, Noah launched AppSumo, grew it to \$5 million revenue, and hired 17 teammates. But sales became flat, and expenses rose with all the people he hired. Noah tried a lot of things to keep AppSumo's revenue growing:

- 1. Private one-on-one consulting with Noah
- 2. Selling AppSumo gift cards at a discount
- 3. Becoming a marketplace for digital products
- 4. Selling products that were both more expensive and cheaper than what AppSumo had been doing
- 5. Making a lot of small 1-2 hour educational courses on hiring, copywriting, dropshipping, salary negotiation, growing a business, etc.



Of all the things AppSumo tried, courses were some of the best-selling deals. This was when online learning was getting started with platforms like Udemy, Lynda, and Treehouse becoming more popular. But even with the course success, the team had become too big.

Noah regrouped and realized he needed to control expenses and make revenue more predictable. He scaled the team down to four full-time people: Noah Kagan, Chad Boyda, Eric Fernandez, and Anton Sepetov.



From 2013 to 2014 Noah put the smart, handsome Russian, Anton "Potato" Sepetov in charge of running AppSumo. In 2013 Anton, together with his three comrades (aka the Fab 4 pictured below), decided to try building their own product. AppSumo had learned a lot of business lessons from growing to \$5 million revenue, so they decided to make a course to help total beginners start their own businesses with Monthly1K.com (an AppSumo course).

In 2013 the AppSumo team had a goal to take Monthly1K from 0 to 3,333 course sales in one year. Anton led the team to hit the goal (while coordinating other AppSumo deals) so they could go from being taco-deprived to living like Taco Kings.



Golden Nugget: Noah found Anton with a Craigslist ad in 2012. In 2013, he let go of 14 people but kept Anton. Why? Noah said Anton was hungry and had an amazing attitude. Even though he started as a junior biz dev rep, he kept wanting the company to improve. Anton is now Sumo's VP of Sales and a member of the Sumo Group leadership team. If you want to get promoted and be a taco king like Anton, treat your job like it's your own company.

Click here to get a copy of the job application ad template AppSumo used to filter quality job applicants

In February 2015, everything changed at AppSumo HQ. In 2015 "the future" of the Sumo Group was set to become the recurring revenue tech giant Sumo.com, so Noah and the Fab 4 left AppSumo to focus on growing Sumo.com and put one man in charge of growing AppSumo (with no team).

His name: Ayman "Papa Bear" Al-Abdullah





Ayman previously landed a Product Marketing Manager job at Microsoft without going to an Ivy League school, then used his creative flair to get this YouTube video in front of Noah:



Golden Nugget: If you want to work for or make friends with someone you respect, give before you take. Research what the person's goals are, then use your skills to help them with what they're working on. Send your work to them without even asking. If it is good enough to impress them, that person will want to hire you.

Ayman's video impressed Noah so much that he hired Ayman to do business development for AppSumo. When the whole team's focus shifted from AppSumo to Sumo.com, Noah made Ayman CEO/GM/President/Taco King of AppSumo and put him in charge of growing the team.



In the first year, Ayman was doing everything:

- Business development for AppSumo deals
- Copywriting and sending emails
- Fixing typos on the website
- Coding widgets on the website (Papa Bear got Ruby on Rails skillz)
- Promoting deals
- Answering customer support tickets

To ease the workload as a solo entrepreneur and to start building a team, Ayman knew he'd need an operations intern. He wanted someone who would be very detailed oriented and process driven, so he reached out to the Texas Undergraduate Investment Team (TUIT) at the University of Texas because he knew accounting and finance folks would be very detailed oriented.

He had a friend who was an alumnus of TUIT, so he drafted an email to say he was looking for a "detail-oriented person" and then asked his friend to send out the email to their email list (plus post it up on the TUIT Facebook page).

If you don't have a connection like that, then you can just post your ad up on Craigslist like Noah did back when he hired Anton. Here is the copy Ayman used to find his first intern back in 2015 when AppSumo was testing out selling software, courses, and books:

AppSumo is an online store that sells software, courses, and books to help Entrepreneurs grow their business. We partner with top brands like Evernote, Dropbox, and Amazon to bring awesome products to our 750,000+ subscribers.

We're growing insanely fast and need a detail-oriented person for a Business Ops role, supporting the GM. We are looking for someone with 3.2+ GPA, and has CEO/CFO/CMO aspirations.

Paid role—flexible on time and pay based on experience. Need 10 hours/week minimum. Can be flexible during finals week.

Duties:

- Everything! You will wear multiple hats from Social Media, Bizops, and more
- Managing the back-end operations of the business
- Enjoys desk work and learning the day-to-day operations of a 7 figure profitable business
- Wants to learn how to start/run their own business in the future
- HTML is a plus but not necessary

If interested in role, send resumes to ayman@appsumo.com



From this email, Ayman made his first hire in January 2016, an operations intern from the University of Texas in Austin named Kavi Shah.



AppSumo

Kavi helped with everything from setting up the emails to editing copy for 10 hours per week at \$15/hour. Ayman would work with Kavi at coffee shops around Austin and found that having a 10-hour-per-week intern as his first hire gave him five major benefits:

- 1. You get work off your plate
- 2. You build your leadership skills
- 3. You get cheap labor in return for teaching them on the job
- 4. You have time to start to document your business systems
- 5. Ten hours is flexible for an intern with their university schedule

As Ayman continued to grow AppSumo with his intern, he made his second hire: a part-time copywriter.

This was a critical role in the business because all AppSumo deals are sold via 500-word sales pages. Ayman found a persuasive copywriter named Chris Grullon from creative tweets he made on Twitter (Ayman knew Chris from college, but didn't know he was funny until he saw his Twitter posts). Chris hadn't written marketing copy before, but Ayman was so impressed by the 140-character tweets he saw, he offered to hire Chris and pay him \$35 per email.

After locking down a direct-response copywriter on the customer-facing side in March 2016, Ayman needed someone to get more AppSumo deals for the new copywriter to write about (and to help support the Fab 4's daily taco addiction).

Ayman spent a year drumming up business for AppSumo with emails like this:

On Fri, Feb 5, 2016 at 3:08 PM, Ayman Al-Abdullah <<u>ayman@appsumo.com</u>> wrote: Hey Suhail, Is your startup pricing teir a priority for you? If so, I'd like to promote you to 810,000+ SMBs and send you a ton of new paying customers. We've sent Clickminded.com \$100,000+ and want to send you some of that love :-) Interested? Ayman GM



Golden Nugget: When cold emailing for a new business deal, ask people a question with an easy "Yes/No" answer. Ayman and the AppSumo team use this tactic to get the business conversation started (and yes, I know there's a typo, but at AppSumo speed of execution > worrying about small typos).

After a year of cold emailing and closing deals over the phone, Ayman needed someone to take over the reins of business development, so he could focus on growing the team and the business. In March 2016 he made his third hire: a full-time business development rep.

The guy for the job: Olman "Despacito" Quesada



Ayman knew that Olman would be the perfect guy for the job, as they went to college together at Florida International University and worked together at a roofing company in Miami.

At the roofing company, Olman was training Ayman in sales. Ayman noticed the calls never felt pushy and Olman's style always felt natural and had integrity, which Ayman admired. When Ayman needed a full-time biz dev rep at AppSumo, Olman was his go-to guy.

Notice how with all of Ayman's hires they follow one common theme:

Hire people who impress the shit out of you.

Whenever Ayman needed to hire, he asked himself one question "Who can I find that will be the best in the world at this job."

If you aren't well-connected or don't know who is the best person for the job you are hiring for, there are three "hiring hacks" Ayman and Noah use, that you can use to hire the best talent in the world:

- 1. Hire someone who impresses the shit out of you.
- 2. Ask someone who impresses the shit out of you for a referral.
- 3. Pay three contractors a project-based fee. Give them all the same challenge. Hire the person who performs the best.



Ayman used "hiring hack #3" to find a superb Facebook ads specialist. In the past Ayman had tried and failed with these other two approaches:

- Hiring a highly recommended agency with a standard three-month contract (they spent a month building landing pages, didn't run the first ad until month #2, and by month #3 there was no performance).
- Hiring someone on a "pay-for-performance" basis based on a percentage of profits. Ayman set up a dashboard where they could both see what was happening, but it didn't work out.

The successful approach Ayman found was to ask a friend for the best Facebook ad person he knew. His friend then came back with a few names and Ayman paid them to compete against each other (without them knowing).

He gave each of them access to AppSumo's Facebook ads account and a challenge to generate as many sales as they could for different AppSumo deals, each with a \$3,000 ad budget.

The losers got cut from the account, the winner (Jack Paxton from Australia) won the AppSumo contract.



Click here to get access to Jack's presentation on how he makes AppSumo 29X ROI with Facebook ads



The takeaway: Hire people who impress you (even if they're from Australia). If you are just starting out, here is a framework for your first three hires:

- 1. Hire a 10-hour-per-week operations intern at 1-2x minimum wage
- 2. Hire a project-based contractor for the role in your business that will have the most direct impact on sales (for AppSumo it was a copywriter)
- 3. Hire a full-time person for the biggest need you have to fill (for AppSumo it was a biz dev rep)

When it comes to hiring outside contractors, hire the people who are the best in the world, no matter where they are from (if you can afford them). If you can't afford them, then train people to be at the standard you want.

10 Key Takeaways From AppSumo's Multi-Million Dollar Marketing Playbook

AppSumo has done what very few companies will ever be able to achieve... grow a business to over \$1 million per month with no outside funding (while beating the world's biggest tech companies like Facebook, Apple, Google, Amazon and Slack on a revenue per employee basis).

Here are the 10 key takeaways:

1. Use AppSumo's custom adaptation of the AIDA copywriting formula to write short 500-word sales pages that can make anywhere from \$10,000 to \$800,000 sales in one week (depending on your audience size):

Attention	: Headline, Subheadline, Problem
Interest	: Video, Pictures, Internal validation, Examples
Desire	: Original price, AppSumo price, Testimonial, Objections, Benefits
Action	: Offer, Scarcity, Social proof

- The bigger your audience is, the more people you have to sell to. Use quarterly giveaways as a marketing tool to grow your email list up to 10x. Your giveaway will have the best chance of going viral if you use <u>KingSumo</u>.
- 3. Grow your email list by using popups personalized based your website visitors behavior. Start with a popup timed to only show to people after they've been on your site for a certain amount of time, and provide an offer relevant to your audience so you are collecting quality email leads. It's simple to set up if you use <u>Sumo</u>.



- 4. Use the "Two-Market Method" to find your next big business idea. This can be as simple as finding two markets that interest you and mashing them together like Noah did. Validate your idea, then focus on growing your email list of qualified buyers using the <u>Sumo</u> <u>eCommerce Plan</u>.
- 5. If you want to make more money, send more emails. Start by doing Ayman's 12-week email challenge by sending one email to your email list every week with a different offer.
- 6. Document every task in your business by breaking your marketing tasks up into stages, then create checklists for every stage. This is how you free yourself from the day-to-day grind of your own business and get consistent results.
- 7. Retargeting with Facebook ads can have insane ROI up to 29X. If you sell eCommerce products, start with retargeting campaigns for past purchases, then try retargeting ads based on email engagement and Facebook post engagement. Invest in a great piece of ad creative and use one post ID across multiple ad sets to build social proof so you can get the "thumb-stop" effect.
- 8. Marketing ideas fail all the time, so you need to have a framework to pivot quickly. Use AppSumo's Marketing Ideas Matrix to rank stack your marketing activities based on ease of implementation and impact on the business so you can prioritize what to work on next.
- **9. Focus on finding an offer that converts.** Present the offer to the market (AppSumo used Facebook ads to send people to a landing page with the Briefcase offer) to see if people will buy it. If people buy, get customer feedback and grow the business. If not, try a different offer. This will save you years trying to sell a product no one wants.
- **10. Hire someone who impresses the shit out of you.** Or ask the person who impresses you for a referral if they're not available, or pay three contractors a project-based fee to do a challenge and hire the person who performs the best.

Get access to every marketing tool AppSumo uses to make millions



Written by Chris Von Wilpert

<u>Chris Von Wilpert</u> is the Copy Chief at Sumo.com where he leads Sumo's content strategy. You can read more of his Sumo Growth Studies <u>here</u>.

