EPISODE 1315

[INTRODUCTION]

[00:00:00] ANNOUNCER: Direct to consumer companies sell their products without going through a traditional middleman like an outlet store or a wholesaler. Bulk posting content on platforms like TikTok, Facebook and YouTube, companies can reach millions of users. TiKTok, for example, has an estimated 1 billion monthly active users. The company Kindred Studios helps direct to consumer companies create consistent beautiful content that holds viewer's attention and generates sales. They showcase your product's fine details and selling points with product videos, mood photography, stop motion video, texture photography, and many other content categories. In this episode, we talk with Daniel Snow, cofounder of Kindred Studios, as well as The Snow Ggency. He specializes in the ecommerce space, and joins us to discuss social media and content creation.

[INTERVIEW]

[00:00:51] JM: Dan, welcome to show.

[00:00:52] DS: Thank you for having me, Jeff.

[00:00:54] JM: It's a real pleasure to talk to you. The reason I want to have you on the show is because I think of you as a new kind of entrepreneur, and we will explain why that is. But I think I want to start with one of your business lines. And that business line is the Instagram channel @rap, which you explained to me. So you own the Instagram channel for @rap. So for anybody who doesn't use Instagram, that's like owning rap.com basically. Can you explain how you acquired @rap and what it is? Why it's a business?

[00:01:33] DS: Yeah, so I found out the person – I had an idea of what I wanted to do. The brand I wanted to build on social media in the hip-hop space. And I thought, "What's the best name I could get?" Rap, obviously, for rap. And I found the person who owns it at the time, which was someone I had already was doing business with. And we had actually even met in-person, believe it or not. So it was a really easy transaction for both of us, and kind of got really lucky in that in that aspect.

[00:02:02] JM: Can you say more about what that vision for @rap was?

[00:02:05] DS: Yeah, the vision for @rap was to essentially centralize the news and content in the rap and hip hop space. So at the time, I created in like 2015, ‘16. And I believe this was around the time where people started really getting into Spotify and all the playlists they were making as well, at least I was. And when you rely on Spotify, Spotify’s curated playlists for music and new releases and whatnot, you always find these new artists there. And when you're just the average rap fan and you don't know who these people are, it's hard to keep up. It’s hard, for me at least, to build a connection to these artists and know who I should be listening to. Who I shouldn't? Etc. So no one was doing it at the time. Obviously, there was blogs and whatnot. But that's much different than just seeing it on your Instagram feed, Facebook feed, etc., which is where everyone lives these days anyways.

So since no one was doing it, I saw a massive opportunity. Because the other thing and just on my background was that I had already created massive social media followings on Instagram and Twitter at the time. And I had saw that there's consistently these artists that were investing into promotions for themselves on social media, but because there was no rap accounts, they're going to comedy accounts and all the kind of auxilary profiles that might have that overlapping following. So I figured, “If I could build this rap following, I would have the way to monetize,” which would be native and people wouldn't even realize it was ads. And there's clearly a demand for this. No one's doing it.

And the most interesting thing was that there's content nonstop. There's news nonstop, drama, new releases, new artists. So the ability to source content for the account would be really easy as well. So I saw all these upsides for what I could do. And I wanted to build a brand that's native to social media. So at the time, I thought rap was the best space to do it in.

[00:04:08] JM: How much do you have in assets to your name at that point? Was that your first business?

[00:04:12] DS: No. No. So at this point, I probably had already created like 30 million followers on social media myself. I started on Twitter my sophomore year of college. I probably grew that to like 20 million followers. And then I created self-serve – Well, before that, then I learned how to monetize it. So I got into content blogs. I had a lot of success on apps on the app store, and leveraging all the followers ahead on Twitter at the time and all the other profiles to grow them. So I had a few apps in the music space, games. I started doing campaigns for other apps, got very good at it.

Then I had realized that a lot of these people that had these large followings. This was like 2014 at this point, did not know how to monetize. And I found out that affiliate marketing specifically at the time was a really great way to monetize your social following. So I built essentially a self-serve ad platform. I found all the advertisers. Built into performance-based model with affiliate, built out the landing pages, pre-sales, what content works. And yeah, that was my first big win. My senior year of college we had done like $8 million in revenue. So I had done all that for it before I created rap. And even on Instagram, I actually created Worldstar on Instagram for – Created Worldstar.

[00:05:26] JM: Worldstarhiphop.

[00:05:28] DS: Yeah, Worldstar. Yeah, Worldstarhiphop.

[00:05:30] JM: So you took the Worldstarhiphop brand and you made the Instagram for it?

[00:05:33] DS: Yeah. Yeah.

[00:05:35] JM: That’s pretty sweet. That's pretty sweet. That's quite a qualification.

[00:05:37] DS: Yeah. So I got that page too like – And that was my first Instagram page. So I went to a million followers.

[00:05:42] JM: How did you get that deal? Sorry to interrupt you. How did you get that deal?

[00:05:45] DS: There was no deal. I got the name fine. It was funny, Worldstar.

[00:05:48] JM: You hijacked it?

[00:05:50] DS: I didn't hijacked it. I said we're not affiliate with Worldstar, but essentially still has their branding and all the content that they would post.

[00:05:58] JM: You know what's funny about this? So my podcast, Software Engineering Daily, when this podcast started. So what eventually became Software Daily. But started Software Engineering Daily. I essentially copied another podcast called Software Engineering Radio. So I had been part of Software Engineering Radio, which was a volunteer-led organization. It's the gold standard of software podcasting. It's still is. It was. It still is. But in my case, I actually went to them and I said, "Hey, look, I'm going to start this other podcast called Software Engineering Daily. But essentially, I'm going to like look like I have some sort of loose affiliation with you, when in fact, I kind of don't. And I'm sort of going to draft off your brand new. It's kind of like a nasty little growth hack. But it's kind of what you got to do to get started sometimes. I mean, is that how you were thinking about it?

[00:06:38] DS: Yeah, of course. That was it. It wasn't rocket science for at least me. People had already done that same exact thing on other social media, like Twitter specifically. No one was doing it on Instagram. So eventually after I think it was like two and a half million followers, the owner of Worldstar, before he passed away, sadly, asked us to change the name. So I changed the name to something else. But we were able to grow it quite large before that name change.

[00:07:02] JM: If I understand your trajectory correctly, basically it was like multipurpose digital marketing agency to Worldstar to @rap.

[00:07:11] DS: So it wasn't like to that. It was more so it was all happening at the same time. Yeah.

[00:07:17] JM: Gotcha. And monetization was mostly through sponsored posts on these Instagram things?

[00:07:22] DS: Yeah.

[00:07:24] JM: What's the supply chain for a sponsored post?

[00:07:27] DS: Like was what goes into it? Essentially, either if you have SDRs reaching out to brands, let's just say most of it is inbound. So a brand reaches out to you over DM or email, you tell them how much the post is. They pay it, whether it's PayPal, wire, whatever, and you post it. That's it. You might send reporting analytics 48 hours after, depending on how big your campaign was. And that's it. So it's very straightforward and very easy, logistically speaking, to get these posts up and do these sponsorship deals. And then if you're doing outbound, you're just reaching out to people and similar process follows.

[00:08:07] JM: Gotcha. Okay, so I get how you kind of lever into this situation where you've got @rap, you got Worldstar. What did you rename Worldstar as?

[00:08:16] DS: Savage comedy.

[00:08:18] JM: Savage comedy. What's going on there? I guess Worldstar is sort of savage comedy. It's just like people getting beat up and stuff, right?

[00:08:26] DS: Yeah, essentially. But I ended up selling that page. So then I pivoted to – After things with my partner on the platform didn't work out after two years, and we decided to go our separate ways. I started focusing on building direct consumer brands. So I had a ton of success there. And I saw these kind of like meme accounts sort of call it.

[00:08:45] JM: Hold on. Slow down, slow down, slow down, slow down. Okay, you got into D2C brands. How do you go from managing rap Instagram accounts to – OR rap Instagram and savage comedy, which essentially people getting beat up Instagram accounts through D2C? Like what's your first D2C brand? Is it catering to the rap audience? Catering to the people getting beat up audience?

[00:09:05] DS: So zero overlap. So I was never really the one managing these social media pages. I already had teams built out, because keep in mind, I had already had like 20 million followers on Twitter, and that was still active while I was building these accounts on Instagram. I just had my team continue to build them. They understood how to navigate social media, how to build followings. Obviously, I was giving them a ton of strategy along the way. But the real knowledge on how to build direct consumer grants came from the platform, which was Caffeine Digital, which I mentioned before. That's where we were building landing pages. We're optimizing landing pages for CRO. We were learning what content works and resonates with different demographics. How to leverage influencers and repurpose their content on ads? So that's where all the knowledge came from. And by the time it was time to launch our own brand, it was super easy, because I had already been doing it through my platform for hundreds of other companies.

So our first brand was called Gocase. That was a phone case company. Our first product was phone case that can like stick to glass, tile, wood, stuff like that. And we were all focused on organic content at the time, and the brand freakin' blew up since day one. To give you an idea, our second day of the company, I had already done like $62,000 in revenue. And we decided we wanted to do all the fulfillment in-house and whatnot instead of drop shipping. So we had 50,000 phone cases on the way from China without a warehouse or location to put them and no employees to pack any orders yet. I should have hired three PL at a time, it a massive mistake. But we hired like 10 people our first week. And things didn't slow down from there. So our first six months all doing everything in-house. We did like 7 million in revenue. And then we leveraged that same process to launch other brands. So we launched another brand, that brand had done 12 million in its first six months in revenue. So our first year focusing on ecommerce brands, we ended up doing like $25 million in revenue.

[00:11:09] JM: Gotcha. So 25 million in revenue. How much of that turns into profit if you're running a phone case business?

[00:11:14] DS: Roughly 20%.

[00:11:16] JM: 20%. Pretty good. Pretty good. So you end up like clearing 5 million or something for you and your partners?

[00:11:21] DS: Something along those lines, yeah.

[00:11:23] JM: That's pretty good. And how old were you at the time?

[00:11:25] DS: I think I was 23.

[00:11:28] JM: 23. That's impressive. And you're 28 now, right?

[00:11:31] DS: I'm 28 now.

[00:11:33] JM: Okay. So the timeline between 23 and 28 is essentially becoming D2C brand and digital marketing conglomerate magnate, right? That's what you've become, essentially?

[00:11:48] DS: Yeah, I really started on the platform, because we had to think about it. We had almost 4000 people using our platform to make money essentially. And a lot of those people now are brand owners and doing a bunch of stuff. This is 2014, '15. A lot of people at similar backgrounds as me, is they either got into this space through organic social media. Now they have software companies. They have app companies. They have ecommerce companies. So that's where I've really started building up my name in the space and building relationships with all these people and building my credibility, because I was paying them out weekly for some of them a lot of money.

And then it parlayed into running my own brand. So it allowed me to continue building my reputation and authority in the space. Kept doing that. Kept doing that. And so that by the time we launched our agency, the credibility was there. The background was there. The case study, all that stuff. So that's why it was really easy for me to transition into agency.

[00:12:43] JM: So you can think of yourself as an agency at this point?

[00:12:45] DS: Yeah. So now I have a business that's just an agency called The Snow Agency. We have –

[00:12:51] JM: This is where I don't understand about you. Okay. So obviously an agency like can be a fantastic business, right. But I look at you, you're like literally launching D2C brands, and you have a marketing agency that kind of can grow those D2C brands. Why are you looking at this as like an Amazon size business? Like why would you – Or do you call it an agency to like seem underestimated? Like what's going on here? It seems like you have something gigantic?

[00:13:17] DS: Yeah, I mean, our agency is already approaching 100 employees in under two years. But I see the agency – What's appealing to me for agency is that, in my opinion, especially in digital marketing and advertising, the most important thing and the hardest thing to achieve is your team and your infrastructure. And to build what we built just for our own internal brands would require a massive amount of money or funding. Or if you're going to do a bootstrap, I mean, I don't know how you can do that in under two years, which is what we did. So now that we have our team, the doors are open and opportunities if we want to pivot, if we want to launch our own brands, which by the way we're launching it strategically typically with partners and whatnot, but in the process of launching our third brand. So yeah, for me, agency I think is a really interesting business that a lot of – Number one, it is insanely stressful. And moving parts just don't stop, because as you grow, everything breaks, and you have to change constantly. But I sort of enjoy the agency process. I enjoy building out new departments constantly. I enjoy the process of growing brands. And then obviously, we can always build our own brands if we want to do that. So it's not like a one or the other sort of thing.

[00:14:34] JM: I'm with you. And all of that makes sense. My only question is sort of about the framing. So part of the advantage of – Like let's say you were to rebrand and say – Like rebrand sort of internally and externally. And I don't know if you would have to converted from an LLC to a C corporation. Basically say, "Look, we're the next Amazon." Let's just throw a random hypothetical out there and say like let's say you rebranded. You say we're the next Amazon, or Amazon, but we launched our own D2C brands as like an early facet of the business, but we're trying to go after everything. Basically, we're going to do everything in-house. We're going to be D2C for everything. If you do it C Corp style and intend to go public, or you can also do this LLC style. You can say more convincingly perhaps, like, "Hey, if you're an employee, and you spin up a business line within our organization, you're going to get really good economics somehow." Either we're going to allocate you shares of the company, or some massive bonus or something. All I'm really wondering is like what is your approach to systematic innovation? Like how do you go from – Because, eventually, the agency model where you're spending a bunch of plates doesn't really scale. You have to have like an organizational management science to what you're doing. And that's really what I'm curious about. Like do you want to do it through cash incentives, which you absolutely can? Cash incentives, leadership incentives, ownership incentives, power incentives, marketing incentives, social media incentives. All kinds of incentives you could offer C corporations, stock, share incentives. We're going to go public eventually. I'm really curious about the management science.

[00:16:00] DS: Yeah. So as we grow, and all the things you mentioned, we're definitely starting to think about all the ways to continue to incentivize our employees and grow within our company. Number one, the most obvious thing when someone joins our company is, number one, training and growth, because we scaled from – Essentially, we started at 10, because we were running our brands first and now nearly a hundred employees under two years. And all of our department leaders were growing within. We haven't taken – And besides our studio, because our executive director, he came in with an abundance of experience to launch a studio, actually our head of SMS too. But all the main channels we focus on all the advertising were grown within. And many of our other managers were also grown within. So the amount of growth and hands-on experience people can get in our company, especially if they're joining entry level, in opinion is pretty immense. But for sure, this is a conversation that me and my partners, also my brother, our continuously discussing, is how can we further incentivize employees to have ownership and empower them and whatnot? So definitely thinking through that.

[00:17:13] JM: By the way, the reason I asked this is I'm going through this on my own within the Software Daily LLC. And we're growing, right? We're in great situation. But I have to kind of reckon with the fact that like I'm allocating percentages of the company to the shareholder employees of the company, including myself, basically without an exit strategy. Like there's not an exit strategy. We're not going public. I don't ever want to sell. So it's like I can say to this interim CEO that I'm trying to get onboard as full time CEO. I can say, "Look, we've got these equity incentives. I have no idea what they're going to symbolize." Like I have no idea if we're ever going to sell. I have no idea if we're ever going to issue a dividend. I have no idea what we're doing here.

And one thing I like about the C corp model, like C corp, go public, C corp's back, whatever, is you just have a clear path. Like you have a clear monetization system built-in. And basically, as part of that package deal, you get this weapon that you can use throughout your life cycle. I shouldn't call it a weapon, but that's kind of what it is. It's a piece of equipment that you have armed yourself with that aligns people in a very powerful way, right? Because it's like as the company grows, if you're marching towards going public, the people that have equity like are incentivized to stay. They're not going to leave, because they want to see the organization succeed. So you get less key man risk. You have less of the spinning plate problem. I don't know. It's just something like I'm struggling with, because I'm sort of like you. I like to be in control. I don't like the idea of going public and ceding control to the public. I want to be in charge of my own organization. Have you heard anything about Koch Industries? Or like one of these other like private behemoths?

[00:18:59] DS: I haven't definitely aware of the Koch Industries. I haven't read any. If you have any good books, I would love to check it out.

[00:19:05] JM: Well, I mean, it's kind of taboo to talk about the Koch brothers, because they're kind of like the financial arm of the right wing in some regard. But they have interesting books on management science. And they're all engineers. So they think in a very engineering systematic way. I don't actually really remember what these books are. Like some The Art of Management Science or something, or whatever. But it's all about incentives. They're super incentive-driven, which is the same thing Charlie Munger would always say. So I think whatever you do, you can figure out an incentive system. Whatever you do, you can figure out an incentive system.

But I feel like there are actually a lot of people like you and I that have to sort of think through this in an unconventional way. And I don't think there's really been a playbook drawn up. That's why I was – What's one reason I was curious to talk to you, is because like you've clearly got – You're clearly super charismatic. You can do whatever you want. And I'm just kind of curious where you're thinking. Like if you if you play this out to the longest logic extent, you probably want to be building technology companies, because that's the highest margin direction you can go in. And so how do you get – I mean, maybe you're just like – So like the way I think about is like I'm a wholly owned media company. We do not give up ownership easily. I own most of the company. And basically, like we spin off technology companies. That's kind of how I think about it. Like we're a standalone sort of media organization that can support any other thing we spin out. And we spin out technology companies, and they're venture-backed, and we raise money for them. I mean, that's the thing I'm thinking about. I'm just curious like what is your Berkshire Hathaway thing look like?

[00:20:38] DS: I think for agencies more so, our agency, if we want to grow, potentially making strategic acquisitions along the way so we can we can offer more interesting offerings for our clients, and then obviously getting clients in other ways, and then also being able to just leverage that infrastructure to launch our own brands. I think that alone can go a pretty long way, especially with how fast brands can scale these days.

[00:21:05] JM: I mean, okay, let me ask you this question. Obviously, it's kind of a left field question. What does social media look like in five years?

[00:21:14] DS: That's an interesting question. I don't know if social media looks a ton different than it does today in five years. I think that it'll continuously adapt in niches and kind of grow that way. But like the major players, I don't see how much more can they do. Is Instagram going to make a real – You know what I mean? Like a little change like that? The Instagram landscape hasn't really changed much. Now there's TiKTok. But like the way people are consuming content, I don't see changing. Then the platforms are leveraging that the way to gain users like TikTok did through a different form of content, which is like a little six second, whatever. And then they go back to what Instagram and everyone else is doing, which is the long form content. Now they're allowing people in TikTok to upload one minute, two minute, whatever long videos. I just don't see the social media landscape changing tremendously over the next five years. That's my opinion. What do you think?

[00:22:14] JM: I think it's got to change pretty quickly. I mean, TikTok is really, really putting a lot of pressure on Facebook.

[00:22:19] DS: Yeah, but at the same time, like that's a different platform, but it's like has social media change like the way TikTok – With the emergence of TikTok, like would you say social media has changed? Say Clubhouse, like that's a different form of social media, I guess, because it's just audio. But I don't know if that's going to have to continue to have legs in five years.

[00:22:40] JM: TikTok is the first product I cannot have on my phone. So it's too good.

[00:22:44] DS: Really?

[00:22:45] JM: Yeah, it's too good. It's just too good. The content is too good. I can't keep it on my phone. I mean, I don't know about you. I guess you probably use it. Maybe you can control it yourself. You're kind of like slightly – I guess you're four years younger than me, which I think is a significant enough difference that maybe you have a little bit more tolerance for it. It's just too addictive for me. Like it's literally like I have crack cocaine in my pocket.

[00:23:06] DS: I mean, I guess you could – I only thing I could think is I guess you could say that attention span is going to continue to get smaller and smaller. So it's like with TikTok, whatever, it's gonna be even shorter than TikTok the next thing. I don't know. Maybe that'll happen. But then YouTube has still dominance over long-form content. So it's like, I don't know. I think there's something along the lines of that. That's also why I don't foresee the audio only like Clubhouse sticking around too long, because it's hard to – Maybe a month people get into that long-form content, but it's like doesn't stick. That's kind of how I'm thinking about it.

[00:23:44] JM: So the other angle here is you have to think about the cameo product, right? Like cameo is not representative just of cameo itself, but of monetization cross social media. Or monetization, cross influencer, cross direct messaging is sort of cameo. So what happens when that gets remixed with social? Essentially you have paid social product strategy. Like that's in the whole suite of other products. So I think all I'm trying to say is the landscape is changing. And then you look at like newsletters and podcasts and stuff. That feels changing. You've got these –

[00:24:19] DS: I think it's just going to continue to do like what social media is doing, but just for specific niches. Like I saw one interesting one now called Versus, which essentially like TikTok for gambling. So it's like people who really wanted to get into gambling, and imagine the TikTok algorithm of just like different bets. They can bet against all these people.

[00:24:37] JM: That's great.

[00:24:38] DS: Yeah. It's interesting.

[00:24:39] JM: What is it called? Versus?

[00:24:40] DS: Versus, yeah. So I just foresee that happening with different kind of niches. And people will start to – Which is kind of like what TikTok is – Why their algorithm is so powerful, because they're so good at finding content you're interested in. But that's kind of how I see it, see social media developing in future years.

[00:25:03] JM: I think it's got to evolve. It's got to evolve. And I'll tell you, on the software engineering side, all this stuff's getting really easy to build. So it's getting to the point where like you and your team could literally sit down in a room. And you've used Figma, right?

[00:25:18] DS: Yeah.

[00:25:19] JM: So Figma is essentially a 10X better design tool than anything that came before it. So design is now easy. So you can do design really easily. Outsourcing has gotten 10X better. So, Fiverr Pro. Fiverr Pro automatically surfaces people on demand. So you've got Fiverr Pro, you've got Figma, you've got engineering becoming really easy. You've got the interface becoming well-defined with React. All these things are coming together to basically level – You have Stripe, Stripe Connect, Stripe Atlas. All these things are coming together to level the playing field of what it takes to stand up a new social media property if brands such as yourself that can essentially immediately inject a new social media property with users. I guess what I'm trying to say here is that you could be spinning up new social media properties. And I think that would basically be like the highest margin direction for your business. I don't know if it's literally you spin up a social media property within your business or you like spin it out of the company. But I just feel like if you're spending – If you have the determination to like spin up a phone case business and hire 10 people to like manage your inventory, you definitely have the perspicacity to like spin up a random social media thing. Because like what is TikTok? TikTok is like rebranded Instagram. That's all it is. If you really look at it from the core idea of what it is, it's rebranded Instagram.

[00:26:42] DS: With a better for you pitch, better explorer pitch.

[00:26:44] JM: Lots of things that are way better. I mean, super performant video infrastructure, which is now available from Mux. You can buy it as a service. Like you don't need to spin up your own. There're like all these little building blocks that you can put together in interesting ways. And that's what social is to me. I don't know. I don't mean to like speaking out of place or like telling you how to run your business or anything. I would just love to see whatever social products you could build. I mean, I talked to you enough to know I'm interested in like the quinoa snacks that you're preparing. So like I want to know about your influencer marketing platform.

[00:27:13] DS: Yeah. I mean, I think it's just so tough to create another social media platform. So many people try. It's just – Well, it might be easy for a lot – Easier than it had been in past years. It still is super expensive to get users. And then to then just manage the business is super expensive, because monetization doesn't happen until you have enough users. So it's like a huge way to invest your time and either become something substantial or just eventually becomes nothing. That's kind of how I see all these people trying to create the next big TikTok or whatever. For me, like the risk outweighs the reward for me in that.

[00:27:57] JM: Gotcha. Well, tell me a little bit more about your business as it stands today. Like what is your day to day look like? What is your staff look like? What are your projects look like? What's the IO look like?

[00:28:07] DS: Yes. So there're two different businesses. Remember, that the Rap TV and The Snow Agency. And then we have our other third arm, small one that we started to create for our own brands. But 80% of my time goes into managing the agency, which encompasses sales, recruitment, management, communicating with all of our different department heads to make sure everything is up to par. Still doing some deep dives in some more client counts so I can provide strategy to our team. And then I'm trying to get more active on social media to continuously build my own personal following. Help oversee processes that are built for different departments within my company. That's the agency at Rap TV.

Really, because it's so much of a more straightforward business, not too much of my time is required. So for that one, I'm more so just giving the team strategy, new ideas to execute on.

Making sure those ideas are executed on. That's what the time looks there. And then for the brands, more so just in that advisory role, because we're leveraging our agency to do all the advertising, making sure everything is done the way it needs to be done. And I'm giving them the strategy they need to scale the brands and whatnot.

[00:29:24] JM: I want to know about that third thing you mentioned, spinning up your own brands. Tell me more about that. How do you systematize that?

[00:29:32] DS: Because right now we have only one fulltime employee who right now manages pretty much everything on the backend, because, once again, leveraging our agency to do all the advertising and content and everything else. We also have a partner on one of our brands, who is the face of the brand who creates content. Helps engage the community, build a community, etc., etc. So yeah, now we're launching – So technically, this is our third brand. Because the first brand, we have minority equity and for mainly doing the advertising at this point. So the second brand that we have majority ownership in, we're launching right now. And now it makes sense to start building out more of our team on the brand side for operations and supply chain and whatnot. And just branding, customer experience stuff like that.

[00:30:27] JM: Gotcha. How do you think – So let's say like the one person who's working on spinning up new brands meets with you on Monday and he or she is going to basically present you with five different projects, and says, "I want us to pick the best of these five projects. Here's like a quinoa snack brand. Here's a pencil brand. Here's like a boombox brand. Here's, I don't know, Air Pods knock off. And I don't know. What's another good example? Like a checkbook cover or something. Some random – or a plush toy? Like how do you choose between those business lines? How do you determine what is the best new D2C brand to spin up?

[00:31:07] DS: So right now we're not in a position where we just want to like – We don't have like an initiative, "Oh, we want to create one new brand a month. On new brand a quarter." We're just focusing on the ones on scaling our current ones. As we build our team, then we're in the position. But the way I look at it is, number one – So what we used to do is actually – That was our business model before the agency, and we used to constantly test products on – Instead of just having our own opinion by just making a brand out of it, we would actually spin up a landing page, spin up some quick content, and actually advertise as if the product existed and see how the data came back. What were the CPMs? What were the click through rates which showed intent? What was the percentage of people that put the product in their car? And all these metrics helped us and gave us a huge advantage when it was time to actually make the brand. And that's the reason how we got into a phone case company, we got into shape wear company, we got into men's grooming company. It wasn't just because we're like, "Oh, let me make a phone case company today." It was because we had data that showed us that there could be something interesting behind these products.

[00:32:15] JM: You know how there's – What are these rollups? Thrasio or something? You know talking about? Thrasio. Thrasio is like a multibillion dollar rollup of Amazon, like Amazon featured D2Cs, right? Is that at all an inspiration to you? Or are you more focused on the agency? Or is like CAA? Are you CAA or Thrasio?

[00:32:41] DS: I'm not Thrasio. And I don't know if I would want the pressure of raising a billion dollars. I don't know, maybe in the future. But like, right now, I don't know. I don't know if that that's an aspiration of mine. I think it's really interesting what they're doing, especially because they're so focused on the Amazon marketplace, which, to my knowledge, it's just like there're so many unpredictable things that can happen there. And now it really on every platform, iOS 14 and all the other things that are going right now in the advertising world.

But yeah, a lot of people are doing that model now, because especially in Amazon's very predictable revenue. So you could just apply your forecast and whatnot. Doing it in a true D2C model, which is like Shopify brands, is a lot harder, because the predictable component is not there. You have to acquire the traffic. You're not reliant on Amazon search volume and getting to those top slots, which is why Thrasio can build businesses and know exactly what they believe the numbers are going to come out to. And that's why no one has really done it to the extent of Thrasio for Shopify brands.

I know, for boys, they're going to be the first one to really attempt that model for Shopify brands, and I think that'll be interesting with open store. But yeah, I mean, it's definitely a really interesting model. I think I could do really well with it potentially in the future, but definitely not right now how many different things I have on my plate. And hopefully these learning experiences I have can potentially help with future projects and whatnot, but I'm definitely keeping a close eye on what's going on in the acquisition space.

[00:34:24] JM: So, okay, just to really – I really want I understand your business a little bit deeper. So at your core, you're an agency business, right? Like that's where you spend most your time, right?

[00:34:34] DS: Yeah.

[00:34:34] JM: When you say agency, do you mean you're orchestrating advertising deals, or you're managing influencers, or you're – What exactly does agency mean in this context?

[00:34:45] DS: So we're mainly in the advertising space. So we're doing – And focusing in the D2C space. So we're doing ad buys on all the various platforms, Google YouTube –

[00:34:58] JM: Actually – Okay. No, this is great. This is great. Okay, so I actually just came up with a book. I came with a book called *Move Fast*. *Move Fast: How Facebook Builds Software*. Currently number one in software engineering and a bunch of other categories, which doesn't even mean anything, because Amazon book categories are pretty easy to get to the top of. But that's it. It's like I think it's a pretty good book. Let's say I come to you. And I say, "Look, I'm interested in having you do marketing for me. Like, basically, I want to blow this thing over the moon or whatever. Can you do that for me? Or you have no experience marketing books? You would tell me to go somewhere else? Like what would that engagement look like?

[00:35:33] DS: I don't have any experience marketing books. But at the end of the day, everything is marketed kind of the same way. So that's why when someone's like, "Oh, focus on clothing brands." Like that doesn't really make any sense. It's really just understand, you're building like templates of consumer psychology and understanding how content resonates with different target personas and how to leverage market research to create content and landing pages and whatnot. So that's the reason why we, in my opinion, are good at what we do is because we can apply that process to anyone selling something online. So while we haven't worked to, let's say, a book company before, doesn't necessarily mean that we wouldn't apply our experience and knowhow to that specific.

[00:36:19] JM: And what would you charge me? Like let's say I came to you, I'm like, "Hey, what's the minimum like we do? What's the minimum? What's the maximum? What's in between?"

[00:36:26] DS: Our model is retainer or percentage of ad spend, whatever is greater. So that's now typically gold standard in performance marketing agencies these days, and retainer covers us doing the actual media buys, us also doing the creative edits. So we're doing the photo edits, the video edit, stuff like that for the content that's actually going to go on the ads, on the social platforms. And then we're also creating landing pages for our clients as well. So we own the whole funnel that eventually goes into the final return on ad spend and the ability for us to then scale clients.

[00:37:07] JM: Would you be able to prepare and post tailored content about my book *Move Fast: How Facebook Builds Software* to the @rap audience?

[00:37:18] DS: I don't think so.

[00:37:20] JM: No? Well, how much would it take? How much do I have to pay for a sponsored post to @rap? Is it to off-brand?

[00:37:26] DS: I think it's too-off brand. I don't know if the Rap followers are –

[00:37:29] JM: I know there's a price. I know there's a price. I don't know if there's a price in your heart.

[00:37:33] DS: I think it'd be a waste of your money.

[00:37:35] JM: I want to hear the price. I want to hear it.

[00:37:37] DS: We typically – For artists, we charge $3,000 a post on Rap. If it's a brand or something along those lines, those typically go for $10,000 plus proposed.

[00:37:48] JM: $10,000. And if it's a brand that's like ridiculously off-brand like Move Fast? It's like what? 15,000.

[00:37:53] DS: We most likely won't post it. I've had a cryptocurrency company offer me one Bitcoin for a post –

[00:38:01] JM: Oh, come on. I'm not a cryptocurrency company.

[00:38:03] DS: I was just answering what you were saying. Like I take the brands, I take it seriously what we post. And I don't want to compromise.

[00:38:12] JM: Okay, okay, okay. Let's say I go to you and I say, "Look, I want you to basically give me distribution on all the best developer and software related Instagram channels. Can you do that for me?"

[00:38:22] DS: Currently, we don't do the – I've done a bunch in the past. But because working with these pages is such a manual labor kind of intensive process, you have to reach out. You have to communicate. You have to negotiate. You have to create content. You have to make sure they actually post, which is a lot harder than you might think. And then you have to read all – So it takes a ton of time. And it's hard to scale. So we don't offer that as a service right now just for those reasons. We would rather focus on the media buys.

[00:38:53] JM: So media buys meaning like –

[00:38:56] DS: Like direct as a platform. So like we're paying Facebook or paying Google. We also have a creative studio where we do photo, video, web design.

[00:39:05] JM: Ooh! By the way, you're doing Amazon ads now?

[00:39:08] DS: We don't do Amazon. Getting into marketplaces is one of my biggest initiatives this year. Once again, it's iOS 14. Well, because of that, Amazon is just gaining more market share in ecommerce every single year. And I think it's just super important that your brand is in every place where your customers are. So a lot of times, interestingly enough, people are going from the ads they see now to Amazon to see if they can buy your product better, because they know it's the best customer experience. They know they'll get the product. They know they can return it. So it's, yeah, really important to be on the various marketplaces and would love to start offering that service to our clients and our brands and everything. But looking for a great department leader who can help us with that.

[00:39:51] JM: Got it. Okay, so if you're listening to this and you feel like you want to work with Daniel Snow, one of the best in digital marketing and be – What exactly? What's the position?

[00:40:01] DS: It'd be just head of marketplace.

[00:40:03] JM: Head of marketplace. Okay. So that's like spinning up new business lines for the digital marketing team, essentially.

[00:40:10] DS: Yeah, getting our brands and clients from Shopify and making a presence on Amazon, Walmart, etc.

[00:40:19] JM: Again, let's say like is this even a reality or is this total hypothetical that would never happen? Like could I literally say on air to you like, "Hey, I want to pay you X dollars to market my book. I just want to see what you can do. Could we do that?" Would that'd be something you'd be interested in?

[00:40:33] DS: So you're saying like a live case study and seeing the whole process of us marketing your book?

[00:40:39] JM: Well, I'm kind of curious. I mean, we're doing pretty well. Like I have money I could spend on this. Like I definitely want to market this book that I spent three years producing, and I kind of am interested in like working with somebody that I actually know and respect and have shook in hands with. And I don't really care that you've never marketed books before. That's probably a plus rather than a minus, because you're going to be thinking it with fresh eyes. So just like just offhand? Like what would your strategy be? How much would you need to execute that strategy and like deliver me a report saying, "Hey, Jeff, you should invest in this, or you should stop investing in this."

[00:41:07] DS: I would say, number one, if you're selling the book just to ROI on the book, it would be extremely hard because of the average –

[00:41:14] JM: No. It's lead gen. It's lead gen.

[00:41:16] DS: Oh, if it's lead gen, then it's a different conversation if there's a higher ticket.

[00:41:22] JM: Yeah, it's lead gen for my podcast. It's lead gen for my YouTube channel. Or by the way, maybe it's like a package deal where you market my YouTube channel and market the book or something. I have no idea. I've never really paid a digital marketing agency before. And we have a suite of products that we could market.

[00:41:37] DS: Interesting.

[00:41:38] JM: By the way – Sorry. Not to interrupt you. So we sell podcast ads. We have a highly differentiated podcast ad sales product. So maybe there's like a very positive ROI situation where if you get us like highly qualified leads, then it's very easy for us to like re-up.

[00:41:56] DS: Yeah, that's definitely interesting. Yes. Essentially, what we would do is build initial KPIs. We would have to figure out, "Well, actually, they're buying the book." Yeah. So you'd have to figure out what tact makes sense, because it's obviously not just the book, book sales that we're taking into consideration. We're taking into consideration how each lead is then buying whatever software you have, or then following your podcast and your YouTube and how that backs out. So that'd be the number one thing that we do for all clients. But for you, you have to see how much does it make sense to acquire a customer.

And then after that, we start building out content. And we do market research on – Probably be on your on your podcast. It's already quite large, and you're in your book sales. Understanding why are people buying your book, the unique value proposition of it. The reasons why they might not have liked it, so we can use those challenges in the advertising. And then that's how we create our content. Then we take a very similar approach to our landing pages. And then we start running ads. So pretty straightforward.

[00:43:03] JM: Gotcha. And let's say we like named those KPIs and stuff. What's your minimum engagement price?

[00:43:10] DS: So our typical retainer start at $5,000 a month.

[00:43:13] JM: That's not bad. So if I paid you $5,000, is it $5,000 for the retainer. And then also we have to pay on top of that like the fees for paying Facebook and Google?

[00:43:21] DS: Yeah, you have to cover your own ad spend.

[00:43:25] JM: What's the minimum ad spend to make it interesting?

[00:43:27] DS: I typically recommend people to spend at least 10,000 a month. If they're spending under than that, it doesn't make sense to work with an agency. So 10,000 a month, which is what? $330 a day or whatever? Really, it’s just like the minimum cost I see to really try and get your product traction and an update on where we can test our content and landing pages and stuff like that.

[00:43:53] JM: And then what if I also wanted to package in your creative team?

[00:43:58] DS: So all the creative edits we do are included in that service fee. But then if we want to leverage our studio to actually shoot photo and video and stuff like that, those costs are dependent on what we have to do, because obviously anything from like a photo, to a video, and the type of video varies a lot. What I'm seeing, especially if you're doing like a book sales, what works best is, number one, since a founder-driven content, which is you talking about why you made the book and what’s the leverage all the market research and the reasons why people are buying into that content, testimonials from other people who read the book. In this case, I'd imagine software engineers who got some value out of the book, the reasons why they bought, the reasons why they liked it. How it might have influenced them and change any course of their life, whatever. And then we mix and match that. Put some social proof on it. Usually ads like that on social media do best.

[00:44:48] JM: Let me ask you this, okay, what if this is what I want? What if I come to you and I say, “Okay, look, we've got basically like seven or eight video assets. We've got the book. And what I want is I want to give these video assets to your creative team. And I want you to create a commercial, essentially a commercial for the software daily brand. Like basically, it's a commercial for the Software Daily brand. It's a short video. It includes like sort of like, “Hey, we've got a book. Hey, we've got a YouTube channel. Hey, we're a brand. Hey, we're a lifestyle. Hey, we're like a great thing you should check out.” Your creative studio makes a video basically chopping up and maybe including some stock footage or something else. You make a video commercial. You air the video commercial on Instagram ads. You air it on YouTube ads. Maybe you also like – I think that would be like simple enough. Just like if we do Instagram, YouTube. Like we just focus on Instagram, YouTube, we see what the results are there. What would be like the all in cost if I wanted – Is that something you do? Does that sound reasonable? Is that something you’d actually do?

[00:45:50] DS: Yes. So in that case, we're only doing the edits. Correct?

[00:45:54] DS: Well, I basically would give you like –

[00:45:56] DS: Yeah, you’d give us all the raw content, and we do all the edits and make it into – So that's what's included in our service fees. The reason why we do that and we bear those costs is because it's the content that scales ad performance. And if we're scaling ad performance, then that's how we make our money, because we're taking a percentage of ad spend. The more we spend, the more we make. We can always spend more. If our content is great and our content is resonating, and if we're not trying to nickel and dime our clients for every edit we need to make. So that's kind of our thought process behind it.

[00:46:27] JM: Let me ask you in a concise way. Can we give you raw footage and you make a commercial that makes us look like the Fox News for software and help us manage our first digital ad spend on Instagram and YouTube?

[00:46:43] DS: Yes.

[00:46:44] JM: Okay. And the price for that is what?

[00:46:48] DS: What I mentioned before, the $5,000.

[00:46:50] DS: 15,000.

[00:46:52] DS: What was that?

[00:46:53] DS: 15,000 all-in?

[00:46:55] DS: Ad spend included.

[00:46:58] JM: Ad spend included.

[00:46:58] DS: Yeah, yeah. At a minimum.

[00:47:01] JM: Sold. If you're down?

[00:47:03] DS: Yeah. If you're injured, yeah, I would love –

[00:47:05] JM: Actually, I got to run it by my CEO. I got to run it by our interim CEO. Make sure she's okay with it. But this sounds really interesting to me, because I've been sort of looking for the way that we can start to market what we're doing. Because I've done I think we've built a pretty good product at this point. I've done a really good bad job of marketing it.

[00:47:23] DS: Is your book only on Amazon? Or where do you want the book sales to be?

[00:47:27] JM: Dude, don't get me started in the book publishing process. My audio book is still caught in the audible review queue. I literally published my audio book for free on my podcast because of the horrible audio book review process from Audible. But, yeah, the book is available basically only on Amazon. That's really what matters. But I think what I'm realizing is like actually what we really want to be marketing is both our video content and kind of our suite of products. So like having a commercial that sort of includes a little bit about the book, like maybe just like, "We've got a book." Or it's like, "We've got a YouTube channel." "We've got a book."

"We've got a podcast." "We've got sliced bread." That's kind of what I'm thinking about. I mean, I would trust you and your marketing team to sort of put in its sexiest light.

[00:48:10] DS: Yeah. At least what from what I see is like you want to focus on the one thing that's going to drive intent. So if you're selling a book, you need to focus on just getting those customers to buy the book and read the book. And then once they're hooked, then they're going to be a lot more a lot more loyal customers to your YouTube and podcast and whatnot, versus like trying to sell everything at once. For sure, mentioning the podcast in the YouTube as like the dominant players in that space, it would – In that sense would be like social proof of that like we didn't just write – We're not just anyone that wrote a book. We're the leaders in – We have the number one podcast already for software engineers. And through all the experience, like is how we wrote the book. Like mentioning it, but not necessarily like focusing on that, if that makes sense. It's kind of like how I would thin k through making content.

[00:48:59] JM: Cook, man. Well, we got to wrap up. Super interesting conversation. I always like talking to you. And I guess I'll give a shout out here to OnDeck, because like we wouldn't have met if not for OnDeck. So it's just like really cool. That program continues to pay me dividends. I don't know about you.

[00:49:13] DS: Yeah. I met some great friends and everything there. Really happy with that experience. Are you still in Miami?

[00:49:19] JM: Oh, no. Long gone. Long gone.

[00:49:21] DS: Ah, okay.

[00:49:23] JM: And when you met me in Miami, I was having such a bad time. I was in like my entrepreneurial like blue period, but like I'm a lot happier now. So I look forward to seeing you either when I'm in Miami or you're in SF.

[00:49:35] DS: Yeah, absolutely.

[00:49:37] JM: Well, I'm going to talk to my team about the marketing side of things, and we'll touch base.

[00:49:42] DS: Alright, sounds good. Thanks again for having me, Jeff. Had a great time.

[00:49:46] JM: Cool, man. We'll do it again soon.

[END]