

Don't rush to spend on marketing

Author : Maynard Webb

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When it comes to whether or not you should spend money marketing your startup, it all comes down to timing. There has to be harmony with where you are and what you do to bring awareness to your product or service. Simply put, if you have a product ready (or one that will be ready soon) you should think about strategies to create market awareness. If you don't, it's too soon to invest in marketing.

We all remember the infamous [sock puppet](#) from pets.com. Too often, companies spend too much money before they are ready. I've seen this firsthand as well. In the late 1990s I was on the board of a high-flying startup in the mobile space that raised hundreds of millions of dollars. One day at a board meeting the CEO announced, "We are going to advertise on TV!" I found this so curious; at eBay, where I was the President of Technology, we had never gone on TV and we were a public company. The spend this CEO was proposing was more than the entire annual marketing budget at eBay. Executives from the advertising agency were in the meeting and there was no stopping them. The company spent millions of dollars even though the target market was very small and not the audience that would be reached on television ads — the company was selling to telcos, not consumers. Unsurprisingly, the ads did not result in anything good.

I've learned the best way to market is to find the most effective opportunities that are as cheap as possible. At eBay, we used PR and viral marketing and bought ads to bring traffic to the site. One of our most successful efforts was a "free listing day," where we eliminated all fees to list products. The community was so excited; they stayed up 24 hours to list everything they could. That increased traffic killed me as the tech guy, but it resulted in great awareness and a massive increase in products being sold on our site. When we started Everwise we were able to tie it to my book launch, and my co-founder and I did fireside chats with audiences that were precisely in our target market. This effort cost nothing more than a plane ticket, and we were able to reach the exact audience we desired.

As an investor, I tend to see that most of the founders I work with serve as head of marketing (as well as head of recruiting, product, HR, their own administrative tasks and more). We regularly have conversations with founders to help them determine whether or not they are ready to invest in marketing. We ask them to consider:

What: In 30 seconds or less, can you tell someone what my product does? Can they repeat that to someone else without information being lost?

Why: What is the problem you're solving? Why is it important?

Who: Who *specifically* should be really excited about your business?

How: How can customers/users know that your product does what it says it will? (This could be signed customers, metrics, successful stories, etc.)

Until a CEO has good answers for these questions, we discourage spending marketing dollars in the traditional sense (getting press, running massive ad campaigns, buying booths at conferences, buying billboards), and instead advocate focusing on ensuring the company is delighting its first few users or customers. Let those early adopters be the evangelists — then listen to how they message what it is you do to other users.

Of course, there are always exceptions to the rule. When it comes to crowdfunding campaigns, for example, PR expertise can be extremely helpful to ensure that your launch goes well. But even then, you should come in having validated your product before putting up a public-facing campaign. You may also find that running small, experimental campaigns may be a good way to build an early funnel of test users, which can help you to hone your product and messaging.

The problem with doing something too early is that you risk spending a bunch of bullets too soon. You've leveraged the network and the product is not ready. And this is especially important, because when it comes to launching your company you don't get another chance. Spend your bullets, and your dollars, wisely.