VOLUME 5

# THE FOUNDERS' Report


# Q2 2023


RAINDROP

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THE FOUNDERS' *Report*

# Welcome to the Founders' Report!


This is a quarterly report that features insights, trends, recommendations and case studies for marketers with a focus on eCommerce, Creative, Paid Media, DtC and CPG.

### One of the most consistent questions we receive at Raindrop is, "What is working for your other clients?"

We have always done our best to share and answer that question, but we decided there had to be a better way to gather this information and then share it.

That's why we created the Founders' Report – to answer your top questions and provide insights that are otherwise challenging to find.

We sourced all information in the Founders' Report from our direct experience and through key interviews with the top marketers and founders in the game. We then condensed that into an executive-level report that will help you make the most informed decisions for your business.

We hope you enjoy and learn as much as we did along the way!

Q2 2023

# Quarterly Creative Features


Select Blinds

Love is Blinds – Super Bowl Ad

OTT YouTube Meta

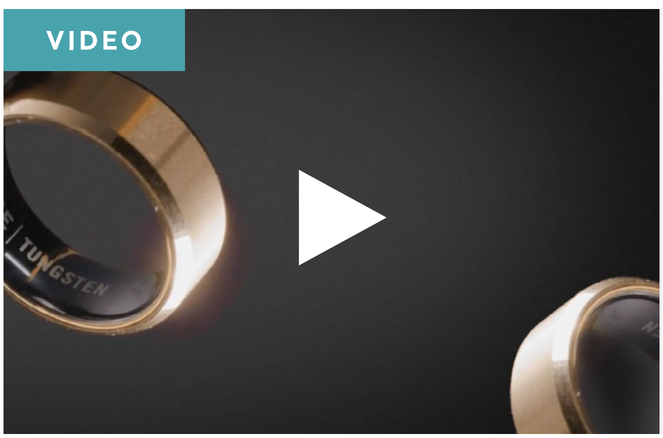
VIEW WORK ›


POURRI

Funk Remixes

OTT YouTube TikTok Meta

VIEW WORK ›




the RIDGE

Ridge Rings

OTT YouTube Meta

VIEW WORK ›


CMG FINANCIAL

All-In-One Loan Anchor

YouTube Meta

VIEW WORK ›



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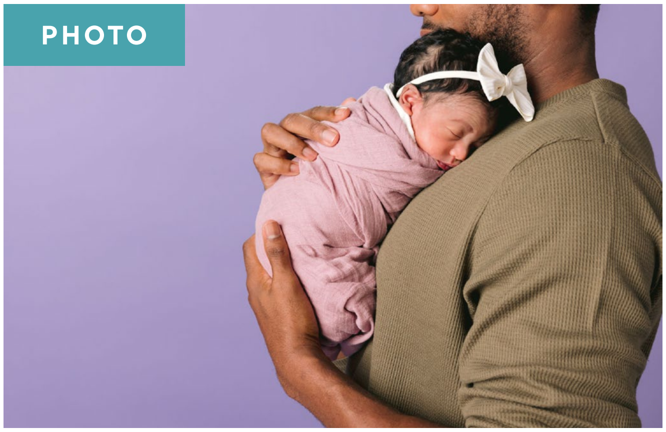



## aussie bubs

Lifestyle & Product Photography

Organic Social | Website | Email | Meta

VIEW WORK ›


## the RIDGE

Product Photography

Organic Social | Website | Email | Meta

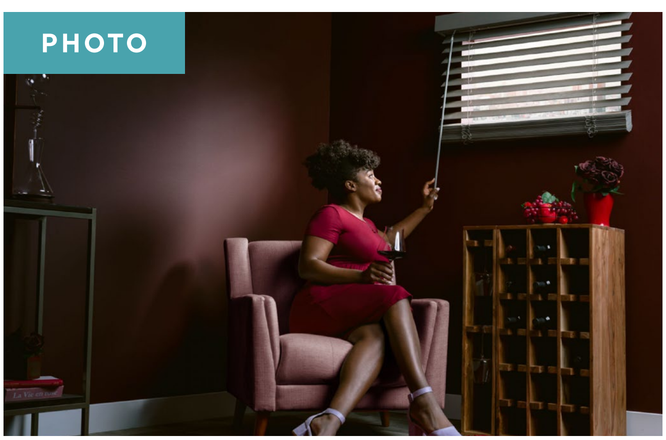
VIEW WORK ›


## sunday

Lifestyle Photography

Organic Social | Website | Email | Meta

VIEW WORK ›




## Select Blinds

Lifestyle Photography

Organic Social | Website | Email | Meta

VIEW WORK ›



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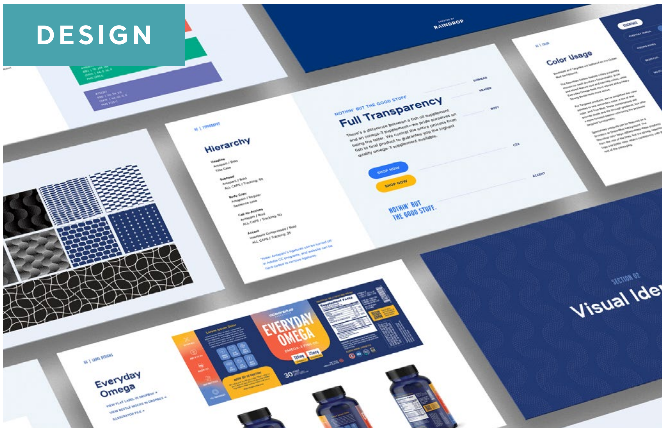
**DESIGN**



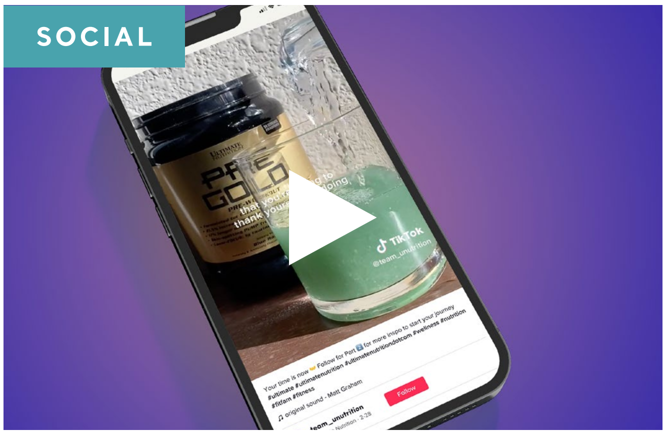

## oceanblue

Visual Identity Refresh

Brand Identity | Visual Guidelines | Packaging

**VIEW WORK ›**

**SOCIAL**



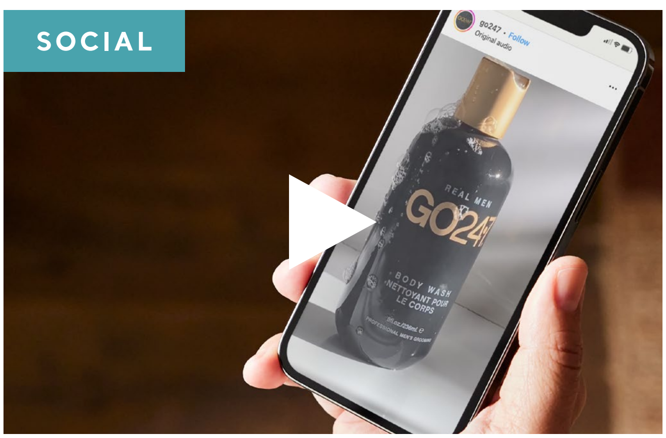

## ULTIMATE NUTRITION

Vertical Video

TikTok | Meta

**VIEW WORK ›**

**SOCIAL**




## GO247

Vertical Video

Meta

**VIEW WORK ›**

# The Catch to Finding Your Creative Breakthrough

*By: Jacques Spitzer*

## Why do some clients struggle to work with an agency?

When my wife asked me this question, it gave me pause. She then asked a second question that was even more thought-provoking:

## What would I say to someone to prepare them for the creative process?

Wow. That's a lot to unpack.

We're fortunate to have amazing relationships with our clients. I say fortunate rather than lucky because it's not an accident. Relationships are at the center of everything we do.

Still, we're bound to run into difficult clients every now and then. It's the nature of creative work and any service-based business.

I'd say maybe one out of every 20 clients we bring on just won't mesh and grow with us like the other 19 out of 20 do. There may even be friction. Why?

## Creating is scary.



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Getting an outside perspective on who you can become is uncomfortable.

I learned first-hand when I hired a consultant to help with my personal brand. She suggested that we go shopping for a new wardrobe that she would pick out.

At first, I thought, "Fun! A fresh wardrobe and pro stylist? Sounds great."

But once we were shopping and she was picking out clothes for me, I suddenly felt this pit in my stomach. Everything she chose seemed way off. I thought maybe we just weren't getting each other.

I realized I needed to let her lead the way and be open to what she was trying to create. Those clothes are now some of my favorite clothes today.

The person I hired to create my personal brand had a vision for what my brand could become, whereas I only had a vision of what my brand had always been.

## That moment of discomfort is pivotal to creative evolution. How you react in that moment will determine whether the path forward is smooth or rocky.

It's not just a matter of discomfort. There's also a level of business risk.

There are many brands out there that settle for user-generated content and the same assets they've been using for years. That's not to knock their success. You can sell $50M of product on Meta with a single go-to photo and be a successful brand. But...

Safe bets never lead to outsized returns.

Without taking the risk to explore new channels and accept new creative, you'll eventually hit a ceiling where you're retargeting the same customers who aren't buying, with the same creative that's not converting.

Your brand will show up in different ways in different places—but it'll still be the same core brand.

Get comfortable with testing different approaches and learning what works, especially if you've hired an agency to do so. It's the only way to "create" the possibility of an outsized return like something going viral.

Where does your creative stand right now? Are you plugging along on the same channel(s) with the same assets? That's a risk in its own way, just a much lower one with a much lower return.

If you're going to be in the business of risk regardless, why not swing for something game-changing?

One creative breakthrough is all it takes to drive huge growth. The catch is that it can be uncomfortable along the way.

# The Fundamentals for Building a Well-Rounded Performance Creative Mix

*By Adam Wagner*


source: twitter.com/theszef/status/1641100388379283462?s=42&t=cRhwg-F9TBe-w5ytL7kWXQ

This article was inspired by a Tweet! It's from **Bart Szaniewski** and inspired me to share how we think about building a well-rounded creative mix at Raindrop.

A great creative mix is important for testing, brand building, scaling your accounts and so much more.

## Let's dive in.

Meta is really bringing the heat with their Advantage+ products. To be honest I'm stoked on it.

Having reliable paid platforms is good for the DtC industry and Meta has worked really hard to stay in that role. Thanks Meta!

We're seeing a fairly even mix with many clients in terms of performance between static and video assets on Meta.

I'm consistently surprised by how well statics still perform on Meta.

However, statics also bring limitations. In fact, all creative types have their pros and cons. This at its core is why we need well- rounded creative mixes for our brands.

Yes, testing different creative is a huge part of that as well, but if one creative type had only upside, then you could just use and test different value props within that one creative type.

Therefore, what's most important is understanding how the various creative types fit into your mix and then finding the right creative partner or building the right internal team.

We've done a TON of work at Raindrop the last six months to really refine our creative product offerings so they align with exactly what our



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clients need today. Very few agencies are able to create world-class content from eCom photos to Super Bowl ads at scale and efficiency. We are.

But, how do you as a brand decide what creative types are right for you?

Let me break down some of my thoughts on this.

I'm going to start with pros and cons of various content types. There are certainly far more than those listed below, but for DtC brands, I would say these are the four most common categories so we'll focus on them.

## 1. STATIC IMAGES

*Pros*

- Affordable to create
- Create in-house or with an agency
- Great assets for early stage brands
- Can be utilized across many places in your marketing mix

*Cons*

- Only viable on platforms like Meta that have ad inventory for Static Images
- Impossible to share full brand story

## 2. UGC

*Pros*

- Consistently tends to perform well
- Lots of resources for creating and sourcing content
- Affordable to create
- Easy to mash up and create a variety of assets

*Cons*

- Limited storytelling and brand building abilities
- Doesn't set your brand apart from competitors

## 3. PERFORMANCE ORGANIC

*Pros*

- Works well across many platform types
- Quick and cost-effective to produce
- Great assets for any stage brand

*Cons*

- Has a limited scope in the ability to tell the full story and help build the brand
- Burns out quickly and needs to be produced at volume

## 4. SCRIPTED VIDEO

*Pros*

- Works in all channels
- Has the potential to explain your full brand story
- Generates true TOF awareness to create new brand awareness

*Cons*

- Expensive
- Time- consuming to produce
- Riskier if the assets don't work



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## As you can see, there is no perfect creative type and they all come with pros and cons.

Building a creative mix is kind of like building a stock portfolio. You want a healthy mix of asset types to de-risk your investments and see more reliable results.

I like to think of building creative funnels like building the foundation of a house and then slowly adding on rooms, levels, exteriors and more—but you need to start with the foundation.

We recommend starting with a mix of ***Static Image*** assets and UGC. If you're just getting into DtC or haven't dialed in your funnel, focus on statics and UGC.

These assets are the most accessible and as you can see in Bart's tweet, they have the ability to perform really well.

And the beauty is that these asset types can be evergreen in your content mix.

I've seen brands scale to $20M-$30M using pretty much just these two asset types.

The next creative to add-on is what many call "TikTok style" video ads. They are the organic feeling ads that are a mix of product-in-use, trending items, scroll-stopping scenes and more.

They are different from ***UGC*** because they are a bit more involved to create and are moving closer to scripted video, but they can be produced simply and quickly to great effect.

These assets are great for when you're ready to begin adding in channels beyond Meta and for diversifying your Meta mix.

We call them ***Performance Organic***.

Performance Organic is great for any video-based platform and especially for vertical video formats i.e., TikTok, Reels, YouTube Shorts, etc.

Then, the final creative asset type to add is ***Scripted Video***.

Scripted Video comes in lots of shapes and sizes, but for this discussion, I am mostly referring to Brandformance style, direct-response creative that ups the production level, storytelling and overall feel of the assets. Some of the most well-known examples of this style of creative is the content we create for Dr. Squatch.

We create everything from :15s OTT spots to 3-minute YouTube Anchor videos for our clients.

These assets are where brands are truly formed and have the potential to become a part of the cultural narrative.

To go from $50M or $100M to $500M+, your brand is going to have to unlock what we call a Cultural Phenomenon.

Look at brands like Dr. Squatch, Liquid Death, AllBirds, etc.

These brands weren't built on UGC and Static images, but they started there.

I remember when we met the founder of Dr. Squatch. His best performing asset for the entire five-year history of the company was a static image of a black bar of soap. It was just engaging and weird enough to get people's attention.

However, they have more than 100 x'd in size since we met them and Scripted Video is what unlocked that growth.

All creative types have a place and bring value. It's important to know how you are using them and what your expectations are for the creative.

If you need help with this, we'd love to connect!

# 12-Month Marketing Sprints for DtC Brands

*By Adam Wagner*

The Direct-to-Consumer (DtC) world seems to change so fast that it can be next to impossible to manage the next quarter let alone a whole year.

## WE HEAR YOU…

The problem this causes is that way more DtC brands than you would realize are reactive instead of proactive.

I want to make a case for the importance of 12-month planning for DtC brands at all stages.

I will caveat this with the fact that all businesses need to be nimble enough for their size and market to be able to pivot and evolve plans when necessary.

However, if you're not planning for the future, then you'll be dragged there. Either way, it is coming. Let's build brands that are forward- thinking and flexible at the same time.

I am calling this style of planning "12-Month Marketing Sprints."

Let's take the move fast and break things mentality of Silicon Valley and partner it with a mindful and methodical approach to where you want your business to go.

Jacques has a quote, "The hardest boat to steer is one that's not moving."

This is your business without a plan. You're just going to go where the currents take you and that's often not where you want to be!

We've successfully implemented 12-Month Marketing Sprints with pre-revenue DtC brands and $150M+ industry leaders. The tactics, channels, budgets and goals look very different, but the mindset is the same.



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If you were asked to bet on the success of two businesses that were exactly the same except one had a 12-month plan, which would you choose?

## The benefits of 12-month planning are:

### VISION CASTING

Vision Casting is one of the most important tools for any business leader. Having a plan allows you to provide clarity to your team at all levels of the organization to decide priorities, hold each other accountable and feel the success of achieving your goals!

### RESOURCING

There is always too much to do. Having a 12-month plan allows you and your team to resource against the top priorities that align with the vision and goals of the business.

### BUDGETING

Do you hate accounting surprises and unforeseen costs?  A 12-month plan allows you, your CFO and team leads to have clarity on what they have to work with and what they need to achieve with that budget.

### ACCOUNTABILITY

One of the most underrated tools in business is accountability. If no one is accountable then things fall through the cracks. A 12-month plan helps you to assign ownership of the various initiatives that are a part of the 12-month plan.

### MINIMIZE DELAYS

On the agency side, we have brands all the time sign up for work and say, “We want to see how it performs, then we’ll sign-up for more.” I totally get that and respect it. However, if you’re at a certain size, you’re going to constantly need assets and every time you slow down the creative engine, it takes time to start it back up. With a 12-month plan, you can actually build in the downtime so everyone is clear on the length of the testing period and you can stay on the creative schedule that allows you to pick right back up.

I’ve never regretted creating a 12-month plan. Yes, plans change most of the time, but my businesses and the businesses of our clients win more often when we are proactive.

I will end with the note that I’m mostly talking about marketing plans here, but planning works across your whole company. You’ll likely need at least a financial plan in order to build out the marketing plan. On the flip side, we often see brands that have a very robust financial model or plan, but then no structured marketing plan outside of their budget. It’s time to fix that.

## Start planning, people!

And if you are reading this saying, “I already have a plan,” let me congratulate you on being ahead of most marketers!

# Why Do Investors Care About Your Pro Forma?

*By Adam Wagner*

I know this may not apply to everyone, but we come across a lot of early stage brands that are looking to raise money and/or currently raising funds to reach their next level.

Jacques and I have had the privilege of raising money for our brands, investing in brands and supporting founders with raising capital. It has been an amazing journey so far filled with ups and downs!

One of the items that I've learned most about is the pro forma document.

You may be asking yourself, what is a pro forma? I'm glad you asked. I had to Google it the first time I was in an investor call...

> *It's basically a finance term for your projected revenue and costs over the next 3-5 years.*

It's a funny thing because it is basically all a guess, but it uses very robust finance models to show how that guess might be plausible.

When I was first introduced to pro formas, I took them a bit more seriously than I do today. That doesn't mean the importance of them has changed, but more so the elements that are important to me.

At first, I focused my attention on the details of the financial model and every little lever baked into it like COGS, CPA, growth, AOV, etc.

I was trying to map those items back to a reality that made sense to me.

However, as I've been exposed to more and more pro formas and businesses over the last few years, my thinking has changed.

The financial details are certainly important. They are a great way to make sure foundational items like COGS are within the normal ranges. For example, if COGS are like, 50%, the business has no chance of succeeding.



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Most of the time, though, founders have the fundamentals of the business in place and what's really insightful as an investor is that the pro forma shows you what the founder(s) think is possible and/or what they are trying to achieve from a growth standpoint.

I've actually seen a huge range of revenue goals in pro formas and I've noticed that many founders don't recognize how important those goals are to the investors.

## As an investor, I am looking at a few primary conditions:

- *Can Raindrop and/or Raindrop Ventures provide a significant amount of value to this business?*
- *Do I believe in the vision the founder has for the business?*
- *Does the founder have the experience, network, drive, etc. to build and exit this business?*
- *Is the business valuation reasonable?*
- *Does the exit plan of the founder align with my investment objectives?*

The pro forma is really helpful in providing context to a number of these.

If someone is raising money, they should be very passionate about their idea and they believe that it is "the next big thing"— "the next big thing" looks really different to every founder.

The most ambitious founders see "the next big thing" as a $1B valuation and unicorn status like we see in the tech sector, while others see it as a $10M lifestyle business.

A lot of that has to do with the founder's experience, goals, fears, ambitions and more.

Neither of those scenarios are wrong, either. Both can be life-changing to the founders.

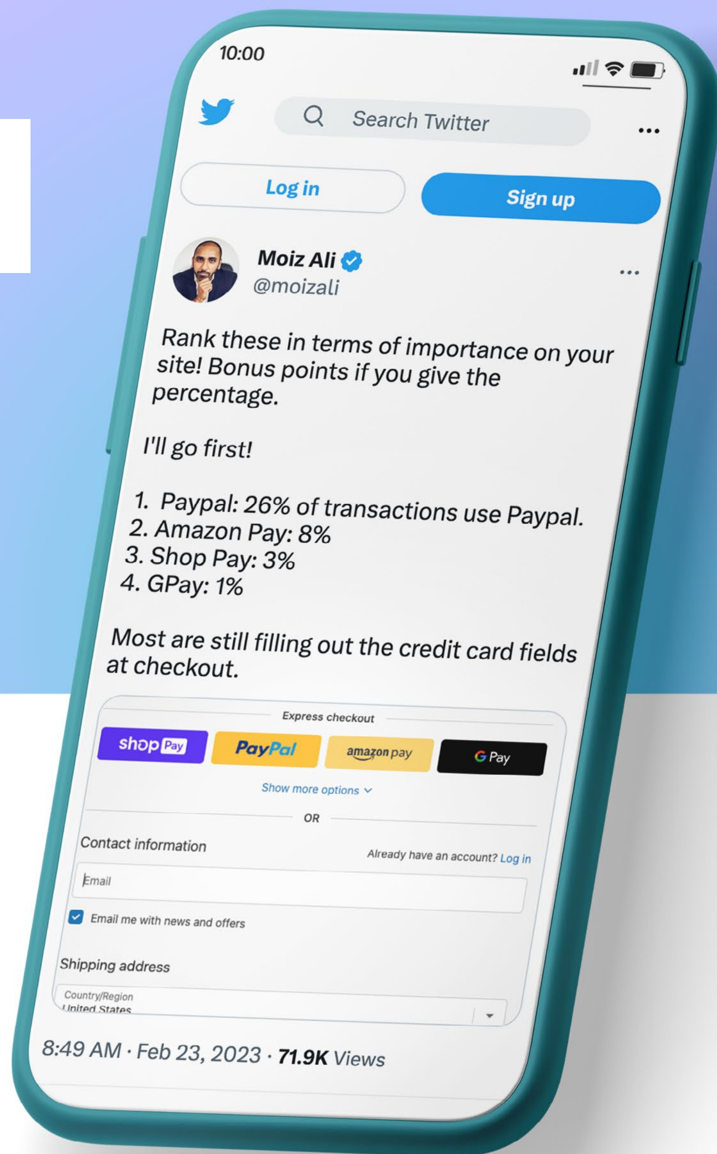
The difference is that they have dramatically different outcomes for investors.

So, if you're raising or looking to raise money, think about your pro forma from the perspective of what you are telling investors with the revenue projections you are showing. Make sure that those align with your goals and that you are speaking with investors who share a similar vision for their time, expertise and capital.

## Good luck with your fundraising!

# Are You Using PayPal As a Payment Option?

*By Adam Wagner*




source: twitter.com/moizali/status/1628799093685338113?s=46&t=RVVG47-Bua5THQM0lEsNCA

**Moiz Ali**, the Founder of Native Deodorant, dropped this really interesting tweet recently that called out usage rates of various check-out payment forms.

## PayPal was the top used option by a wide margin.

That really surprised me. It's common practice to have easy check-out options, but I haven't seen too many people talking about what payment providers are being used the most by consumers.

This post by Moiz isn't an industry wide analysis, but my gut says it follows general trendlines.

I personally am an avid Shop Pay user, so I was very surprised by the 3% of total purchases there.

This is a great reminder that there are times when using ourselves as a sample of one can be a helpful gut reaction to something, but people can also be surprising in groups and we need to vet our assumptions against data.

You're probably wondering where I'm going with this so I'll break down two takeaways that came to mind for me when I saw this tweet.



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## NO 1.
## HAVE PAYPAL EXPRESS SET UP

This one is pretty straightforward. PayPal Express Checkout is a default option on Shopify and is very easy to set-up. If you don't have it as an option, add it today and watch your conversion rate increase.

## NO 2.
## MULTIPLE PAYMENT AVENUES IINCREASES SALES

Humans each have unique purchasing habits. You never know if someone has Apple Pay, Amazon Pay, Shop Pay or PayPal Express as their default payment. That can be the difference between a conversion and just an add to cart.

However, people are still willing to enter their credit cards! I know I am too. We'll see how long that trend continues.

When speaking about Payment avenues, I am also referencing other easily accessible sources for purchasing your products, such as Amazon.

It's becoming more and more standard for DtC brands to have an Amazon presence, but it's still not universal.

Amazon makes a huge difference for our brands, even if they aren't running Amazon paid traffic. Simply having a solid Amazon store will lift your brand's sales.

We had **Ezra Firestone** at our monthly Raindrop Gold Club this quarter and one of the nuggets he shared is that when running paid traffic DtC, his brands also see a 20%-30% lift in Amazon sales.

This is especially true when running traffic on channels like YouTube and OTT.

Many consumers just prefer the Amazon shopping experience. It's easy, their info is already entered, and the shipping is reliable.

Don't take for granted the payment avenues that consumers have with your brand. You could have opportunities to increase sales and conversions by simply auditing your current payment stack.

# About Raindrop

**RAINDROP IS THE LEADING CREATIVE AGENCY FOR MARKETING PEOPLE LOVE.**

We work with some of the top DtC and CPG brands in the world, including Native, Lume, Dr. Squatch, Manscaped, Ruggable, WORX and more.

We are most known for our work on Dr. Squatch, which has helped the organic and natural personal care brand scale from $3M in ARR to $200M+ ARR. Along the way, we earned the honor of creating the top-performing YouTube ad of 2020 and produced the top-performing Super Bowl commercial of 2021.

We believe in leading brands into the future, while helping them build their brand and grow their business.

Our well-rounded team has been crafted to provide holistic creative partnerships to our clients. Brand building is a team sport.

We are a people-first company that cares deeply about our team, partners and friends.

## To learn more, you can visit raindrop.agency



RAINDROP

# About the Founders

## JACQUES SPITZER

Founder + Chief Executive Officer

## ADAM WAGNER

Partner + Chief Operations Officer

Jacques Spitzer and Adam Wagner are the perfect pair. They are best friends, business partners and go together like peanut butter and jelly.

**Their dynamic partnership has been at the heart of Raindrop.**

Jacques is the creative and Adam is the strategist. This report highlights the best of their combined expertise, relationships and perspectives to provide a well-rounded analysis of the current landscape.

RAINDROP

# Connect With Us

**DO YOU NEED SUPPORT WITH YOUR CREATIVE?**

If yes, please send a note to Donovan Moore at donovan.m@raindrop.agency

THE FOUNDERS' Report