

CASE STUDY · VENTURE STRATEGY

Finding the Revenue Hidden in a Huge Audience

Global digital-map publisher · Multi-year advisory · Peter Darling, advisor to the founder and CEO

CHALLENGE

A map publisher based in India ran a heavily trafficked map site with millions of visitors each month. Ad rates kept falling as traffic grew, and its online store sold little. The US operation was small, with no senior hires planned, so every idea had to be simple, inexpensive, and manageable from the other side of the world. I advised the founder and CEO for several years on operations, strategy, and products for the US market, from copywriting to strategic recommendations.

DIAGNOSIS

The company had mistaken volume for value. Its ad inventory was undifferentiated, and its store had basic faults that cost it customers: product images that didn't match the products, an *ad hoc* inventory mix, and almost no marketing inside its own network. The audience was the real asset, and it wasn't being monetized.

THE STRATEGIC DECISION

The founder was weighing the purchase of a long-established US retail store. I analyzed it against the company's three real problems (US fulfillment, a new retail outlet, and the weak online store) and recommended against it.

Retail was the wrong kind of business for the company, run from 6,000 miles away, for little benefit. I recommended fixing the store and selling into the audience the company already had.

The central argument was arithmetic. At roughly $2 per thousand ad impressions, and a $20 sale at 50% margin, a single sale was worth the revenue from about 5,000 impressions. The company had far more inventory than it needed to test that.

EXECUTION

- **Fulfillment.** Run it in-house with one part-time person working about two hours a day, enough capacity for several times the current volume.
- **The store.** Fix the product images and category structure, rank products by popularity, and consider a third-party storefront in place of a rebuild.
- **A 30-day plan.** Ten prioritized changes to the main site that left core ad revenue alone and favored anything that increased traffic.
- **A product teardown.** To assess a pocket atlas, I bought the five leading competitors and compared them. Four of the five carried a major brand, which told us a brand partnership was the key to the category.
- **Cheap tests and funnel analytics.** I proposed testing demand for new products before building them, and measuring each step from click to purchase so the cost of a sale was known.
- **New revenue lines.** Higher-margin products, partnerships with school suppliers, furniture makers, and infographic buyers, and a long-term B2B sales program for the company's mapping services.

RESULT

- The founder did not buy the retail store.
- The company ran fulfillment in-house and overhauled its online store, which was very successful.
- The company was later sold.

WHAT THIS SHOWS

I can take a company with a big audience and a weak business model, find where the money is, and tell the owners which deals to walk away from.

Client details have been removed. peterfdarling.com