STACKED MARKETER

ANNUAL REPORT 2021

Key Data

Letter from The Crew

Key Data

Emails sent	*4,709,952*
Open rate	*48.4%*
Clickthrough rate	*7%*
Unsubscribe rate	0.1%
Subscribers on 1.1.2021	16,621
Subscribers on 31.12.2021	21,334
YoY growth	28%
Revenue	***$ 366,000***
Operating expenses (COGS, SG&A)	***$ 267,000***
Operating income (EBIT)	***$ 99,000***
EBIT margin	**27.05%**
Average revenue per subscriber per month	*$ 1.39*

Explaining some of the numbers

Operating expenses include all expenses that have to do with running the newsletter business (team, tools, marketing, etc.).

Why EBIT? Because it shows the project operations better. This business is doable from anywhere and it's digital-only. We are headquartered in Vienna, Austria and we didn't want to include any Austrian-specific tax numbers that won't apply anywhere else.

Letter From The Crew

What is Stacked Marketer?

If you're reading this, there's a big chance you are already familiar with us… If you're new, here's a quick intro of our two main products:

Stacked Marketer newsletter: a free marketing-focused newsletter with carefully curated news, trends, tech, and actionable advice for the modern marketer… The marketer stacked with a complete set of skills that makes them able to drive measurable key results, for small to big businesses.

Insights membership: a monthly membership that includes deep dives, premium content, and a community to help you discover new marketing ideas, angles, strategies, and tactics. Insights gives you in-depth analysis every month so you can gain clarity on what's working - and what's not working - for successful brands.

This is our third annual report. You can read our past reports below:

2019 **2020**

Why are we doing this report?

Starting with our very first annual report, we had 4 reasons:

1. We want to set the tone for more transparency in an industry where there are plenty of snake-oil practices.
2. It keeps us accountable because we will not share only numbers, we will share some of our thoughts and plans for the future as well.
3. We wanted to show something of a live case study for a business that started from zero not so long ago and put real numbers out there, whether they are impressive or not.
4. We think many of you readers are very smart marketers and business people that will end up giving us priceless feedback. It's already been useful for last year's report and we will keep doing it.

That has not changed this year either. We were asked if we aren't worried about giving away too much information, that will give potential competitors an edge against us.

Our take: No. While we provide a rather transparent overview of our situation, our plans, and our thought process, the devil is in the details.

How do we read our numbers?

Emails sent - The number of recipients over the year. It's the product of the subscribers times number of newsletters sent. In 2021, we sent slightly over 4.7M emails.

Open rate - How many of those 4.7M emails were opened. We look at unique open rate, meaning that we check individual openers.

We've often seen newsletters talk about their total open rate rather than their unique. **Here's a quick explanation of why unique open rate matters and total is just misleading:** Assume you have 100 subscribers. One of them opens the email 100 times. Unique open rate would be 1%, total open rate would be 100%. When we say open rate, we mean unique open rate.

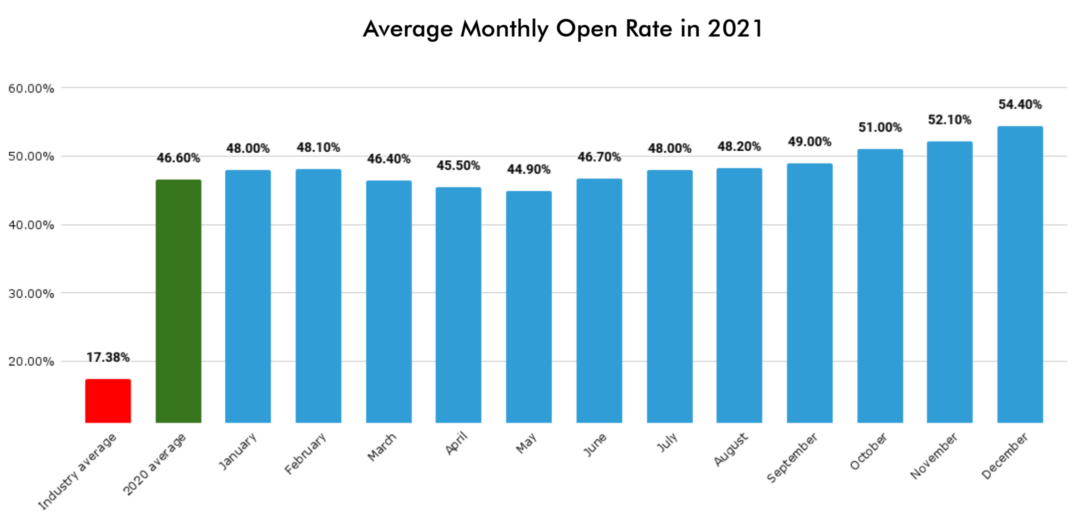
Our 2021 average is to 48.4%. In 2019, our open rate was 42.9% on average and we set the goal to get closer to 45% to 2020, which we managed with a 46.6% average… For 2021, we wanted to continue the trend.

We managed to do that, but the open rate stat is now more deceiving because of the relatively new Apple Mail Privacy feature.

In short, all emails that have this enabled will show up as opened (with a few details to account for). That means that the more Apple Mail users exist in a subscriber base, the higher the open rate. But those aren't necessarily real opens.

Our open rate only increased from an average of over 48% to ~50% in this period so it didn't have a significant effect. Furthermore, our clickthrough rate (unique clicks out of total subscribers) stayed stable.

It's also why we start to use these stats alongside the open rate. In combination, the two stats show the actual engagement rate better.



Industry average for Marketing & Advertising according to MailChimp - https://mailchimp.com/resources/email-marketing-benchmarks/

Our average open rate in 2020

Our primary goal is more readers, so our open rate is a secondary consideration. But it's what email marketers have been used to for many years, so we will continue to show it, next to clickthrough rate to provide more context.

Clickthrough rate - How many unique recipients clicked on **at least one link in the email**. It's a good stat to put next to the usual open rate now. You can usually compare that 45-50% unique open rate usually means around 6-7% unique CTR as well. If the two aren't proportionate, it means there's a high likelihood the list has many Apple Mail users that don't actually read the emails.

Unsubscribe rate - How many unique recipients unsubscribe from our emails with each campaign. Similar to last year, we are at 0.10%. It's a number well below the industry average.

We also know ~33% of the unsubscribers are because they no longer work in the industry so it's difficult to retain them, similar to previous years, so it's very difficult to significantly improve this number.

Revenue - Quite self-explanatory, it's all the income from newsletter sponsorships and partnerships, and Insights.

Operating expenses - This includes a mix of tools that we use, team salaries (including founder/management salary), and occasional T&A expenses.

Similar to last years, the biggest investment is the team. We focused on building a team that can create the type of content our readers expect from us day-in-day-out so that we can serve 1k, 10k, or 100k subscribers in the future.

Given the business model, the operating expenses grow much slower than revenue because we have to do the same amount of work whether we have 100 or 100k active subscribers.

Average revenue per user per month - We look at how much revenue per subscriber we generated in 2021 on a month-to-month basis. The number is based on our revenue for the month divided by the subscriber number at the beginning of the month when our media kit is renewed.

Our sponsorship packages are pre-sold, therefore we present our current subscriber numbers to sell advertising placements for the future. We connect our average revenue per subscriber to the day the sale was made and not the day the newsletter goes out.

2021 Goals vs Reality

The main goal we set for ourselves for 2021 was content-related. In our 2020 report, we mentioned how we took a step back to think what our strengths and weaknesses were, and decided that doubling down on content was the way to go.

With that in mind, we wanted to improve the content quality and create more of it.

One of the avenues for us to do that was a paid subscription called Insights. We created 10 deep dives during the year, and gathered countless insights from brands that do outstanding marketing.

Given the overall engagement and feedback from our readers, we'd say we certainly achieved that.

Reflecting on subscriber base: While our subscriber number hasn't exploded, our daily readership has nicely grown from the beginning of the year. This is also due to our strict list cleaning process where we take inactive readers off our list. While the subscriber number is easier to share, what we really want to track internally is the average daily readers. We will share a graph on page 8 of this report.

Reflecting on revenue: With a 96% growth in revenue, we're certainly happy. Especially because we think our revenue growth rate in 2022 will be similar.

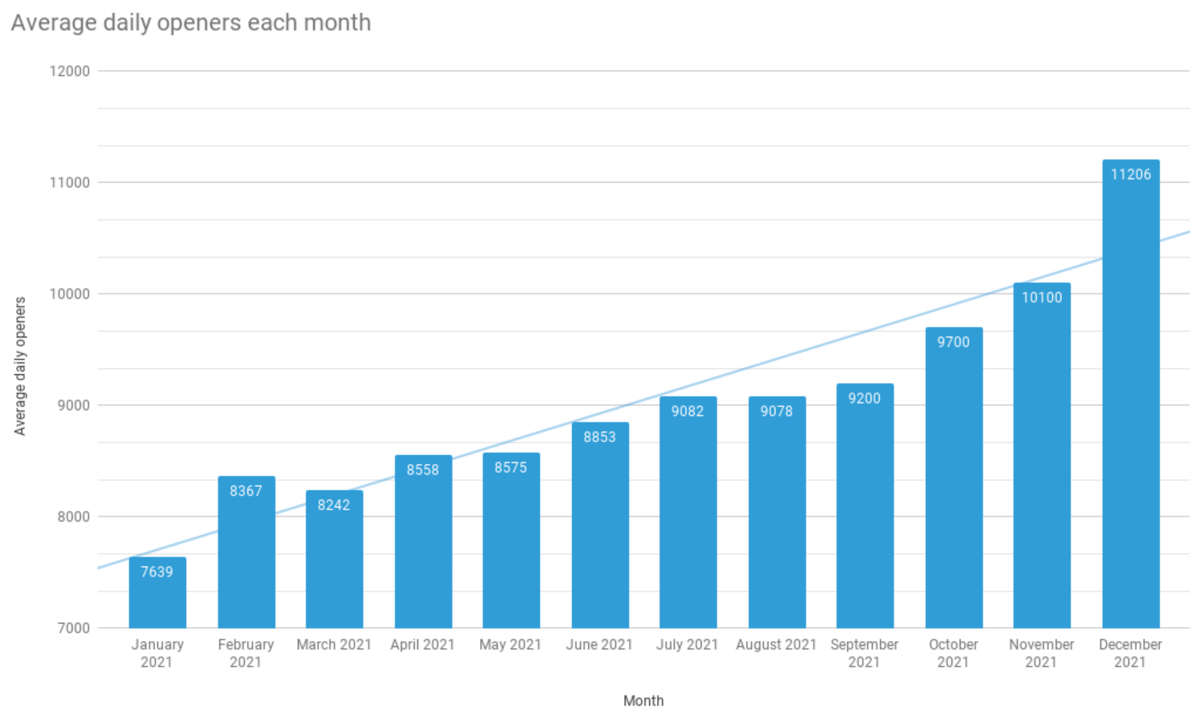
What did we improve on compared to 2020?

Revenue: Hitting $360,000 in 2021 was certainly a very good result for us and a clear improvement against the $190,000 from 2020. What's also very important is that we see where it's coming from and we can improve it even more for 2022.

Content: We improved both the quality of the news and the depth of research we do. While improving content is an always ongoing process, the stats, and the direct feedback we got in 2021 compared to early 2020 certainly show we are going in the right direction.

Engagement: Readership grew, engagement also showed very positive signs. This is due to the content but also due to the fact that we always kept our list cleaning process. While 2020 started with some issues when it comes to deliverability, most of 2021 was very good, with constant improvements.

You can see that based on our daily readers per month breakdown here:



We do want to mention that Apple Mail Privacy does have an impact when it comes to increased opens starting in October - more people adopting the privacy features means more people showing up as opening emails without actually opening them.

What could we have done better?

If we were put in the exact same situation again, with the information we had at the time, we would unlikely change our steps. With the benefit of hindsight, there are a few things we think we could have improved on:

Insights membership: Our launch went extremely well, maybe better than expected. And that fooled us into being slower than we should have when it comes to testing and iterating, on our onboarding, content, and promotional process there.

Newsletter readership growth: With the benefit of hindsight, it would probably have been a good idea to find someone who focuses on growth earlier than we did in October 2021.

We think we would have done much better on the readership growth if we actually experimented more to find things that work. However, we will test out a lot this year and have a dedicated growth marketer in the team which is why we think we are in a good position for 2022.

What is the outlook for 2022?

We will split this into 3 categories: readership, content, and revenue.

Readership: We think we should be able to grow by at least 50% in 2022, so that is our goal. We do have more resources to work with, both when it comes to time, when it comes to money, and also skills in The Crew.

Content: We plan to continue on the same path. That means more carefully curated news, more deep dives for Insights, and more actionable tips & tricks taken out of those deep dives. We'll also continue to share our own successes and failures when it comes to growth…

Revenue: In Q4 we adjusted the structure of our newsletter and also added two additional placements next to our main partner for every newsletter.

Additional sponsored placements made a difference when it comes to our revenue, that's for sure. And there hasn't been any negative feedback on having three placements, which means we managed to balance everything well with organic content too.

Whenever we write sponsored content, we try to keep it as entertaining and informative as everything else - with the additional calls to action, of course.

With the current ad placements we offer, we have the ability to cater to brands of all sizes, from public companies such as Outbrain and Semrush, to new, scrappy, bootstrapped businesses that need to get their first users.

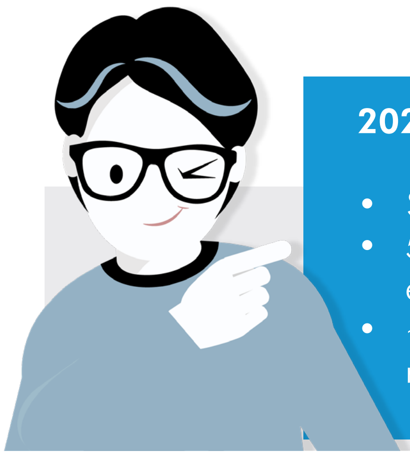
So, what are our goals for 2022?

- \$600,000+ revenue in 2022.
- 30,000+ subscribers while maintaining engagement.
- ~\$200,000 EBIT result, which also means a roughly 33% EBIT margin.

We think we have enough clarity in all areas to revert to such goals, instead of the vague goal we had in 2021 of going into deeper content more frequently.

In Q4 2021 we saw how three placements can contribute to our sales and that's the main reason for our expected revenue growth in 2022.

We're also going to try something we haven't tried before and look at our goals (or what we think is possible) for 2023 as well.



2023 goals

- $900,000+ revenue in 2023.
- 50,000+ subscribers while maintaining engagement.
- ~$400,000 EBIT results, which means a roughly 45% EBIT margin.

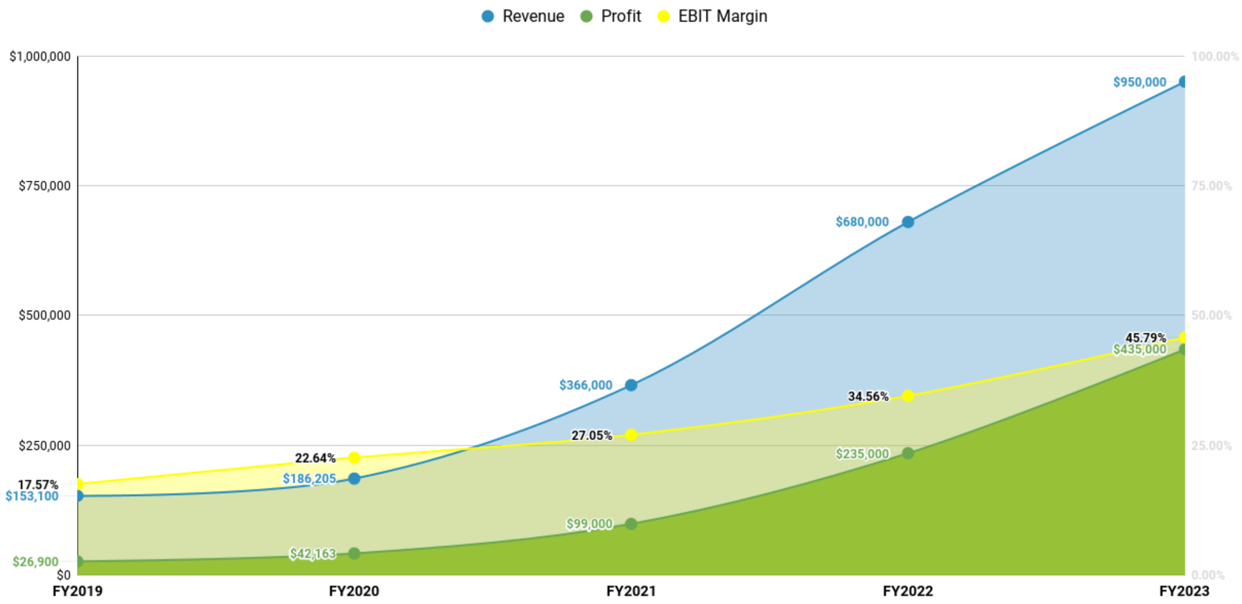
We won't be able to have more than three placements per newsletter so all revenue growth in 2023 will most likely come from price increases per placement due to higher reach and more daily opens.

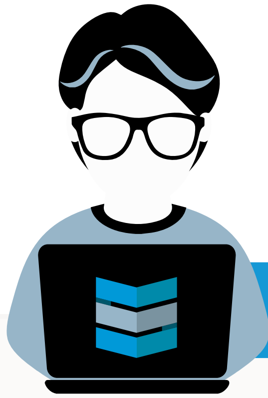
For the newsletter, we feel pretty good about our estimates even if they are quite far in the future. For our Insights operations, we can just speculate and we didn't add much in terms of sales as a contribution to the overall revenue.

If we manage to consistently grow that part of our company as well, we should be able to have more than $1M in revenue in 2023.

One caveat on the EBIT result: We will always look at what makes sense in the given moment, so we might decide reinvesting the potential profit into the business is the best option, so that EBIT result will then be worse.

To put the revenue and profitability into perspective we've created a graph that looks at our results starting with 2019, our first full year in business.





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1100 Wien, Austria

Company registry:
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VAT:
ATU67898466

E-Mail:
crew@stackedmarketer.com

Website:
www.stackedmarketer.com

Concept, Design, Text, Visuals:
The Stacked Marketer Crew