STACKED MARKETER

ANNUAL REPORT 2022

Key Data

Emails sent	*7,908,597*
Open rate	*55.3%*
Clickthrough rate	4.8%
Unsubscribe rate	0.1%
Subscribers on 1.1.2022	21,334
Subscribers on 31.12.2022	48,646
YoY growth	128%
Revenue	***$ 685,000***
Operating expenses (COGS, SG&A)	***$ 517,000***
Operating income (EBT)	***$ 168,000***
EBT margin	**24.52%**
Average revenue per subscriber per month	*$ 1.87*

Explaining some of the numbers

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

Why EBT(earnings before taxes)? 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.*

Stacked Marketer Pro membership (formerly known as Insights): *a monthly membership that includes reports, premium content, courses (starting with Q1 2023) and a community to help you discover new marketing ideas, angles, strategies, and tactics. Stacked Marketer Pro gives you in-depth analysis every month so you can gain clarity on what's working, and what's not working.*

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

2019 **2020** **2021**

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 are very smart marketers and business people that will end up giving us priceless feedback. It's already been useful for previous years' reports and we will keep doing it.

FAQ: Isn't it a bad idea to give away so much information? Doesn't it give potential competitors an edge against us?

Our take: There are pros and cons to it and we feel the pros outweigh the cons of it… 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 2022, we sent 7.9M emails.

Open rate - How many of those 7.9M emails were opened. We look at unique open rate, meaning that we check individual openers.

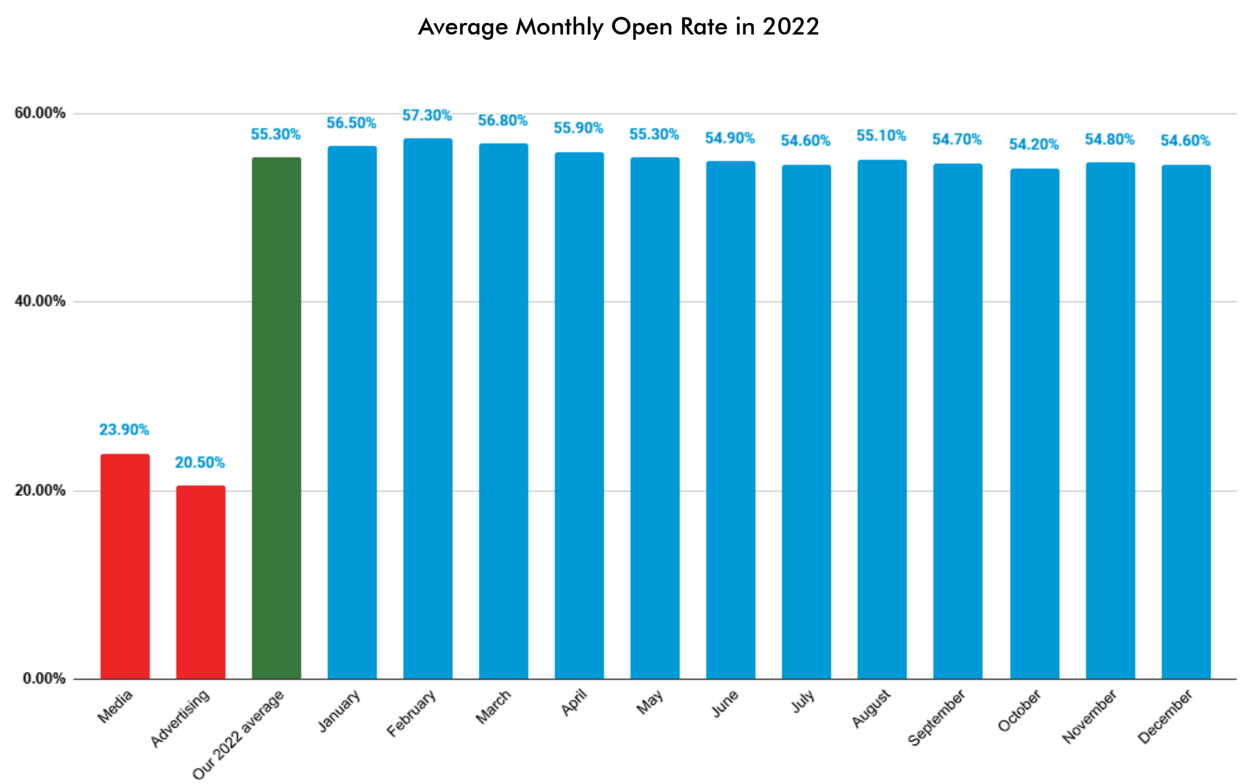
Our 2022 average is 55.3%. Compared to our 2021 average of 48.4%, that seems like an outstanding improvement… But it's not, and we'll explain why.

Apple Mail Privacy Protection was fully rolled out and just about all newsletters now have an open rate over 40%. Some have seen increases of over 10% in open rates, we've roughly a 5% increase. Although our 2022 average is 55.3%, in Q4 2022, we've already seen a more realistic and stable 54% average.

If we were to guess, without Apple Mail Privacy Protection, our open rate would be around 48%, similar to last year. Here's an interesting question though…

What did we do to deal with Apple Mail Privacy Protection? We've created a segment of subscribers who open 100% of our emails but never click. This segment receives a re-engagement email, and if they don't re-engage, they are treated as an inactive subscriber.

This segment was created in Q2 2022, so its full effects were seen later in summer.



Source: https://www.campaignmonitor.com/resources/guides/email-marketing-benchmarks/

Our average open rate in 2022

An important note on open rates from 2022 and onwards: Open rates have become less reliable than before. For example, if a newsletter only purges subscribers who don't open their emails, they will become infested with inactive Apple Mail Privacy Protection users who will skyrocket their open rates but they aren't actually reading their emails…

Open rates should be put in context alongside clickthrough rates. Which brings us to the next point…

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. Our average for 2022 was 4.8% which is lower than our 2021 number. That's mostly because of Apple Mail Privacy Protection, and a few growth initiatives that didn't work as expected - they brought subscribers but engagement was low.

We expect to shed those low-engagement subscribers within Q1 2023 and we're applying the lesson to our 2023 growth so that we improve our clickthrough rate too.

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 that ~33% of those unsubscribe because they no longer work in the industry so it's difficult to retain them, similar to previous years, and it's very difficult to significantly improve this number.

Revenue - Quite self-explanatory, it's all the income from newsletter sponsorships and partnerships, and SM Pro (formerly known as Insights).

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

Our biggest investment is still the team. We've made significant improvements and we will continue to try and become better with every newsletter.

In the end, the better our content, the more improved our overall stats will be as well. That great content can only be created with a phenomenal Crew.

Average revenue per user per month - We look at how much revenue per subscriber we generated in 2022 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.

2022 Goals vs Reality

We had some numbers in our goals, let's go through them one by one to see how we did…

Reflecting on revenue:

- Target: $600,000
- Result: **$685,000**

We exceeded our target revenue slightly. It looked like a rather smooth ride on this front for all the year.

There were some question marks if things are just not as good as in 2021 after the "COVID boom" of online businesses. We didn't face any challenges there. That might be different in 2023, more on this in the 2023 outlook section.

Reflecting on subscriber base:

- Target: 30,000+
- Result: **48,000+**

We beat our target here too, by a significant margin. We saw our revenue was very positive overall, likely to exceed our target, so we decided to be more aggressive with growth activities.

Even though we more than doubled our readership, this wasn't without some failures when it comes to growth.

We had a few incentivized campaigns that were more broadly targeted, and while that helped increase our total subscriber number, it also hurt our overall engagement rate.

On the other hand, swaps went well in terms of quality, but lower in terms of volume. And paid social also picked up towards the end of the year.

The main lesson here is that it's vital to focus on high-quality, highly-engaged readers.

We have a better approach for 2023, at least in our opinion.

Reflecting on EBT:

Target: $200,000
Result: **$168,000**

We did not hit our goal here. "What went wrong?", you might be wondering.

Not much. As mentioned in our 2021 report, this EBT estimate is flexible because we want to take advantage of growth opportunities we consider good.

Some of those opportunities and worthwhile investments from 2022 that weren't planned in late 2021:

- New website
- Stacked Marketer Pro courses (first course to be launched before Q2 2023)
- Paid advertising and growth initiatives

These three should pay off starting in 2023. We've adjusted our estimates for 2023, as you will see soon.

What did we improve on compared to 2021?

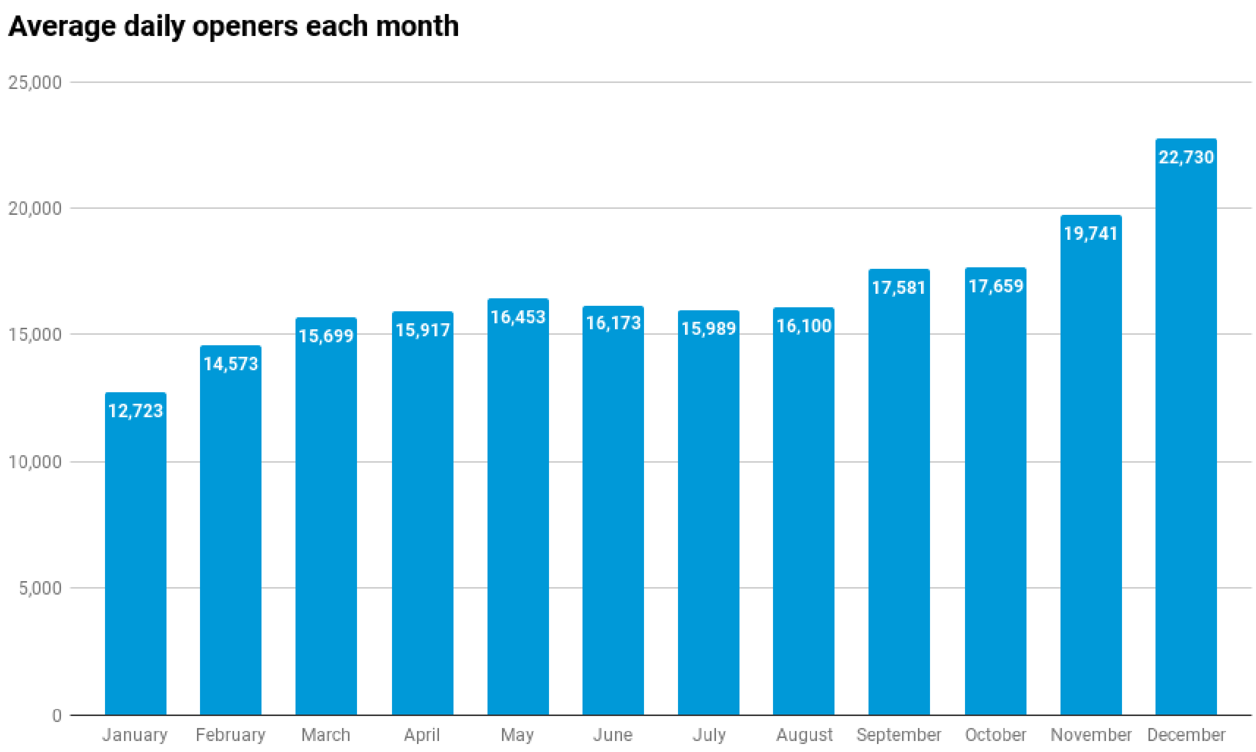
Revenue: It's obvious and we don't really have to go into more detail here. We had $366,000 in revenue in 2021 and $685,000 in 2022, after setting a $600,000 target. So it was a clear and significant improvement.

Content: The newsletter has been seriously upgraded when it comes to research, voice, and insights in 2022. We're certainly biased but we've also received very positive feedback from our readers.

Engagement: This is an interesting one. Engagement measured through open rates was very positive. Engagement measured through clickthrough rate (CTR) has had a ceiling. In general, the bigger the readership, the lower the CTR too.

But a big part of this decrease in CTR on our part was also some of the growth channels. It's an important lesson we learned that we are taking into 2023, when we think we can actually grow while increasing CTR as well.

As usual, we want to share our daily readers per month breakdown:



Please remember that Q1 2022 was when Apple Mail Privacy Protection finished rolling out so the more realistic numbers are starting at the end of Q2 and onwards after the Apple Mail Privacy Protection segmentation and cleanup starts to show results.

What could we have done better?

Engagement: We could have been quicker to identify some of the bad growth channels. And more importantly, we should have had clearer KPIs that were adapted for a post-Apple Mail Privacy Protection era, so that our growth Crew can do their job better.

Stacked Marketer Pro membership: OK, we didn't talk about this much so far… We rebranded Insights into Stacked Marketer Pro. We got feedback from our readers, and our paying members and the conclusion was:

It's not obvious at all that Insights is from Stacked Marketer, it looks like a separate product.

So, we rebranded, and we also introduced a 7-day trial for $7. This brought us a positive bump, but it wasn't a complete game-changer.

We also moved to our own website, after we used Circle as the community platform of choice. The fragmentation caused by Circle was just a bad experience.

That said, a move to our own website now means there are more challenges when it comes to engagement, and when it comes to UI/UX.

We're happy with the content progress and roadmap but we know there are more platform improvements we have to make to bring Stacked Marketer Pro up to the standards people expect from us.

Step by step in 2023… Speaking of which…

What is the outlook for 2023?

Let's address the elephant in the room. Marketing budgets are being cut, lay offs are also commonplace.

So, 2023 is likely to be a challenging one for ad-supported businesses. And, would you look at that, we're also an ad-supported business, so what are we going to do?

The simple answer is: We will continue to do our best. We're not a VC-backed, hyper-growth business. We've been profitable from our first full year in business, and there's no pressure on us to spend money to grow, if we don't think that's profitable growth.

We know that some regular partners have been affected by the current economic climate, and they have cut budgets for 2023.

But, we can count those partners on the fingers of one hand.

We also are continuously obsessed with quality. We believe that providing quality content for our readers and partners will bring the right ROI.

With that addressed, let's go point by point…

Readership: We think we should be able to grow our readership by 75% or more. That's based on the lessons learned in 2022 for paid growth.

Content: We're planning to launch our very first course for Stacked Marketer Pro. Aside from that, we are just trying to improve with every iteration. There's not much we can predict here, it really depends on the type of feedback we get, and the ideas we get.

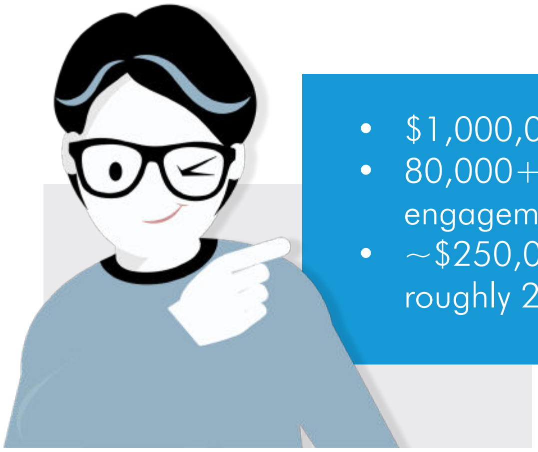
Revenue: OK, this is an interesting one. Even though we know marketing budgets are being cut, we think there are enough positive signals for us to hit at least a 50% growth here too.

So, what are our goals for 2023?

Last year, we tried to predict our 2023 goals and we said the following:

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

With the information we have now, we'd adjust it to:



- $1,000,000+ revenue in 2023.
- 80,000+ subscribers while maintaining engagement.
- ~$250,000 EBT result, which means a roughly 25% EBT margin.

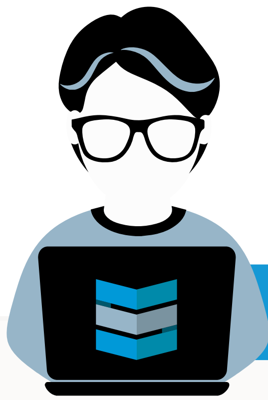
Why did we decrease the EBT result estimate, even though we increased revenue and subscribers? To start off, estimates can be wrong, so we were likely overly optimistic about the profit margin while also being able to grow. But, there are also some reasons we control:

- **We want to grow more.** At the end of 2021, we thought growing to 50,000 subscribers in 2023 would be good. After ending 2022 with over 45,000 subscribers, we think 50,000 is too low. With the new target of 80,000, it means we plan to spend more on paid growth.

- **We think we have to reinvest more.** Team, content, website. We think it's better long-term ROI to invest more in these areas than we had planned before.

- **Marketing budgets took some cuts.** Yes, we think that our revenue per subscriber for 2023 will be lower than we predicted at the end of 2021.

A final note: While numbers are important, they are just a way to measure whether or not we're achieving our main goal of **delivering the most important marketing news, and the most impactful insights** in an easy-to-digest format, with transparency and quality… and a dash of entertainment.



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