

# **MARKETING PLAN & STRATEGIC RECOMMENDATIONS**

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**Prepared for:** Heather Dominquez of Cavern Films, LLC

**Prepared by Team 2:**

Isaiah Black

Matthew Fisher

Gallit Itzhaki

Ashley Dow

Fei Sha

Jessica Legendre

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**CONSCIOUSNESS  
CONTINUES**

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## DEFINITIONS AND ABBREVIATIONS

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**4 P's:** The 4Ps of marketing is a model for enhancing the components of your 'marketing mix' – the way in which you take a new product or service to market. It helps you to define your marketing options in terms of **price, product, promotion, and place** so that your offering meets a specific customer need or demand.

**ACoS:** "The Average Cost of Sales (ACoS) is the amount you've spend on a campaign divided by the total sales attributed to your ad." (Amazon, 2017)

**Click:** A click is generated when a user clicks or taps your ad." (Amazon, 2017)

**Click-through rate:** "Click-through rate is the number of clicks your ad generates divided by the number of times your ad is displayed (impressions)." (Amazon, 2017)

**Customer Lifetime Value (CLTV):** estimates the value of each individual customer's total monetary contribution of the course of their 'lifetime' of interacting with the product/service.

**Impression:** "An impression is generated every time your ad is displayed." (Amazon, 2017)

**Landing Page:** the page where the future client, purchasers or prospect is driven to or "lands."

**Long-tail segmentation:** Based on the concept presented in *The Long Tail* by Chris Anderson. From Harvard Business Review, "Now that consumers can find and afford products more closely tailored to their individual tastes, Anderson believes, they will migrate away from homogenized hits. The wise company, therefore, will stop relying on blockbusters and focus on the profits to be made from the long tail—niche offerings that cannot profitably be provided through brick-and-mortar channels." (Elberse, 2016)

**Marketing Automation:** A way for organizations to sufficiently automate marketing systems and practices. It is generally a one stop shop allowing organizations to run their paid search, email marketing, and social media campaigns. Many marketing automation platforms also offer website and blog hosting.

**Pay Per Click (PPC):** "ads display at no charge—ad impressions, or views, are free, and the advertiser is only charged when a customer clicks on the ad. Amazon Marketing Services ad types run on the PPC model." (Amazon, 2017)

**PESTEL Analysis:** A tool that evaluates a business based on Political, Economic, Social, Technical, Environmental, and Legal factors.

**Omni-Channel Marketing-** is a multichannel approach to sales that seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in a bricks and mortar store.

**4 P's:** The 4Ps of marketing is a model for enhancing the components of your 'marketing mix'

**Porter's Five Forces:** A tool that helps identify and analyze the five competitive forces that shape every business. It helps determine the industry's strengths and weaknesses, as well as enable the business to not only understand the industry's environment but also shape its strategy.

**ROI:** Return On Investment

**Segmentation:** The process of defining and subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics.

**SERP:** Search Engine Results Page. This is the page or pages that appear after a Google search is made - the results of a keyword or term being entered into Google or any search engine.

**STP:** Marketing framework for the segmentation, targeting, and positioning of a business and/or its products/services.

**SEO:** Search Engine Optimization - is the process of affecting the online visibility of a website or a webpage in a web search engine's unpaid results.

**SMP:** Strategic Marketing Process

**SOW:** Scope of Work

**SWOT Analysis:** Framework that analyzes strengths, weaknesses, opportunities, and threats a business faces.

**VRIO Analysis:** A tool used to analyze the internal resources of a business. Within the model four questions are asked to help determine a firm's competitive advantage: Value, Rare, Imitability, and Organization.

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## 1. EXECUTIVE SUMMARY

Cavern Films LLC. is a freelance digital media production company located in Portland, Oregon. Heather Dominquez, the owner/operator and independent filmmaker has created a docu-series titled Consciousness Continues. This unique docu-series highlights fifteen near death survivors who tell their personal stories. They offer interpretations of what they saw after death and reveal intimate details about how their lives have changed since.

Heather Dominquez has come to our consulting team with four main goals:

- Increase retail revenue
- Establish dollar amount revenue goal for 2018
- Create a robust Marketing Plan for Consciousness Continues
- Established online presence

To help Cavern Films accomplish these goals, our team has undergone extensive primary and secondary research on the film industry and taken into consideration the unique position Cavern Films is in to create recommendations that are both feasible and realistic. This Marketing Plan includes a thorough analysis of the following:

- PESTEL Analysis
- Porter's Five Forces Analysis
- Market Segmentation
- SWOT Analysis
- VRIO Analysis
- Financial Analysis

Following the above analysis, we have developed three alternative scenarios based off of research findings, and the client's goals. Details of each alternative recommendations are outlined below in section 1.3. Further analysis of each key section and alternative recommendations have brought us to our final strategic recommendations for Cavern Films Marketing Plan. Our strategic recommendation for Cavern Films Digital Marketing Strategy includes focusing on:

- Marketing Automation through HubSpot
- Google AdWords pay-per-clicks
- Minimal Website Redesign and Search Engine Optimization (SEO)
- YouTube Vlog
- Paid Social Media content
- Hire 1 unpaid intern
- ROI of 78% by Year 3

Section nine of this document gives thorough details of our proposed Digital Marketing Strategy with a break-down of financials to achieve the proposed Digital Marketing Strategy.

### **1.1: PROJECT GOALS/METHODS**

The project goal is to help the business owner, Heather Dominguez, build a successful marketing plan for Cavern Films' project, *Consciousness Continues*. This has been accomplished through the following process:

- Submitting the company for an external analysis
- Performing an internal analysis
- Creating a financial analysis

All this data was synthesized by going through alternative futures development, analysis, and comparison, development of strategic recommendations, and compiling all information in a final report and presentation.

### **1.2: FINDINGS**

- Economic growth in decline, the whole entertainment industry would be negatively impacted (CNBC, 2018)
- High barriers to entry, capital requirements are significant to compete in the film industry (DeBenedetti, 2017).
- Documentaries only hold 0.97% of the market share for movie genres (The Numbers, 2018).
- Industry growth: Oregon incentives program has been bringing the film industry to Oregon, from 2012 to 2015 state production incentives have grown by 37% (NERC, 2018).
- Although the film industry is a saturated market, *Consciousness Continues* is a unique differentiated documentary that sets itself apart.

### **1.3: ALTERNATIVE RECOMMENDATIONS**

Based on our research and analysis of possible alternatives, we have provided Cavern Films with three different strategic recommendations. These recommendations are realistic and will put the company on the right path to accomplish its goals.

#### **SUMMARY OF ALTERNATIVE RECOMMENDATIONS**

- Our “Bootstrap” (Low Cost Marketing Strategy) would require \$300-\$400 financing from personal funds to continue selling on Amazon and the *Consciousness Continues* website. This strategy would also keep Cavern Films at one employee with no additional help.
- The second alternative “Center Lane” (marketing strategy with investment) keeps the \$300-\$400 financing from personal funds in addition to a \$5,000 small business loan. This alternative will include hiring one unpaid intern as well as one contractor and to continue selling on Amazon and website.
- The last alternative “Maximum Engagement” (marketing strategy with investment) requires Cavern Films to take out a \$38,000 loan to cover costs associated with hiring one contractor and marketing firm as well as keeping one unpaid intern. Cavern will also use these funds to expand its selling on Amazon and the website. For a full summary of ‘Alternative Recommendations, see *Appendix 3*.

### **Identification of Alternative(s) & Crafting of Strategic Recommendations**

This section will explain why we selected the alternatives, combination of alternatives, and integration etc., based on the findings in our alternative comparison section.



For strategic recommendations, there is a 'weighted matrix' table that organizes and ranks the recommendations in declining order of importance (*Appendix 10*). The strategic recommendations will include benchmarks and milestones since the recommendations are time sensitive. There will be specific dates at least in terms in number of weeks, months or years from implementation to illustrate when to implement the recommendations. This way Cavern will clearly understand the importance of what is being recommended.

### **Client's Next Steps & Conclusions**

During year 1 (2018) of our Implementation Road Map, which can be found in section 8.2 of this document, Cavern Films will obtain its funding with a \$3,800 personal loan in order to accomplish all goals set forth in the Digital Marketing Strategy.

Year 2 (2019) will be a continuation of year 1 with possible extra paid social media content if budget allows based on increased revenue.

Year 3 (2020) Cavern Films will continue current operations from year 2, as well as pay off loan funding in full from year 1. At the end of year 3, Cavern Films' ROI is projected to be 78% if all marketing recommendations go as planned. There is potential for Cavern Films to have a higher ROI at the end of year 3.

After year 3 Cavern Films will then review and update the current business and marketing plan to continue to scale business for future endeavors.

## **2. INTRODUCTION**

### **2.1: ABOUT THE CLIENT**

Cavern Films LLC is a freelance digital media production company located in Portland, Oregon. Heather Dominquez is the producer, director, and digital media expert who creates uplifting media for the soul through her filmmaking, photography, book, and docu-series.

### **2.2: PROJECT APPROACH TO MEET CLIENT CHALLENGES AND GOALS**

The challenges that Cavern Films LLC has brought to our attention, though significant, are beyond the scope of our team given the restricted timeline. The approach our team has undertaken is a thorough analysis of the business, industry, geographical area, competitors, and financial data. We intended to gain a complete understanding of the business so that we are able to provide the best possible advice for a strategic marketing plan.

We focused on initial steps that Cavern Films can take to effectively market its products and services to a specific segment of documentary watchers. We have formulated a series of tasks that will help us navigate Cavern's marketing strategy. The purpose of each task is to analyze the market, develop marketing options, and create a marketing plan with strategic recommendations for use in the immediate future.

### **CLIENT PROJECT CHALLENGE/PROBLEM UNDERSTANDING**

To get Cavern Films where it wants to be, our team has created a robust marketing plan for a docu-series and book titled *Consciousness Continues*. We have focused on the following: Identifying a target audience,

develop a strong name and prominent online presence, create a strategic plan for additional revenue, and reducing click through costs.

## **CLIENT GOALS**

- Increase retail revenue
- Establish dollar amount revenue goal for 2018
- Utilize a robust Marketing Plan for Consciousness Continues
- Establish an online presence

## **CHALLENGES**

- Assistance with labor (editing, sound, filming etc.)
- Time constraints
- Financing for labor
- Financing for marketing
- SEO
- Click through costs

## **PROJECT TEAM/CONSULTANT GOALS**

- Identify Target Audience
- Brand identity applications
- Online presence using social media, e-commerce, and contact management
- Create Marketing Plan

# **3. EXTERNAL & INTERNAL RESEARCH**

## **3.1 EXTERNAL ANALYSIS**

An external analysis has been used to develop an understanding of Cavern LLC's competitive advantage and strategic positioning in order to develop a successful marketing plan. Our team will use secondary research to examine the external environment. We will be researching the film production industry as well as information on the client's preferred film subjects. We looked to gain understanding of the size of the industry and the general trends within the industry. We also looked at other external factors to identify industry opportunities and threats. This material is then referred to through the remainder of the report and is used to help guide the recommendations to follow.

### **3.1.1: PESTEL ANALYSIS**

This analysis reviews the Political, Economic, Sociocultural, Technological, Environmental, and Legal aspects of the external environment that impact client business and behavior. It assists in identifying potential threats and weaknesses.

#### **Cavern Films PESTEL Analysis**

PESTEL Analysis is defined as 1. Political, 2. Economical, 3. Sociocultural, 4. Technological, 5. Environmental, and 6. Legal. For a full PESTEL analysis table with added detail, please *see Appendix 1*.

**Cavern Films LLC PESTEL Analysis Table (Fig. 3-1)**

| <b>Factor</b>          | <b>Analysis</b>  |
|------------------------|--|
| <b>Political</b>       | <ol style="list-style-type: none"> <li>1. FCC Internet Regulations – Net Neutrality</li> <li>2. Ability to reach audience</li> </ol>   |
| <b>Economic</b>        | <ol style="list-style-type: none"> <li>1. Economic Growth – Declining</li> <li>2. Change in US tax system</li> <li>3. Purchasing power of consumers</li> </ol>   |
| <b>Social/Cultural</b> | <ol style="list-style-type: none"> <li>1. Culture, Norms &amp; Values</li> <li>2. Demographic Trends <ul style="list-style-type: none"> <li>- Age</li> <li>- Gender</li> <li>- Religion</li> </ul> </li> </ol> |
| <b>Technology</b>      | <ol style="list-style-type: none"> <li>1. Rental Equipment (trending) <ul style="list-style-type: none"> <li>- NWFILM Center</li> <li>- Picture This</li> </ul> </li> </ol>                                    |
| <b>Environmental</b>   | <ol style="list-style-type: none"> <li>1. Industry Specific Recycling</li> <li>2. Making choices that are considerate of the environment</li> </ol>  |
| <b>Legal</b>           | <ol style="list-style-type: none"> <li>1. Permits &amp; Release Forms</li> <li>2. Copyright – Intellectual Property</li> <li>3. Employee Rights</li> </ol>   |

**3.1.2: PORTER’S FIVE-FORCES IMPACT ANALYSIS**

This analysis provides an understanding of the profit potential for the film industry as it relates to Cavern Films, and how Cavern Films can position itself to gain and sustain a competitive advantage (Rothaermel, pg. 73). Our focus is to provide variables that have the highest impact, and to provide an explanation of how the forces relate to the business.

The Five Forces are as follows:

1. Threat of entry
2. Power of suppliers
3. Power of buyers
4. Threat of substitutes
5. Rivalry among existing competitors

**Cavern Films LLC Porter's Five-Forces Analysis Table (Fig. 3-2)**

| Force   | Analysis  |
|---|---|
| <p><b>1. Threat of Entry:</b><br/>Risk that potential competitors will enter an industry</p>  | <p><b>Entry Barriers</b><br/><u>Network Effects:</u></p> <ul style="list-style-type: none"> <li>● Positive and/or negative effect for Cavern Films</li> <li>● Reviews</li> <li>● Word of mouth</li> </ul> <p><u>Capital Requirements:</u> (Negative effect for Cavern Films)</p> <ul style="list-style-type: none"> <li>● High cost to compete in the film industry</li> </ul>  |
| <p><b>2. Rivalry Among Existing Competitors:</b><br/>Intensity with which companies within the same industry compete for market share and profitability</p> | <p><b>Competitive Industry Structure</b></p> <ul style="list-style-type: none"> <li>● Differentiated product</li> <li>● High cost to improve services</li> <li>● Many and large competitors in the film industry</li> </ul> <p><b>Industry Growth</b><br/>Oregon Incentives Program brings film industry to Oregon.</p>   |
| <p><b>3. The Power of Buyers:</b><br/>Buyers, a.k.a. your customers, have the power to demand lower prices or higher quality products.</p>                  | <p><b>The Power of Buyers is High When:</b></p> <ul style="list-style-type: none"> <li>● Few buyer's x large quantities purchased</li> <li>● Products are standardized or undifferentiated</li> <li>● Low or no switching costs</li> <li>● Backward integration is a real possibility</li> </ul> <p><b>Cavern's Buyers</b></p> <ul style="list-style-type: none"> <li>● Few buyer's x small quantities purchased</li> <li>● Products are differentiated</li> <li>● Low or no switching costs</li> <li>● Backward integration is not possible</li> </ul> |
| <p><b>4. The Threat of Substitutes:</b><br/>Products/services that meet the same basic customer needs as the industry's product but in a different way.</p> | <p><b>The Threat of Substitutes is High When:</b></p> <ul style="list-style-type: none"> <li>● The substitute offers an attractive price-performance trade-off</li> <li>● The buyer's cost of switching to the substitute is low</li> </ul> <p><b>Cavern's Substitutes</b></p> <ul style="list-style-type: none"> <li>● Price-performance trade-off is attractive (other Amazon videos, YouTube, Hulu, etc.)</li> <li>● The buyer's cost of switching to the substitute is low</li> </ul>   |

|   |   |
|---|---|
| <p><b>5. The Power of Suppliers:</b><br/>Pressures that industry suppliers can exert on an industry's profit potential.</p>         | <p><b>The Relative Bargaining Power of Suppliers is <u>low</u>:</b></p> <ul style="list-style-type: none"> <li>• Neither Cavern Films LLC nor their suppliers have much power over each other.</li> </ul> <p>The cost to switch to another supplier would be manageable if the current supplier stopped meeting the expectation/demand i.e. switch to YouTube, Hulu, etc. (there is currently an abundance of suppliers)</p> <p><b>Cavern's Suppliers:</b><br/><b>Amazon, current ISP, any future equipment providers</b></p>   |
| <p><b>6. (+1) Complementary Products:</b><br/>(assessment of the impact of related products and services within a given market)</p> | <ul style="list-style-type: none"> <li>• Referring material of featured contributors (experts in footage, etc.) &amp; being featured in the material of others</li> <li>• Referring content of organizations that promote research into video content</li> <li>• Partnerships with grieving services</li> <li>• Partnerships with seminars on video topic and spirituality</li> </ul> <p>Will increase visibility to audience, increase traffic to videos, and therefore drive an increase in revenue. Strategic partnerships could yield alternative forms of revenue/financial support.</p> |

For a full Porter's Five Forces analysis table with added detail, please *see Appendix 2*.

### 3.1.3: Unique Selling Proposition

Cavern Films' unique selling proposition for *Consciousness Continues* is the story-telling perspective the production company brings to the content and a general ease of access for their copyrighted content. This differentiates the company from other near-death experience (NDE) narratives available in the market.

### 3.1.4: Market Segmentation

Leveraging research completed by Cavern Films LLC, women over the age of fifty-five were seen to be the general target. This is confirmed by women over fifty-five being the majority responding Social/Cultural group in the External Analysis completed and shown to hold significant buying power.

Additional segmentation was done to further define what this demographic might look like. A whopping 36% of Amazon users are over the age of fifty-five (Statista). When separated into 18-34, 34-54, and 55+ by Statista, 55+ is the largest segment Amazon has. There is some obvious segment overlap in the External Analysis, though being a broadly appealing topic, it makes the most sense logically to organize based in terms of an increasingly focused target.

For *Consciousness Continues*, three primary segments have been identified:

- Segment 1 is made up of majority English-speaking women over the age fifty-five and has been titled, “The Fascinated.” This is the number one customer segment based on first-hand marketing insights provided by Amazon to the owner of *Consciousness Continues* and the most likely segment to purchase the book.

The remaining segments become increasingly generalized yet remain appropriately focused for the purpose of digital video distribution. Customer Lifetime Value (CLTV) estimations have been included to provide insight into the value of each individual customer within each segment. This calculation has been provided by professor Jacob Suher at Portland State University for use in his Marketing 464 course: *Marketing Strategy*. Using this information, each segment has been evaluated showing where marketing resources would be best spent.

- Segment 2 is comprised of Americans over the age of fifty-five. This segment is very similar to segment 1, though instead of being women only, it now includes everyone over the age of fifty-five. Retirees tend to be more interested in this topic and tend to have more time and money to spend on NDE content. This segment is titled, “The Intrigued,” because they are less likely to buy the book yet retain strong interest in the topic and are more likely to spend more than the population of segment 3.
- Segment 3 is then comparably broadened to include the English-speaking public world-wide. Unexplained mysteries such as near-death experiences evoke a response from the vast majority of the Internet video-content viewing public. There is intrigue and uncertainty in death. There is very little conclusive evidence about what happens with the human consciousness at death. Does it just disappear? Is that energy transferred elsewhere? The content has been organized to appeal broadly and is meant to capture as much of this long-tail segment as possible.

Through leveraging digital marketing tools effectively, Cavern Films will capture more of the available audience on the Internet rather than attempt the costlier scenario of traditional film distribution. That opportunity is more likely to arrive once the *Consciousness Continues* work begins generating more revenue.

**Segmentation Table: *Consciousness Continues* Segments (Fig. 3-3)**

| Segment                             | Description  |
|-------------------------------------|--|
| Segment 1:<br><b>The Fascinated</b> | <i>Majority English-Speaking Women Over Fifty-Five:</i> The number one customer segment based on first-hand marketing insights provided by Amazon.<br><b>estimated \$39.16 Customer LifeTime Value (CLTV)</b>  |
| Segment 2:<br><b>The Intrigued</b>  | <i>Americans Over Fifty-Five:</i> This audience has more free time than younger age groups as the segment begins to retire. Topics such as mortality, spirituality, etc. are of interest to this segment as this population continues to age.<br><b>est. \$9.81 CLTV</b>   |
| Segment 3:<br><b>The Curious</b>    | <i>The English-Speaking Global Public:</i> Shows with titles such as “Ancient Aliens” are popular on <i>the History Channel</i> . This segment appeals to a similar demographic of viewer. There is a segment of curious Americans that would be interested in learning more about NDEs. Their interest is passing, but if peaked this segment is willing to pay a little for quality content.<br><b>est. \$.99-\$2 CLTV</b> |

(see Appendix 3)

- Segment 1’s CLTV has been calculated by first determining the average weekly customer amount spent. This is determined by \$1.99 for video purchase x 25 weeks’ x 50% Margin, or \$.03 payment per episode viewed x 25 weeks on Prime plus \$11.99 for purchase of the paperback book. And subtract \$0.99 for Amazon’s selling charge. When this is averaged over 50 weeks for the year (# of weeks in year minus holidays), the weekly spend is \$0.91-0.97. Because of the high engagement with The Fascinated, their retention rate is estimated at 80%. Using this information, CLTV can be calculated as  $\$11.75 * [1/1+.10-80\%] = \$39.16$  max CLTV.
- Segment 2’s CLTV has been calculated by first determining the average weekly customer amount spent. This is determined by \$1.99 for video purchase x 4 weeks’ x 50% Margin, or \$.03 payment per episode viewed x 4 weeks on Prime plus \$0.75 to \$6.87 for Kindle purchase of the book. This includes Amazon’s selling charge. When this is averaged over 50 weeks for the year, the weekly spend is \$0.07-0.57. Because this segment purchase amount is reduced, their retention rate is estimated at 40%. Using this information, CLTV can be calculated as  $\$6.87 * [1/1+.10-40\%] = \$9.81$  max CLTV.
- Segment 3s CLTV has been calculated by first determining the average weekly customer amount spent. This is determined by \$1.99 for video purchase x 1-week x 50% Margin. This includes Amazon’s selling charge. When this is averaged over 50 weeks for the year, the weekly spend is \$0.01-0.04. Because this segment purchase amount is least, their retention rate is estimated at 10%. Using this information, CLTV can be calculated as  $\$0.99 * [1/1+0.10-10\%] = \$.99$ - $\$2$  CLTV.



### 3.1.5: Target Audience

The target audience for *Consciousness Continues* and Cavern Films LLC is women over the age of fifty-five. 26% of Amazon's roughly 50 million Amazon Prime subscribers are 55+ (Statista). This means the size of Segment 2 on Amazon is roughly 13,000,000. If roughly half those people are women, then it would mean a population size of 6,500,000 for Segment 1. Using this estimation and the CLTV amount of \$39.16 for this segment, estimated market potential for this target audience is roughly \$254,540,000. This leaves Segment 3 to encompass the entire 50 million people.

Segment 1's appeal has been previously market-tested by the client with repeated data sets showing that this is the correct target demographic. In our segmentation, we are referring to this group as 'The Fascinated.' This group has the time, money, and interest in the subject matter to be the best customer to the client. To further support this assertion is the correct choice, the results of a CLTV evaluation completed during segmentation conclusively showed this target audience to yield the highest value. It is worth mentioning that marketing and advertising created for the target audience would likely appeal broadly to all three segments. The product appeals to the same needs base in all three segments, allowing marketing materials made for the primary segment to appeal to all three.

The remaining two segments could be worth pursuing beyond the scope of this project. 77% of the most active e-readers are women over fifty-five and are only surpassed in print sales by parents buying books for their children (Flood 2016). This makes for an attractive marketing with supported evidence showing the channel methods being considered are appropriate.

### 3.1.6: Positioning & The Marketing Mix (4 Ps):

The positioning for *Consciousness Continues* benefits from not being overly complicated. Cavern Films has offered a cohesive set of products that offers a unique selling position. That unique selling position makes the products more attractive to the defined segments as it has been formatted with their needs in mind. The goal is accessibility for the target audience of women fifty-five and older. The marketing mix is currently majority digital strategy and will likely remain that way to maintain lower overhead costs.

#### -1. Product(s)

Within the framework of the 4 Ps marketing mix (Product, Price, Place and Promotion), *Consciousness Continues* is the primary product Cavern Films is focusing on selling. This includes the book, short film, docu-series, and the website content.

- Website: <https://www.consciousnesscontinues.com/>
- Paperback book & e-book
  - also available for Amazon Kindle
- Short Film
  - available on website and Amazon
- Doc-u-series: webisodes on Amazon

## -2. Price

Access to the website is of no cost to visitors and will remain free to users for promotional use.

- Paperback book: \$11.99 on Amazon. \$0.99 to Amazon per sale, remaining is revenue
- Kindle eBook: \$6.99 on Amazon: 30% paid to Amazon (~\$2.10), remaining is revenue
- Kindle Unlimited: free for Kindle Unlimited members
  - Royalty example, “Author with a 100-page book that was borrowed and read completely 100 times would earn \$1,000” (Amazon) That implies that a 200-page book read halfway would earn the same amount. This assumes a \$10 million Amazon royalty budget with 100 million pages read from the Kindle Unlimited Library which is subject to change.
- Short Film Streamed Website: \$1 rental, \$3 purchase using wix.com video
- Amazon rent or buy video content splits list price 50/50 with Amazon
- Short Film on Amazon: HD \$2.99 or SD \$1.99 rental, HD \$9.99 purchase or SD \$7.99
- First Episode on Amazon: HD \$1.99 or SD \$0.99, no cost to viewer on Prime
- Prime Pricing on First Episode: \$.06 per hour watched (Amazon). The first episode is roughly 30 minutes long, therefore on this pricing plan the client receives just \$0.03 per watch of the entire first episode.

## -3. Place (Distribution)

When considering which platform to use for distribution, there are a lot of choices. For online platforms, there are three that surfaced as being the best at catering to independent film-makers. These would be Amazon, YouTube, & Vimeo. There are many other digital video distribution platforms such as Netflix, Hulu, etc. though these have higher associated costs and other barriers that make these and other digital streaming services, traditional video distribution methods, etc. look much less attractive.

For now, we will be focus on Amazon, YouTube, & Vimeo as the primary means of delivering content.

### Video Platform Comparison (Fig. 3.1.6.3)

| Value         | Amazon Video Direct | YouTube       | Vimeo        |
|---------------|---------------------|---------------|--------------|
| Audience      | 50 million+         | 1.5 billion + | 240 million+ |
| Compensation  | Best                | Worst         | Better       |
| Multi-channel | Best                | Better        | Worst        |

As evidenced above, each platform is vastly different in terms of what it is able to offer. The audience size criteria offered the best quantified data with Amazon having roughly 50 million plus video direct subscribers (Statista, 2017). YouTube has 1.5 billion plus users (Matney, 2017), and Vimeo has 240 million plus users (Vimeo, 2016). If making the decision on that criteria alone, one might choose YouTube as it has the most users. Once other criteria are considered, it becomes less of an obvious choice.

YouTube has been rated as having the worst compensation because their base monetization has been vastly reduced over the last few years. Vimeo is a rising star in independent distribution but their video

selling platform is based on donating for access to the video instead of people more actively purchasing it. (Appendix 5)

There are potential benefits to that format, but when compared with the Omni-channel versatility Amazon offers, Amazon begins to emerge as the leader in choices for video distribution.

#### **-4. Promotion**

With Amazon emerging as the leader for video distribution, all products are currently being offered, promoted, and distributed on Amazon. In addition to the offerings on Amazon, the website explains the products and offers a medium to purchase the video content. The book is only available to purchase on Amazon which is currently the most cost-effect format for offering a published book title.

Some promotion has taken place via networking, but the majority of promotion has taken place online by traffic driven from Google and Amazon. With these being the likely sources of the majority of Internet traffic, it will be important to focus on these channels in the future.

## **3.2. INTERNAL ANALYSIS**

An internal analysis was used to develop an understanding of Cavern LLC's goals from an "inside" perspective. Our team will use strategic approaches such as SWOT analysis and VRIO analysis to gain a better understanding of Cavern Films' core competencies. This will help in developing a more specific marketing plan for our client. This helped us gain a better understanding of what Cavern Film's primary goals are and what may potentially benefit or hinder those goals.

### **3.2.1: SWOT ANALYSIS**

The SWOT (Strengths, Weaknesses, Opportunities, and Threats) is an analysis of the factors that impact Cavern and are defined by utilizing secondary research and information that was provided by Cavern. This will help further develop the marketing plan so further recommendations can be made based on the SWOT analysis findings. Research was conducted on SWOT factors by using primary information that was provided by Cavern Films and secondary data collected on market conditions. Then we identified each step in SWOT and how it pertains to Cavern.

**Cavern Films LLC SWOT Analysis Table (Fig. 3-5)**

|  |   |
|--|---|
| <b><u>Strengths</u></b>  | <b><u>Weaknesses</u></b>  |
| S1: High barriers to entry<br>S2: Experienced owner/operator<br>S3: Original content   | W1: Workforce (only 1 employee)<br>W2: Limited funds available<br>W3: Limited online presence |
| <b><u>Opportunities</u></b>  | <b><u>Threats</u></b>   |
| O1: International expansion<br>O2: Expanding viewer base with financial support opportunities can be reached<br>O3: Tax law change can increase ROI  | T1: Sea of content options<br>T2: Declining economic conditions                               |
| <ul style="list-style-type: none"> <li>● <b>Strategic Options:</b></li> <li>● Increase amount of content available for streaming services</li> <li>● Increase workforce by adding intern(s) and/or independent contractors</li> <li>● Increase funding</li> <li>● Utilize SEO capabilities to direct traffic to/through website</li> </ul> |   |

**Strengths**

**S1** - The filmmaking industry has high barriers to entry due to high startup costs such as filming equipment and editing software. There is also difficulty in establishing effective delivery channels (DeBenedetti, 2018). While there are more ways for small filmmaking companies to enter the market via free channels, such as YouTube, it is difficult to monetize products from these sources. Cavern has already entered the market and is utilizing at least one effective delivery channel, with distribution through Amazon Prime Video.

**S2** - Owner/operator, Heather, has an accumulation of over 25 years’ experience in the filmmaking industry. She is professionally trained in filmmaking and has been researching the topic of her docu-series, near-death experiences (NDEs), for over 20 years. This experience she has gained gives her an upper hand in this line of work because she knows all aspects of her business such as filming, editing, and photography.

**S3** - The focus of NDEs as a documentary topic is not a unique offering in and of itself. However, Consciousness Continues’ format of storytelling versus having a predominantly evidence-based or religious approach to conveying the reality of NDEs. While some documentaries use storytelling as a part of their presentation, this method of filmmaking has not been as predominantly featured in the same way as it is in Consciousness Continues.

### **Weaknesses**

**W1** - Cavern Films currently has one employee, Heather, who is responsible for all aspects of the business (shooting, editing, marketing, sales, finances, etc.). This puts a heavy strain on her and it is deemed practically impossible to complete all tasks effectively and efficiently. Heather has voiced that additional support in sales and marketing are her primary needs for staffing with Cavern. Assistance in these areas will help strengthen her position in the market by helping her to take greater advantage of channels that will put consciousness continues in front of a wider audience.

**W2** - Cavern Films is currently operating with an average budget of \$100-\$400 per month. These funds are primarily used for minimal marketing services and website maintenance. In order to place *Consciousness Continues* in front of a wider audience, more funding will be needed. Heather has voiced concerns about her ability to sell her product, which has led to missed opportunities for investment from outside investors. Acquiring and channeling funds towards hiring sales and marketing staff as well as expanding operations will be necessary to bring in an ROI.

**W3** - Cavern Films primarily markets solely through digital media channels. These channels include its website, Facebook, YouTube, and Amazon Prime Video. Cavern previously utilized Google AdWords and Kindle marketing channels, but these were discontinued in order to determine the efficacy of spending ad dollars on these outlets. Cavern currently does not run any ads and does not have a marketing budget other than the maintenance of its website and the use of the Amazon platform. This limits the ability of *Consciousness Continues* to be placed in front of its target audience. Content users need to be constantly engaged with Cavern in order to scale the “ladder of participation, [which is] a user segmentation scheme based on the evolving nature of participatory behavior in online communities” (Oestreicher-Singer & Zalmanson, 2013). This is a process by which an organization, such as Cavern, provides several offerings that escalate as a user moves higher up in committed involvement with its offerings. Cavern needs to reverse the weakness of the limited amount of content available online in order to attract more users.

### **Opportunities**

**O1** - As a film production company, there is a big opportunity in the international market. The easiest thing to do is to add subtitles to the *Consciousness Continues*. There is nothing need to do, by only adding the subtitles would enable the international market customers to understand the *Consciousness continues*, and this would increase the international market.

**O2**- This is such an interesting topic with a big potential that can reach many customers. The reason why *Consciousness Continues* may not be getting enough viewers and customers is that there may not have been enough money placed in marketing. With enough financial support, a bigger market can be reached.

**O3**- Recently, in order to encourage business, the US government has planned decreasing tax for corporations and other small companies. By means, with the same revenue, Cavern Films will need to pay less tax in the future. (Snell, 2017). Tax law change can increase ROI.

### **Threats**

**T1**- The biggest threat that a film production company faces are the ongoing competitive issues from other companies. This is especially the case with Cavern Films, for there are too many big competitors in the market.

T2- The economy has been decreasing recently, due to which, customers would have less free cash used in the entertainment industry. And would for sure influence Cavern Films. For a full summary how SWOT pertains to Cavern Films, LLC: *see Appendix 3*

### 3.2.2: VRIO ANALYSIS

The purpose of VRIO (Value, Rare, Imitability, and Organization) is to see if there is a competitive advantage. More specifically, identify how Cavern Films is unique by using secondary research and information that was provided by our client. This was used to better develop the marketing plan and provide specific recommendations to help gain a competitive edge. Research was conducted on VRIO factors by using secondary research and information that was provided by Cavern Films. Then we identified each step in VRIO and how it pertains to Cavern:

**Cavern Films LLC VRIO Analysis Table (Fig. 3-6)**

|   |  |
|---|--|
| <p><b>Value:</b> Which resources can add <b>Value</b> to Consciousness Continues?</p>                 | <ul style="list-style-type: none"> <li>● Consciousness Continues (documentary series &amp; book)</li> <li>● Experience within the filmmaking industry</li> <li>● Possibility for Competitive Advantage</li> </ul>  |
| <p><b>Rare:</b> Does Cavern Films have a valuable resource that is also <b>rare? Yes</b></p>          | <ul style="list-style-type: none"> <li>● Competitive advantage <ul style="list-style-type: none"> <li>○ Docu-series</li> <li>○ Focus on NDE - non-religious or scientific approach</li> <li>○ Storytelling - not scripted</li> </ul> </li> <li>● Common resource over time</li> </ul>  |
| <p><b>Imitate:</b> Are Cavern Films' resources easy or difficult to <b>imitate? Difficult.</b></p>    | <ul style="list-style-type: none"> <li>● Format <ul style="list-style-type: none"> <li>○ The story itself</li> <li>○ Way of telling the story</li> </ul> </li> <li>● Production quality</li> <li>● Possibility to be a competitive advantage</li> </ul>  |
| <p><b>Organized:</b> Is Cavern Films <b>organized</b> to take advantage of resources? <b>Yes.</b></p> | <ul style="list-style-type: none"> <li>● Strategic management process <ul style="list-style-type: none"> <li>○ Fine tuning business &amp; marketing plans</li> <li>○ Effective motivational system</li> </ul> </li> <li>● Control system <ul style="list-style-type: none"> <li>○ Formal</li> <li>○ Finance management</li> <li>○ Informal</li> <li>○ Who are you accountable to?</li> </ul> </li> </ul> |

The following is a summary of Cavern's VRIO:

1. **Value:** Consciousness Continues provides value by sharing near death experience stories in a docu-series format and a book with stories as well. When searching for the term Near Death Experience in Google, 264,000 search results appear. Therefore, the demand for this type of information is high and valuable.
2. **Rare:** Although the subject matter is not rare, Consciousness Continues is rare because of its docu-series format. In comparison to other near-death experience films or books, Consciousness Continues provides a story-telling format that is neither religious or scientific. There also doesn't appear to be any other docu-series about near death experience available when searching Google or Amazon - they all appear to be books and many coming from a religious standpoint. **Imitability:** Consciousness Continues docu-series with a storytelling format is imitable. This is due to the established norms of documentary filmmaking and reality television formatting. The market for documentaries grew in the Cannes film market by 200% from 2010 to 2015 (F.S., 2015). This is a strong indicator that documentary filmmaking is on the rise. Topics like NDEs present interesting content that it can be assumed filmmakers will be attempting create in interesting ways. While every content creator has a unique take on a given subject, more simple renderings, such as Consciousness Continues, may be more susceptible to imitation. This documentary will need to provide more of a unique value proposition in order to remain inimitable.
3. **Organization:** Cavern Films must be organized in such a way that it can readily take advantage of its resources no matter how it positions itself within its environment (Porter, 1998). Through the strategic management process (SMP), the organization will be able to implement recommendations that will allow it to effectively market Consciousness Continues. The SMP consists of business and marketing plans. The focus of these plans is to direct Cavern Films' efforts of building the business and placing Consciousness Continues in front of a wider audience. There are five stages of the SMP (Clayton, 2018):
  - a. Clarify the company vision
  - b. Gather and analyze information
  - c. Formulate the strategy
  - d. Implement the strategy
  - e. Evaluate and control

Cavern Films is in the process of passing through stages (b) and (c) (as is evidenced in the information presented throughout this document). The recommendations given in the conclusion of this document provide a guide to implementation of the strategic marketing plan for Consciousness Continues. The recommendations are meant to be used in conjunction with a business plan that outlines the process for acquiring funds, for recruiting talent, and for developing a control system to regulate ongoing business practices.

For a full summary on how VRIO pertains to Consciousness Continues: *see Appendix 4*

### 3.2.3: FINANCIAL ANALYSIS

Based on all the financial information we have now, in the fiscal year of 2016, the Cavern Films LLC had \$445 in revenue with a \$2,284 in net loss, a cash balance of \$105 and \$0 in debt. Last fiscal year, from January 2017 to July 2017, Cavern Films LLC had revenue of \$1,069.72 and a \$2,373 in net loss, and a cash balance of \$655. The best alternative is the one has made the best balance between the risk and the

steady growth in the net profit. So, the goal of the financial analysis is to compare the financial estimates for each of the alternatives and find out the best alternative for the company.

A three-year financial statement forecast would be made for each of the alternative. Based on the revenue and the expense for each year of the forecast, a breakeven analysis and a ROI analysis would be made to determine the quality for each alternative. The client's goal of a positive ROI is intended. The alternative with the larger ROI will be the preferred. And a smaller breakeven point would be preferred for less time to gain back the initial investment. This part is based on the real past financial information provided by Heather.

## 4. SYNTHESIS

In this section we are going to review and integrate key findings from research gathered for the Internal and External Analysis.

### 4.1: Review results of internal and external analyses

- Reviewing and analyzing current financial records provided by Cavern Films
- Review marketing budget information
- Review External Analysis: Including PESTEL & 5 Forces
- Review Internal Analysis: Including SWOT Analysis & VRIO Analysis
- Forecast of financials based on current budget, which is roughly \$400/month

### 4.2: Synthesize information from both sets of analyses

To understand our client from multiple angles in order to come together with a cohesive alternative futures development plan, we:

- Utilized a PESTEL and Porter's 5 Forces framework to gain insight on Cavern's external environment
- Utilized a SWOT and VRIO analysis tool to gain insight into Cavern's Internal environment
- Review results of Internal and External Analysis
- Synthesize information from both sets of analysis

Our alternatives will be developed and synthesized based on external and internal market factors discovered during the research process. Some of the major findings are as follows:

We found that the external environment is rich with resources that will allow Cavern to market Consciousness Continues. Consumers are finding it easier and cost effective to use personal technology to stream media online. As Cavern Films continues to produce digital content, its ecological impact will be low and its legal requirements will be moderately low as well. New tax laws will assist in bringing in a higher ROI, once the company is able to turn a profit. There is a relatively low threat of entry but there is substantial competition among rivals. To add to this, buyers have high power due to the variety of substitutes and low switching costs.

We determined that the segment of the market with the most likely adoption interest for Consciousness Continues is Majority English-Speaking Women Over Fifty-Five based on data provided by Amazon. We



will be looking at how to effectively market to this demographic through digital media with more focused efforts to increase adoption rates.

Cavern Films' internal environment is stable with few weaknesses and potential to increase in size and scope. With an established owner/operator and original content, Cavern Films' weaknesses only lie in limited staff and funding, which limit its online presence. There are multiple opportunities and resources to staff and fund Cavern Films for the purpose of implementing our marketing plan. With more efficient organization and better market positioning, Cavern Films may take advantage of its resources that are already valuable, rare, and difficult to imitate.

## **5. ALTERNATIVE FUTURES DEVELOPMENT**

The purpose of the Alternative Futures is to identify, develop, and present three strategic marketing alternatives for Cavern Films. Primary and secondary research has been conducted to develop a list of three alternatives designed to meet the Cavern's goals for financing the docu-series *Consciousness Continues*.

### **5.1: Identify Potential Alternative Futures**

This allows us to identify potential alternative strategic recommendations for the business sources that are available for funding the docu-series and gain understanding of Cavern Films' core competencies and unique value proposition. The research process consisted of the following:

- Community development funds
- Crowdsourcing funds
- Contacting the Art Institute, State Film Office, NW Film Center, and other education institutes for information on potential investors
- Using strategic sourcing framework to develop recommendations
- Identifying how Cavern Films operates
- Interviewing the business owner to gain understanding of the goals and needs
- Conducted team meetings to examine the environment of Cavern Films
- Gathered all documentation from Cavern Films
- Utilizing financial and accounting statements

## 5.2: Choose Three Alternative Futures Based on Completed Research

Primary and secondary research resulted in the formulation of three alternative futures (strategic marketing options). The selection process consisted of the following:

- Reviewing primary research, including interviews, business analysis, and surveys
- Reviewing secondary research, including market, and financial analysis
- Identifying potential alternative futures

The three alternatives that have been selected are titled Bootstrap, Center Lane, & Maximum Engagement.

- The Bootstrap (low cost marketing strategy) requires the least investment and amount of risk but is projected to produce the slowest growth.
- Center Lane (marketing strategy with investment) requires moderate investment and risk but is projected to produce a moderate amount of growth.
- Maximum Engagement (marketing strategy with investment) requires the highest amount of investment and yet risk is projected to produce the fastest growth.

For a full ‘Alternatives Summary’ table, please *see* **Fig. 6-5**.

## 6. ALTERNATIVES ANALYSIS AND COMPARISON

This section analyzes and compares alternatives identified in the previous task and begins to describe ideas that will become final recommendations. This analyzes the:

1. Feasibility of alternatives from quantitative: finance and accounting
2. Qualitative: human resources, management, marketing, advertising, and supply and logistics

The alternatives that were identified are compared below and outcomes have been listed for the alternatives provided. This helps determine the best brand identity and low-cost tactics to help increase online presence.

### 6.1: Alternative 1

Our “Bootstrap” (Low Cost Marketing Strategy) would require \$300-\$400 financing from personal funds to continue selling on Amazon and website, this strategy would also keep Cavern Films at 1 employee with no additional help. The Bootstrap alternative maintains the current status quo investment. For this reason, we consider it the low-cost marketing strategy. Based on research, this alternative has the least amount risk, it would possibly have the slowest and least return.

#### Financial Statement forecast

A three-year Financial statement forecast has been made for Alternative 1 including the revenue expected to receive in return and expected expenses. This also shows how much net profit Cavern can receive for this alternative. Down below is a summary of the most important part of the financial estimation. With little investment and marketing, there is no doubt that the revenue growth for Alternative 1 would be the lowest. And we estimated that the second year the revenue would be growing about 9%, and the third year, the revenue is expected to grow a little more, with about 11%. And for the growth of sales of the books, we estimated that the second year it is expected to grow about 5% and a little bit higher at about 7% for the following year. Please refer the detailed three-year financial estimation in Appendix 8.

**Cavern Films LLC three-year financial statement forecast Table for alternative 1 (Fig. 6-1)**

| Alternative 1: Bootstrap |  | Year 1      | Year 2      | Year 3       |
|--------------------------|--|-------------|-------------|--------------|
| Cumulative Investment    |  | \$ 4,200.00 | \$ 8,400.00 | \$ 12,600.00 |
| Total Revenue            |  | \$ 7,090.00 | \$ 7,708.10 | \$ 8,534.99  |
| Total expense            |  | \$ 579.00   | \$ 99.00    | \$ 99.00     |
| Net Profit after tax     |  | \$ 6,081.27 | \$ 7,106.90 | \$ 7,879.22  |
| Break-even analysis      |  | 0.690644756 |             |              |
| ROI                      |  | 119%        |             |              |

**Break-Even Analysis**

The Break-Even Analysis is based on the financial statement forecast. It will be the point in time that Cavern Films' expenses equals the initial investments with no loss or profit incurred. The break-even point will not be as significant for the Bootstrap strategy since only personal funds are being used. Based on the three-year financial report estimation, the break-even analysis would be about 0.6906 years. Being the lowest of the three, the Bootstrap strategy requires no other investment from outsourced, this gives a reason why even though it has a low return, it still has a really low break-even analysis.

**ROI Analysis**

The Return on Investment is the ratio of the profit or loss that was made in a fiscal year expressed in terms of the total investment. It is calculated as the net profit (loss) divided by the total investment. Since there is not investment needed for this alternative, the ROI (return on investment) should be fair and relatively good. For the bootstrap strategy, the return of investment would be about 119%, this is not really high since we are not really investing much into marketing.

**6.2: Alternative 2**

The Center Lane method (also referred to as the marketing strategy with investment) includes borrowing a \$5,000 small business loan that will be paid back in two years in addition to the \$300 to \$400 monthly financing. The loan will be used to help with additional marketing expenses. But at the same time, Heather will need to pay \$227.85/month to pay back the loan in two years.

**Cavern Films LLC 2-year loan pay-back Table for alternative 2 (Fig. 6-2)**

| Year1 | January   | February  | March     | April     | May       | June      | July      | August    | September | October   | November  | December  |
|-------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loan  | \$ 796.14 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 |
| Year2 | January   | February  | March     | April     | May       | June      | July      | August    | September | October   | November  | December  |
| Loan  | \$ 796.14 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 | \$ 227.85 |

Center Lane has:

- one unpaid intern
- one paid contractor to assist with the marketing
- Cavern would continue selling episodes on Amazon and the Consciousness Continues website.

Since this plan requires Cavern to borrow a loan, there are more risks associated with this alternative than the first. However, we believe that there would be a smaller break-even ratio and a higher Return on Investment (ROI). The intern would assist with updating the Cavern website with small changes such as grammar, adding graphics, blog-writing, and any other smaller needs Cavern requests. The Contractor would use paid search and search engine optimization expertise to market Consciousness Continues.

### Financial Statement forecast

A three-year Financial statement forecast has been made for the Center lane strategy including the revenue expected to receive in return and expected expenses. This also shows how much net profit Cavern can receive for this alternative. Down below is a summary of the most important part of the financial estimation. With a little bit more marketing expense and investment than the bootstrap strategy, the revenue growth rate and the expense are expected to be higher.

We estimated that:

- the second year the revenue would be growing about 33%
- the third year, the revenue is expected to grow a little more, with about 35%.
- For the growth of sales of the books, we estimated that the second year it is expected to grow about 17% and a little bit higher at about 20% for the following year.

Please refer the detailed three-year financial estimation in Appendix 8.

### Cavern Films LLC three-year financial statement forecast Table for alternative 2 (Fig. 6-3)

| Alternative 2: Center Lane |  | Year1        | Year 2       | Year3        |
|----------------------------|--|--------------|--------------|--------------|
| Cumulative Investment      |  | \$ 9,200.00  | \$ 13,400.00 | \$ 22,600.00 |
| Total Revenue              |  | \$ 16,500.00 | \$ 21,817.00 | \$ 29,312.55 |
| Total expense              |  | \$ 12,433.20 | \$ 5,953.20  | \$ 3,219.00  |
| Net Profit after tax       |  | \$ 3,798.39  | \$ 14,816.79 | \$ 24,371.38 |
| Break-even analysis        |  | 1.71984261   |              |              |
| ROI                        |  | 173%         |              |              |

### Break-Even Analysis

The Break-Even Analysis is based on the financial statement forecast. It will be the point in time that Cavern Films' expenses equals the initial investments with no loss or profit having incurred. Since for this strategy, some loans were being used, the break-even period for this strategy would be a little bit higher than the bootstrap strategy, with a result of 1.71984261.

### ROI Analysis

The ROI is the return on investment which is the ratio of the profit or loss that was made in a fiscal year expressed in terms of the total investment. It is calculated as the net profit (loss) divided by the total investment. Even though there are some investment made for this strategy, the return is really high. So, this means that the ROI (return on investment) is the highest of the three alternatives, with the result of 173%.

### 6.3: Alternative 3

The purpose of the Maximum Engagement (Differentiation marketing strategy) is to attempt to gain the greatest growth with the highest investment in the least amount of time. The payoff is calculated to be a higher and stable net profit growth rate. In this plan, a larger loan which is \$25,500 would be taken, which adds the most risk of each alternative. In addition, we are planning to pay back the loan in three years, with a \$796.14/month loan expense for three years.

#### Cavern Films LLC 2-year loan pay-back Table for alternative 3 (Fig. 6-4)

| Year1 | January   | February  | March     | April     | May       | June      | July      | August    | September | October   | November  | December  |
|-------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loan  | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 |
| Year2 | January   | February  | March     | April     | May       | June      | July      | August    | September | October   | November  | December  |
| Loan  | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 |
| Year3 | January   | February  | March     | April     | May       | June      | July      | August    | September | October   | November  | December  |
| Loan  | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 | \$ 796.14 |

With regards to personnel:

- one unpaid intern
- one paid contractor would remain
- An addition of a marketing firm is planned to hire in order to speed up the marketing process.

As for selling, the plan is to try to expand the selling on Amazon and website.

#### Financial Statement forecast

A three-year financial statement forecast has been made for the Center lane strategy including the revenue expected to receive in return and expected expenses. This also shows how much net profit Cavern can receive for this alternative. Down below is a summary of the most important part of the financial estimation. With the largest marketing expense and investment of the three alternatives, there is no doubt that this alternative would have the highest expense but still the highest revenue in return.

We estimated that the second year the revenue would be growing about 57%, and the third year, the revenue is expected to grow a little more, with about 63%. For the growth of sales of the books, we estimated that the second year it is expected to grow about 21% and a little bit higher at about 23% for the following year. Please refer the detailed three-year financial estimation in Appendix 8.

**Cavern Films LLC three-year financial statement forecast Table for alternative 3 (Fig. 6-5)**

| Alternative 3: Maximum Engagement |  | Year 1        | Year 2       | Year 3       |
|-----------------------------------|--|---------------|--------------|--------------|
| Cumulative Investment             |  | \$ 29,700.00  | \$ 33,900.00 | \$ 63,600.00 |
| Total Revenue                     |  | \$ 31,350.00  | \$ 48,006.30 | \$ 76,619.19 |
| Total expense                     |  | \$ 38,072.68  | \$ 36,292.68 | \$ 36,292.68 |
| Net Profit after tax              |  | \$ (6,278.98) | \$ 10,940.52 | \$ 37,664.96 |
| Break-even analysis               |  | 8.27227801    |              |              |
| ROI                               |  | 76%           |              |              |

### Break Even Analysis

The Break-Even Analysis is based on the financial statement forecast. It will be the point in time that Cavern Films' expenses equals the initial investments with no loss or profit having incurred. It will take at least \$25,500 to cover one year's loan in Maximum Engagement meaning revenues of at least that much will be needed to create a break-even point. Since for this strategy, the largest loan is being used, the break-even period for this strategy would be the highest of the three strategies, with a result of 8.27227801 years.

### ROI Analysis

The ROI is the return on investment which is the ratio of the profit or loss that was made in a fiscal year expressed in terms of the total investment. It is calculated as the net profit (loss) divided by the total investment. Even though this strategy gives back the highest revenue, we cannot ignore the fact that the investment is also the largest, so the ROI is not as high as the one for the center lane strategy, at a rate of 76%. For a full 'Alternatives Summary' table, please see **Fig. 6-5**.

## 6.4: Alternatives Comparison

In this part of the analysis, we will be comparing the risk and the financial return for each of the alternatives, and then give out the most strategic method with the best balance between the risk and the return.

### Risk comparison

Risk is defined in two ways: financial and overall. For the bootstrap alternative, the financial risk level is low since Cavern would stay at what it is currently investing, with little financial risk for the company. But even though that is the case, it also means that Heather will never be able to meet her goals, this is actually a very high overall risk.

For the center lane method, we are expecting to borrow a \$5,000 small business loan and at the same time keep the \$300-400 personal fund. This makes the financial risk level for the center lane method a little higher than the bootstrap method, at level 2, since Cavern have to pay back the loan. However, this relatively moderate financial risk will allow Cavern to achieve its goals within three years. Therefore, we have rated the overall risk for this alternative to be medium.

For the maximum engagement alternative, we are expected to borrow a larger loan which is about \$25,500 and would add the most risk of each alternative. We have rated the financial risk level for the maximum engagement method 3. Since it may be very difficult to repay this loan, operations may be significantly

impacted and Heather may not be able to achieve her goals if she is unable to have a high ROI within 3 years. Therefore, we have rated the overall risk for this alternative to be high.

Even though the financial risk is high, it actually offers the best way to achieve Heather’s overall goal, so the overall risk for this alternative is actually the lowest.

**Cavern Films LLC Risk Comparison Table (Fig. 6-6)**

|               |                       |                    |                    |
|---------------|-----------------------|--------------------|--------------------|
| Alternatives  | Bootstrap Alternative | Center Lane method | Maximum Engagement |
| Level of risk | 1                     | 2                  | 3                  |

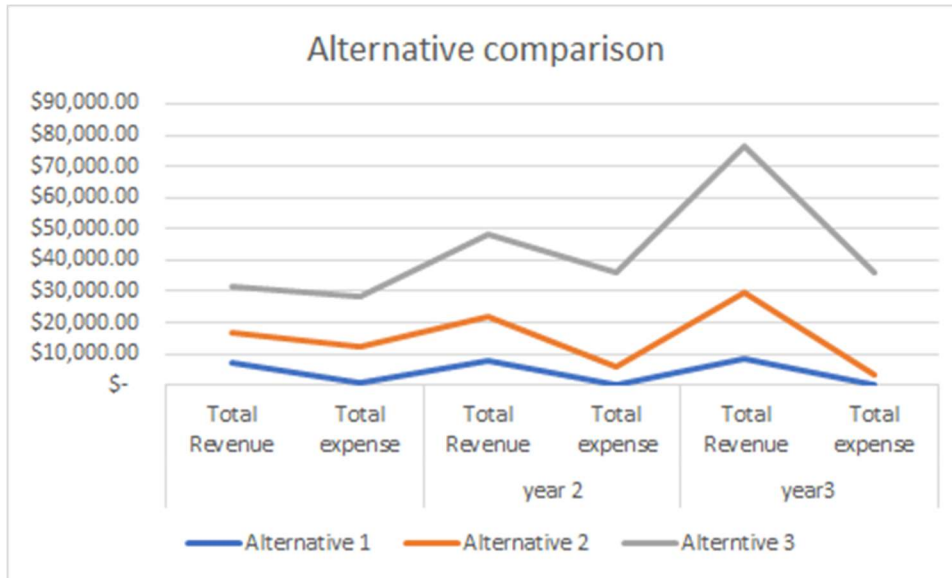
**6.5: Financial comparison**

**Alternatives Assumptions Summary Table: *Conscious Continues* (Fig. 6-7)**

|                         | <b>Alternative 1:<br/>Bootstrap</b>             | <b>Alternative 2:<br/>Center Lane</b>  | <b>Alternative 3:<br/>Maximum<br/>Engagement</b>                   |
|-------------------------|---|--|--|
| <b>Cost</b>             | \$300 - 400 per month                           | \$300 to 400 per month + \$5,000 small business loan                                     | \$25,500 loan  |
| <b>Employees/HR</b>     | 1 Employee                                      | 1 Employee<br>1 Unpaid Intern<br>1 Contractor  | 1 Employee<br>1 Unpaid Intern<br>1 Contractor<br>1 Marketing Firm  |
| <b>Marketing Tactic</b> | Maintains current marketing strategy            | SEO and Paid Search assistance and an increase in website help (grammar, graphics, etc.) | Faster, more strategic SEO, Paid Search assistance, website update |
| <b>Risk</b>             | Financial risk Low - 1<br>Overall risk High - 3 | Financial risk Medium - 2<br>Overall risk Medium - 2                                     | Financial risk High - 3<br>Overall risk High - 3                   |

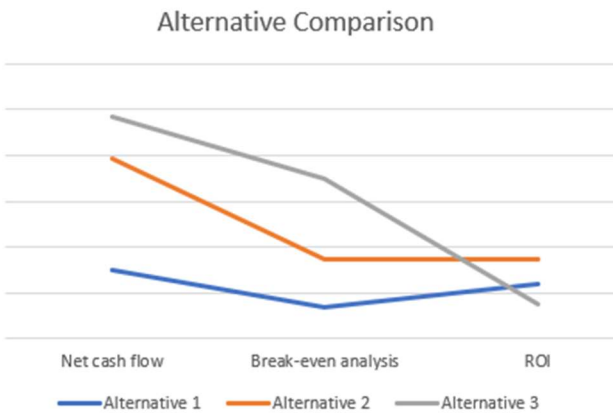
Based on the financial statement forecast, the breakeven analysis and the ROI analysis, we will be able to compare the financial data for each alternative and tell which alternative has the best and fastest profit and return. Down below is the comparison of the three-year revenue and expenses forecasts for the three alternatives.

**Cavern Films LLC three-year financial statement forecasted revenue and expenses comparison Table (Fig. 6-8)**



As we can tell from the table above, during the three-year forecast, alternative 3 would always have the highest revenue and expense for each year.

**Cavern Films LLC three-year financial statement forecasted Break-even, ROI, and net cash flow comparison Table (Fig. 6-9)**



As we can tell from the table above, the break-even point increases as investment increases. There is no doubt that the alternative with the smallest break-even point is alternative 1 with no other investment planned for this strategy. But we cannot give the suggestion by only looking at when we are going to get the investment back; the net cash flow is also really important. It is showing how much money Cavern is estimated to get in the three-year estimation period.

As we can tell from the second graph, alternative 3 has the largest net cash flow. This is mainly because of the large investment that is being made for alternative 3, and the projection of the higher revenue growth rate. But we cannot only look at the net cash flow, for we are ignoring how much we have invested and how much we need to pay back for alternative 3.



The last part is the return on investment. As you can see from the graph above, alternative 2 has the highest return on investment. The reason for that is that alternative 2 which is also called the center lane method is getting a big revenue growth and at the same time investing not that much as the alternative 3. For a full ‘Alternatives Summary’ table, please see **Fig. 6-7**.

## **7. FINAL STRATEGIC RECOMMENDATIONS**

### **7.1: DEVELOPMENT OF STRATEGIC RECOMMENDATIONS**

The goal of this document is to determine the best strategic recommendations for a successful marketing plan. This will be done by selecting the optimal alternative (single, combination, or sequence of alternatives) and set of strategic recommendations for specific marketing plans. The related activities are covered in this section.

#### **7.1.1: Activities for Final Strategic Recommendations Development:**

- Identify and select the alternative(s) that best meet the client’s needs
- Utilize results of preceding analysis to develop a strategic recommendation matrix framework
- Outline an implementation roadmap for strategic recommendations Task Deliverables
- Provide strategic recommendations based on the optimal alternative and address the client’s goals, particularly in marketing and finance

For the beginning developments of our final strategic recommendations, please see full ‘Alternatives Summary’ table *Appendix 5*.

The final recommendations for Cavern Films include the most strategic plan for the business based off of thorough internal and external research. This is not any one of the three alternatives that we discussed. We determined that the Bootstrap alternative would not yield sufficient results to produce a substantial ROI within three years. In addition, we determined that the Maximum Engagement alternative would be far too costly and risky at this point in Cavern Films’ development. Based off of but not limited to the Center Lane alternative, we took elements of each alternative and synthesized the best parts of each to formulate our final recommendations.

All strategic recommendations are, in our best opinion, feasible, realistic, and have been developed with Cavern Films’ goals in mind. Utilizing a primarily digital marketing strategy, where all marketing efforts take place in virtual space, Cavern can position *Consciousness Continues* in front of a broader audience. We have included an implementation roadmap just before the Conclusion section, which is a visual tool that will help Heather take the first steps toward implementing these recommendations.

### **7.2: DIGITAL MARKETING STRATEGY**

We considered all three alternatives and we are suggesting Alternative two with some adjustments including implementing a Marketing Automation system in lieu of a contractor. Further, by using a combination of paid search tactics and organic strategies, *Consciousness Continues* can begin to increase engagement and click-through rates that lead to higher views/purchases of the docu-series. We also recommend using the “one-stop” shop, HubSpot, which is a user-friendly marketing automation platform to launch digital strategies, save time, and reduce confusion. The specific tactics used with this strategy are as follows:

- Marketing Automation | HubSpot

- Google AdWords - Pay Per Click
- Amazon Advertising - Pay Per Click
- YouTube Vlog - Video Blog
- Minimal Website Redesign & Search Engine Optimization (SEO)
- Paid Social Media (if budget allows)

### **Digital Marketing Recommendations**

#### **Finances:**

- \$300-400/month current financing from personal funds
- \$3,800 small business loan to be repaid by end of year 3
- \$40/mo. minimum on intern for one year (booth cost at PSU internship fair)
- \$300/mo. for HubSpot, marketing automation subscription
- \$200/mo. for online ads
- \$160/mo. for networking and travel [\$1,920 per year]

#### **HR:**

- Hire one unpaid intern

#### **Time:**

- 10-20 hrs./wk.: Intern working on Cavern's online presence
- 0-20 hrs./wk.: Heather at networking events

#### **Culture:**

- Preserve current practices throughout growth process

#### **Service:**

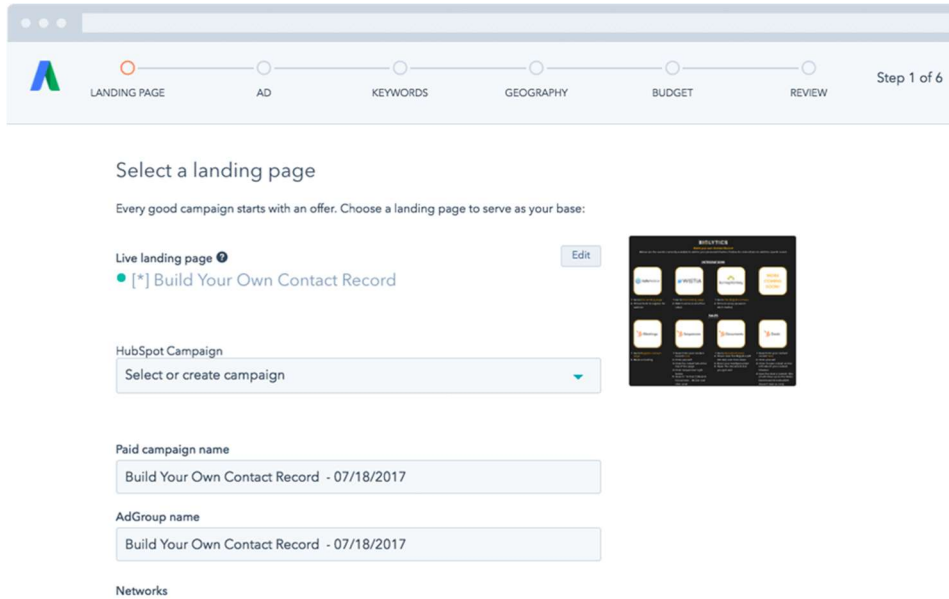
- Continue selling on Amazon and website
- Utilize cross-selling and affiliate selling

#### **Marketing:**

- Pricing for products needs to be consistent across all platforms (same price on website & Amazon, etc.)
- Website Redesign, Amazon Page Update, & Search Engine Optimization
- Digital marketing including online advertising (Pay-Per-Click), organic search (SEO) as cash flow permits:
  - HubSpot subscription
  - Marketing automation
  - Website Update/Clean up
  - Weekly Vlog entries
  - Amazon Landing Page Update
  - Paid Social Media as budget permits

## Digital Marketing Strategy Details:

### Marketing Automation | HubSpot (Fig. 8-1)



#### ***HubSpot Landing Page/Web Page Management. HubSpot Image 1.***

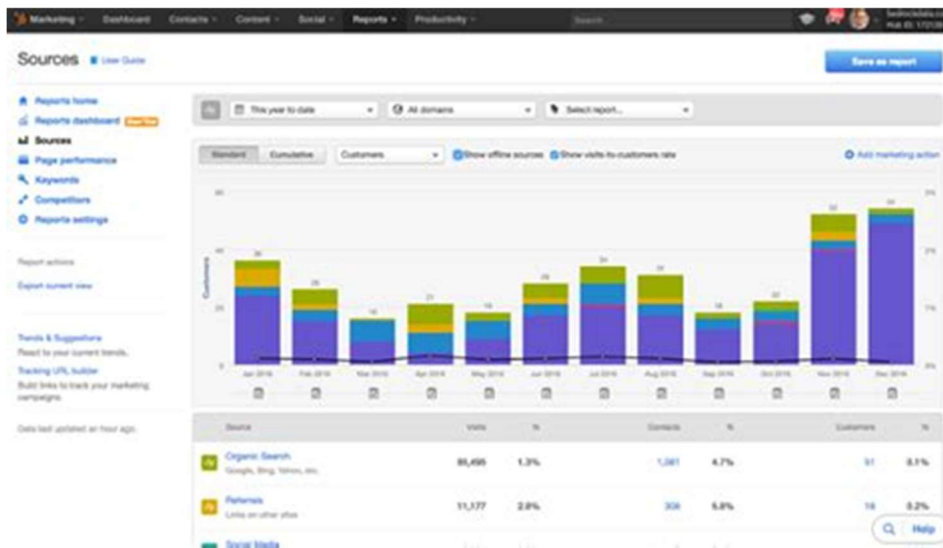
Small businesses have to assume many roles making marketing and other duties difficult if not impossible. Marketing automation provides a very efficient, time saving way to combine digital and non-digital strategies in one location (business2community.com, 2016).

Due to time constraints and limited resources, marketing automation can be used as a one stop for Consciousness Continues and Cavern's digital marketing and networking events. The marketing automation platform that we are recommending is HubSpot. HubSpot is very user friendly and provides a lot of educational resources and services to help get HubSpot launched. HubSpot is also known as thought leaders in the digital marketing and marketing automation world.

An intern with some digital marketing knowledge can use the resources HubSpot provides and launch its platform to elevate Cavern's digital marketing strategy into high gear. HubSpot gives the ability to:

- Managed Google AdWords campaigns and other digital marketing ads. These ads can be scheduled and published in HubSpot in advance. Budget, keyword, and ad copy can be tracked in HubSpot as well. This will give Cavern the ability to quickly know what ads are working and any budgetary constraints. This is much simpler compared to the Google AdWords platform.

## HubSpot Organic and Paid Search Tracking | HubSpot (Fig. 8-2)



### *HubSpot Organic and Paid Search Tracking. HubSpot Image 2.*

- Publish free social media posts to Twitter and Facebook (and other platforms) simultaneously. Posts can be scheduled and published in advanced. Moreover, posts can be tracked and measured in order to see how effectively each social media platform and post is. Tracking includes likes and shares.
- A Blog can be created in HubSpot where writing, scheduling, tracking, and reporting can be seen in one place.
- Enter prospects from networking events into HubSpot and track engagement including emails that are sent to people or prospects that Cavern Films meets at various events.

All Digital Marketing Activities can be seen in HubSpot. Cavern will understand what digital strategies are working and strategies that need more time and emphasis. HubSpot also gives the ability to set up email-marketing campaigns, landing pages, and can host Cavern’s website if Cavern decides to go that route in the future.

### **Time to Manage HubSpot:**

The monthly subscription gives Cavern all the tools above to help maximize marketing efforts. Depending on the intern’s digital marketing capabilities, the intern will have to spend two to four hours (approximately) learning how to utilize HubSpot. There are online tutorials and tech support that can help navigate through the software and teach best practices. The intern will need to spend at least one to two hours per week utilizing HubSpot.

For more information regarding HubSpot, please see *Appendix 13*.

## Google AdWords - Pay Per Click

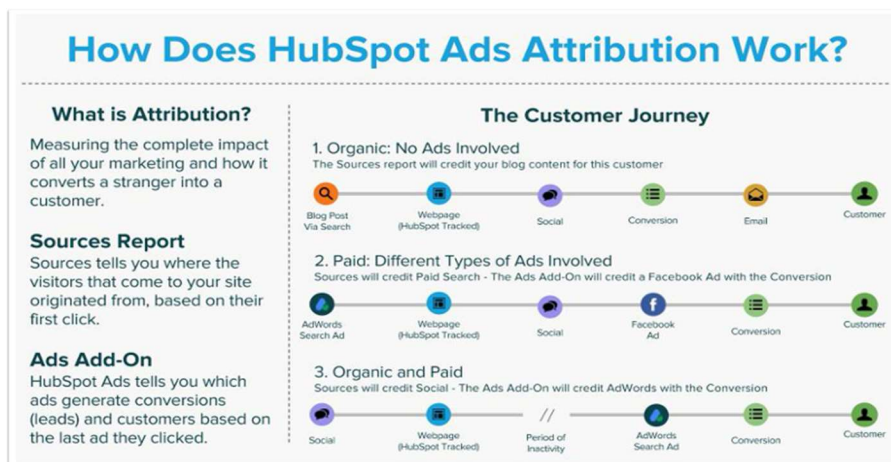
Using pay per click in Google, campaigns can be highly targeted and lead to a website, movie trailer, or Amazon. It is hard to say how much traffic and episode purchases using Google AdWords will bring to Cavern Films. This depends on keywords that are targeted for Google Ads, the quality of the ad copy and the page that the ad is directing traffic to. However, Google AdWords does include a bid estimator that shows approximate traffic per keyword and ad depending on the bid (support.google.com, 2018).

An intern with basic digital marketing experience can use HubSpot to launch Google AdWords ads and begin testing keywords and ad copy. To launch pay-per-click ads in Google, we recommended the following:

- Identify low competitive, high traffic keywords. Low competition keywords are cheaper (searchengineland.com, 2017). Low competition keywords are terms that do not have high bids or terms that have not being used by competitors. Therefore, the cost of these keywords is low.

Generally, there is still a lot of opportunity in Google paid ads for keywords that are not competitive that generate a lot of traffic - in other words, keywords that people are heavily searching for that many companies are not taking advantage of. Using an intern to discover these keywords using the Google AdWords keyword tool or the keyword tool in HubSpot gives Cavern the ability to launch ads that bid against these keywords.

## How Does HubSpot Ads Attribution Work? | HubSpot (Fig. 8-3)



### HubSpot Attribution Model. HubSpot Image 3 (HubSpot, 2018)

- Ad Copy should use keywords and be directed to a page (landing page) on the Consciousness Continues website that has the keywords on the site. This makes the keyword less expensive over time. This is explained further in the minimal website redesign section below
- Ads can also be tested against various websites, ad copy, demographics, and even time of day. For instance:
  - Test ads with various offers. One ad can lead to the Consciousness Continues website for more information. Another ad can lead to the Amazon site to purchase an episode. See which offer performs best.

- Test different times of day. Try weekend and evenings vs. daytime hours and see which ads perform.
- A few resources that can be used by the intern if needed include:
  - [Estimate bid results](#)
  - [A beginner's guide to AdWords](#)
  - [Google AdWords mistakes to avoid](#)
  - Example keywords to consider bidding on: Documentary, NDE, Near Death Experience, Reincarnation, Religion and Spirituality, Survivor, & Unexplained mysteries.

An intern or another person needs to follow-up regularly on ad performance and make changes as needed to increase key performance indicators. Using AdWords without active management will likely cause decreases in what Google estimates to be an average estimated ROI of at around \$2 for every \$1 spent on AdWords.

### **Amazon Advertising - Pay Per Click**

Similar to Google AdWords, Amazon offers a variety of advertising services with nearly all options being based on a pay per click model. This is where, “ads display at no charge—ad impressions, or views, are free, and the advertiser is only charged when a customer clicks on the ad. Amazon Marketing Services ad types run on the PPC model (Amazon, 2018).” The minimum campaign budget for Amazon Advertising Services is \$100. It is recommended to give at least 60 days’ campaign length to allow for more accurate results per Amazon.

Suggested keywords for bidding: Documentary, NDE, Near Death Experience, Reincarnation, Religion and Spirituality, Survivor, & Unexplained mysteries.

It is important to note that for both the Google AdWords PPC and Amazon PPC require monthly optimization. It is key to success that ad performance is reviewed and changes are made to increase key performance indicators. Amazon is the platform that will be connecting users to the product content, and therefore it is worth it to send a portion of the \$200 per month online ad budget here as long as the spending is actively managed.

### **YouTube Vlog:**

Vlogging is a cost-effective and creative way to increase brand awareness. Vlogs have become a more appealing and an affordable avenue for small businesses to generate growth and requires minimal startup costs. YouTube channels are free to set up and can be used to generate a small amount of revenue. One way to generate revenue on YouTube is by showing other products on Cavern Film’s channel. The value of video content on YouTube has decreased over the years, though still proves to be one of the best ways for a brand to communicate with a potential target audience. Some potential topics that can be discussed on our client’s vlog are:

1. Insight into upcoming episodes of Consciousness Continues
2. Personal Development
3. Tips on adding video effects and animation
4. Share recent networking and travel events

## 5. How to best utilize film making technology in a small business

Vlogging would allow our client to reach a wider audience and be able to share video content on multiple different social networking platforms. It would also allow our client to be able to engage in possible networking opportunities and provide another way to promote and cross sell products. Vlogs have become one of the easiest and creative ways to efficiently reach an audience on the internet and 61% of businesses have stated that they have moved to using video content as one of their primary marketing tools (Byrom, 2017).

### **Minimal Website Redesign & Search Engine Optimization:**

- Cleaning up content and paragraphs: updating grammar, spelling, and fluidity. This is a way to maximize engagement and increase organic search rankings. Just like people, google likes web pages that are easy to read. If Cavern chooses to, a website can be launched in HubSpot.
- Adding keywords to content to help optimize for search
  - By optimizing the website for search, the cost of paid search will rise slowly based on Google's Quality Score. The Quality Score helps determine the cost of a keyword. As the Quality Score goes down, the cost of the keyword will rise as well. By having a site that includes the keyword in its content, the Quality Score should stay high. This will help alleviate cost (wordstream.com, n.d.).
- Cleaning up the blog
  - By having content that is easier to read, users will have a better experience on the Consciousness Continues website. This is also another opportunity to add keywords to blog content and capture SEO traffic. When content is grammatically correct and optimized for search, engagement can increase along with a higher ranking on search engine results pages (SERP). A blog can be launched in HubSpot as well.
- Adding alt text (alternative text) to pictures and images. Alt text is a description for each image on the website and does help search engine optimization and ranking in organic search engine results page (searchengineland.com, 2017).
- HubSpot can be used to help optimize pages for SEO by providing insight into how to build content to attract organic traffic. However, this requires building landing pages directly in HubSpot. HubSpot can still measure organic traffic in websites or pages that are not built in HubSpot (hubspot.com, 2018).
- **Amazon landing page:** Clean up content and author biography page - updating grammar, spelling, and fluidity. This is a way to maximize engagement and increase organic search rankings. Just like the website, the feedback obtained from HubSpot about the website would apply here as well. A single professional photo with a revised synopsis would be ideal, and the pricing on the Amazon page needs to be the same as the website. There will be less profit margin on Amazon page offerings vs. the website, but having the same products vary in price creates a poor customer experience.

**Paid Social Media (if budget allows):**

Creating shareable, targeted content that leads to website for Consciousness Continues or links directly to the Amazon page to purchase the episode(s) can help increase awareness, engagement and ultimately a purchase. More specifically, social media can be used in Twitter and Facebook in various ways:

- Twitter can be used to launch Promoted Video View Campaigns. A charge will incur on Twitter when a video has played for at least two seconds
- Paid Facebook ads can be very targeted and used to display ads to Cavern’s target audience - women who are in the age group of 55 and up.

A budget of \$200 per month has been allocated under this plan for the purchase of internet-based advertising. If there is any money left over from that budget after paying for AdWords and Amazon advertising, it would go to paid social media advertising first.

**Cross-selling and Affiliate Programs**

Amazon.com Associates is the primary place to start for cross-selling and affiliate programs. With an Amazon merchant account, Cavern can sign up to cross-sell affiliate products and services by placing banners and other types of ads from Amazon on your website and YouTube Vlog (Amazon.com Associates, 2018). Since marketing is centered around Amazon, it is key that this opportunity is taken advantage of. Pricing is described on the Amazon website, just sign-up and placing code within the website would be necessary.

It would be helpful to have the intern assist with this and set these options up to be managed in HubSpot. There are many other affiliate programs to get engaged with that would bring in additional revenue beside Amazon. This same recommendation for the website can be applied in the same way on the YouTube Channel and other digital media outlets. Here is a link to relatively comprehensive listing that an intern could work with to create more streams of revenue with affiliate programs:

<https://www.authorityhacker.com/best-affiliate-programs/>

**Financial Analysis:**

We are projecting to have a \$3,800 small business loan to be paid back in two years. But this also means that an interest loan will be added to the total expenses. And Heather will need to pay \$173.17/month for two years to pay back the loan. And here is a two-year small business loan pay-back table:

**Cavern Films two-year small business loan pay-back table (Fig. 8-4)**

| <b>Year1</b> |           |          |           |           |           |           |          |           |           |           |           |           |
|--------------|-----------|----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
|              | January   | February | March     | April     | May       | June      | July     | August    | September | October   | November  | December  |
| Loan         | \$ 173.17 | \$173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 |
| <b>Year2</b> |           |          |           |           |           |           |          |           |           |           |           |           |
|              | January   | February | March     | April     | May       | June      | July     | August    | September | October   | November  | December  |
| Loan         | \$ 173.17 | \$173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 | \$ 173.17 |

Our projection for the strategic recommendation is that we are expecting to have about 4300 viewers and about 680 book sales for the first year.

This will bring in revenue of about \$11,800, and then we are projecting that with our strategic recommendation, the viewer would grow about 27% for the second year, and 31% for the third year.



As for the books, it is expected to have about 33% growth rate of book sold for the second year, and about 37% for the third year.

For the expenses, we are expecting to have a \$99 for the Amazon Prime, \$300/month for the HubSpot, \$1,920 for travel, and \$200/month for advertisement every year. The only difference for the expenses would be that we would need an intern which is expected to cost about \$40/month, but only for the first year.

Another difference would be the investment. We are projecting to have a \$3,800 small loan which should be paying back in the third year of our projection. So, with a \$3,800 loan and a \$350/month personal found, this would make up to about \$8,000 investment for the first year. Since we are only using the small loan at the beginning of the three years, the investment for the second year and the third year of our strategic recommendation would be \$4,200.

This would give us the result of a breakeven analysis of less than 3 years, meaning the revenue made would be able to cover the cumulative investment in 3 years, and have money put into Cavern's pocket since then. As for the return on investment, we are expected to have an 84% return on the investment, which means that the total net profit is about 84% of the cumulative investment.

Please refer to the detailed financial analysis in *Appendix 11*.

### **7.3: Client's Next Steps**

In order to implement the strategic recommendations for *Consciousness Continues*, for the first year, we recommend Cavern Films obtain funding by taking out a loan. This will allow the rest of the recommendations to come to fruition.

After funding is obtained, the next step is to contact Portland State University and pay for a booth at the next career/internship fair to obtain a marketing intern.

After an intern is hired, the rest of the digital marketing recommendations can be implemented. This includes cleaning up the website and starting the video blog. These tasks could be completed for free with assistance from a peer though would be more easily assigned to an intern if available.

Next, we recommend signing up for a demo of HubSpot software. Once HubSpot software is purchased, the intern can quickly learn best practices regarding HubSpot and how to use the software.

After, the intern should be able to connect Google AdWords, Facebook, Twitter (or any other social media account), affiliates, cross-selling, etc. to HubSpot. At that point, HubSpot will be Cavern's one stop shop for digital marketing.

Next, we recommended Heather continue to travel to networking events to promote *Consciousness Continues*. The next two years (year two and three), Cavern will continue to utilize the steps recommended in year one.

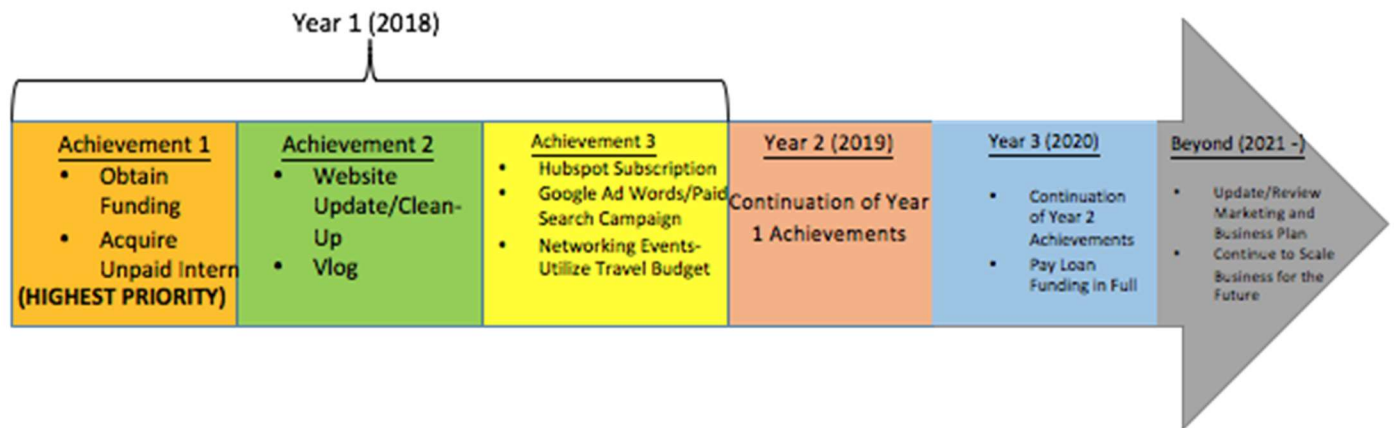
We anticipate the loan will be paid in full during year three. After the first three years, Cavern should review the business and marketing plans and adjust as needed.

**Implementation Road-Map Table (Fig. 8-5)**

| Year           | Deliverable  |
|----------------|--|
| Year 1 (2018)  | <p><b><u>Achievement 1 (HIGHEST PRIORITY)</u></b></p> <ul style="list-style-type: none"> <li>· Obtain Funding</li> <li>· Acquire an Unpaid Intern</li> </ul> <p><b><u>Achievement 2</u></b></p> <ul style="list-style-type: none"> <li>· Website Update/Clean-Up</li> <li>· Vlog</li> </ul> <p><b><u>Achievement 3</u></b></p> <ul style="list-style-type: none"> <li>· HubSpot Subscription</li> <li>· Google Ad Words/Paid Search Campaign</li> <li>· Networking Events – Utilize Travel Budget</li> </ul> |
| Year 2 (2019)  | <ul style="list-style-type: none"> <li>· Continuation of Year 1 Achievements</li> </ul>  |
| Year 3 (2020)  | <ul style="list-style-type: none"> <li>· Continuation of Year 2 Achievements</li> <li>· Pay Loan Funding in Full</li> </ul>  |
| Beyond (2021+) | <ul style="list-style-type: none"> <li>· Update/Review Marketing and Business Plan</li> <li>· Continue to Scale Business for the Future</li> </ul>   |

See Appendix 15 & 16.

**Implementation Road-Map Table (Fig. 8-5) cont.**



**7.4: Conclusion**

This marketing plan sets forth to meet the goals of Cavern Films which is to increase its retail revenue, establish a dollar amount revenue goal for 2018, create a robust marketing plan for its docu-series Consciousness Continues, and to have a greater online presence.

After much, research, analysis, and team deliberation we have accomplished the above client goals through the following process: submitting the company to an external analysis, internal analysis, financial analysis, synthesizing that data, going through alternative futures development, alternative futures analysis and comparison, the development of strategic recommendations, and compiling all information in a final report and presentation.

Our Strategic Recommendations for Cavern Films have been prepared to reach company goals in a way that are realistic and feasible to achieve yet will have the potential to have an immense impact on revenue growth for 2018. After a full analysis of Cavern Films internal and external environment, market research, and synthesis of alternative recommendations we propose the following Digital Marketing Strategy:

- Marketing Automation through HubSpot
- Google AdWords pay per clicks
- Minimal Website Redesign and SEO
- YouTube Vlog
- Paid Social Media content
- Hire 1 unpaid intern
- Consistent pricing of products on all sales platforms

During year 1 (2018) of our Implementation Road Map which can be found in section 8.2 of the document, Cavern Films will obtain its funding with a \$3800 personal loan in order to accomplish all goals set forth in the Digital Marketing Strategy.

Year 2 (2019) will be a continuation of year 1 with possible extra paid social media content if budget allows based on increased revenue.

Year 3 (2020) Cavern Films will continue current operations from year 2, as well as pay off loan funding in full from year 1.

The ROI in year 3 is projected to be 78% and if all marketing strategies goes as planned the return could be even more than what is projected. At the end of year 3, Cavern Films will then review and update the current business and marketing plan to continue to scale business for future endeavors.

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**APPENDIX 1: PESTEL ANALYSIS**

**Cavern Films LLC PESTEL Analysis**

| <b>Factor</b>          | <b>Analysis</b>  |
|------------------------|--|
| <b>Political</b>       | <ol style="list-style-type: none"> <li>1. FCC Internet Regulations – Net Neutrality</li> <li>2. Ability to reach audience</li> </ol> <p><b>Political</b> factors that have the potential to affect Cavern Films is FCC internet regulations such as Net Neutrality. Net Neutrality is a set of rules that is designed to make internet service providers treat all internet traffic the same. If the FCC changes the rules on Net Neutrality, the cost of internet could rise, access to startups and smaller websites will be pushed out by larger corporations, and new potential websites innovation could be negatively impacted (Kruzel, 2017).</p> |
| <b>Economic</b>        | <ol style="list-style-type: none"> <li>1. Economic Growth – Declining</li> <li>2. Change in US tax system</li> <li>3. Purchasing power of consumers</li> </ol> <p><b>Economic</b> factors impacting Cavern Films is the declining economic growth within the US, potential change in the US tax system, and the purchasing power of consumers. Roughly 75% of small businesses are not considered corporations, therefore small businesses are considered “pass-through” entities (Murray, 2018). This means that small business tax rates are tied to the total income of the business owner.</p>   |
| <b>Social/Cultural</b> | <ol style="list-style-type: none"> <li>1. Culture, Norms &amp; Values</li> <li>2. Demographic Trends <ul style="list-style-type: none"> <li>- Age</li> <li>- Gender</li> <li>- Religion</li> </ul> </li> </ol> <p><b>Sociocultural</b> include demographic trends such as age, gender, and religion. With our Clients primary consumer market being women age 55 and above, roughly 68% of internet users within that age group primarily use Facebook, and about 73% use YouTube. These statistics have potential to greatly impact Cavern Films in a positive way.</p>   |



|                             |  |
|-----------------------------|--|
| <p><b>Technology</b></p>    | <ol style="list-style-type: none"> <li>1. Rental Equipment (trending) <ul style="list-style-type: none"> <li>- NWFILM Center</li> <li>- Picture This</li> </ul> </li> </ol> <p><b>Technology</b> factors such as renting equipment can be a way for our Client to save money. Renting film and photography equipment has become more of a trend in recent years with the cost to own some of this equipment being too expensive.</p>   |
| <p><b>Environmental</b></p> | <ol style="list-style-type: none"> <li>1. Industry Specific Recycling</li> <li>2. Making choices that are considerate of the environment</li> </ol> <p><b>Environmental</b> factors to take into consideration is recycling and properly disposing of film making equipment.</p>   |
| <p><b>Legal</b></p>         | <ol style="list-style-type: none"> <li>1. Permits &amp; Release Forms</li> <li>2. Copyright – Intellectual Property</li> <li>3. Employee Rights</li> </ol> <p><b>Legal</b> factors that have the potential to affect Cavern Films includes permitting, release forms, copyright, intellectual property and employee rights. The average cost to register a copyright with the US Copyright Office can range from \$35-55 dollars. The Film-making industry is copyright-intensive, which unfortunately means this industry is greatly affected by intellectual property theft.</p> |

APPENDIX 2: PORTER'S FIVE-FORCES ANALYSIS

Cavern Films LLC Porter's Five-Forces Analysis

| Force   | Analysis   |
|---|--|
| <p><b>1. Threat of Entry:</b><br/>Risk that potential competitors will enter an industry</p>  | <p><b>Entry Barriers</b><br/><u>Network Effects:</u></p> <ul style="list-style-type: none"> <li>● Positive and/or negative effect for Cavern Films</li> <li>● Reviews</li> <li>● Word of mouth</li> </ul> <p><u>Capital Requirements:</u> (Negative effect for Cavern Films)</p> <ul style="list-style-type: none"> <li>● High cost to compete in the film industry</li> </ul> <p><b>Threat of Entry</b> is risk that potential competitors will enter an industry. Entry Barriers primarily include 'network effects' which can be positive and/or negative feedback for Cavern Films. These are reviews, word of mouth, etc. 'Capital requirements' ends up being a negative effect for Cavern Films simply because there is a high cost to compete in the film industry due to a large number of competitor (Rothaermel, 2015).</p> |
| <p><b>2. Rivalry Among Existing Competitors:</b><br/>Intensity with which companies within the same industry compete for market share and profitability</p> | <p><b>Competitive Industry Structure</b></p> <ul style="list-style-type: none"> <li>● Differentiated product</li> <li>● High cost to improve services</li> <li>● Many and large competitors in the film industry</li> </ul> <p><b>Industry Growth</b><br/>Oregon Incentives Program brings film industry to Oregon.</p> <p><b>The Rivalry Among Existing Competitors</b> meaning the intensity with which companies within the same industry compete for market share and profitability (Rothaermel, 2015). The competitive industry portion is the structure, differentiated products, high cost to improve services, the many and large competitors in the film industry, industry growth, and Oregon Incentives Program brings film industry to Oregon (NERC, 2018).</p>  |
| <p><b>3. The Power of Buyers:</b><br/>Buyers, a.k.a. your customers, have the power to demand lower prices or higher quality products.</p>                  | <p><b>The Power of Buyers is High When:</b></p> <ul style="list-style-type: none"> <li>● Few buyer's x large quantities purchased</li> <li>● Products are standardized or undifferentiated</li> <li>● Low or no switching costs</li> <li>● Backward integration is a real possibility</li> </ul> <p><b>Cavern's Buyers</b></p>   |

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>● Few buyer's x small quantities purchased</li> <li>● Products are differentiated</li> <li>● Low or no switching costs</li> <li>● Backward integration is not possible</li> </ul> <p><b>The Power of Buyers</b> is when your customers have the power to demand lower prices or higher quality products. The Power of Buyers is high when few buyers 'x' large quantities purchased. Products are standardized or undifferentiated. This includes low or no switching costs. Backward integration is a real possibility. Cavern's Buyers are currently few 'x' small quantities purchased. Their products are differentiated, there are low or no switching costs, and backward integration is not currently possible.</p>  |
| <p><b>4. The Threat of Substitutes:</b><br/>Products/services that meet the same basic customer needs as the industry's product but in a different way.</p> | <p><b>The Threat of Substitutes is High When:</b></p> <ul style="list-style-type: none"> <li>● The substitute offers an attractive price-performance trade-off</li> <li>● The buyer's cost of switching to the substitute is low</li> </ul> <p><b>Cavern's Substitutes</b></p> <ul style="list-style-type: none"> <li>● Price-performance trade-off is attractive (other Amazon videos, YouTube, Hulu, etc.)</li> <li>● The buyer's cost of switching to the substitute is low</li> </ul> <p><b>The Threat of Substitutes</b> is when products/services that meet the same basic customer needs as the industry's product but in a different way. The threat of substitutes is high when the substitute offers an attractive price-performance trade-off and the buyer's cost of switching to the substitute is low. Cavern's substitutes are price-performance trade-off is attractive (other Amazon videos, YouTube, Hulu, etc.) and the buyer's cost of switching to the substitute is low.</p> |
| <p><b>5. The Power of Suppliers:</b><br/>Pressures that industry suppliers can exert on an industry's profit potential.</p>                                 | <p><b>The Relative Bargaining Power of Suppliers is <u>low</u>:</b></p> <ul style="list-style-type: none"> <li>● Neither Cavern Films LLC nor their suppliers have much power over each other.</li> </ul> <p>The cost to switch to another supplier would be manageable if the current supplier stopped meeting the expectation/demand i.e. switch to YouTube, Hulu, etc. (there is currently an abundance of suppliers)</p> <p><b>Cavern's Suppliers:</b><br/><b>Amazon, current ISP, any future equipment providers</b></p>  |

|   |  |
|---|--|
|   | <p><b>The Power of Suppliers</b> is when pressures that industry suppliers can exert on an industry's profit potential. The Relative Bargaining Power of Suppliers is low because neither Cavern Films LLC nor their suppliers have much power over each other. The cost to switch to another supplier would be manageable if the current supplier stopped meeting the expectation/demand i.e. switch to YouTube, Hulu, etc. (there is currently an abundance of suppliers). Cavern's suppliers are Amazon, current ISP, and any future equipment providers.</p>   |
| <p><b>6. (+1) Complementary Products:</b><br/>(assessment of the impact of related products and services within a given market)</p> | <ul style="list-style-type: none"> <li>● Referring material of featured contributors (experts in footage, etc.) &amp; being featured in the material of others</li> <li>● Referring content of organizations that promote research into video content</li> <li>● Partnerships with grieving services</li> <li>● Partnerships with seminars on video topic and spirituality</li> </ul> <p>Will increase visibility to audience, increase traffic to videos, and therefore drive an increase in revenue. Strategic partnerships could yield alternative forms of revenue/financial support.</p> <p><b>(+1) Complementary Products</b> is about the assessment of the impact of related products and services within a given market. Referring material of featured contributors (experts in footage, etc.) and being featured in the material of others. Referring content of organizations could help promote research into similar video content, partnerships with grieving services, and partnerships with seminars on video topic, spirituality, etc. This will increase visibility to audience, increase traffic to videos, and therefore drive an increase in revenue. Strategic partnerships could yield alternative forms of revenue/financial support.</p> |

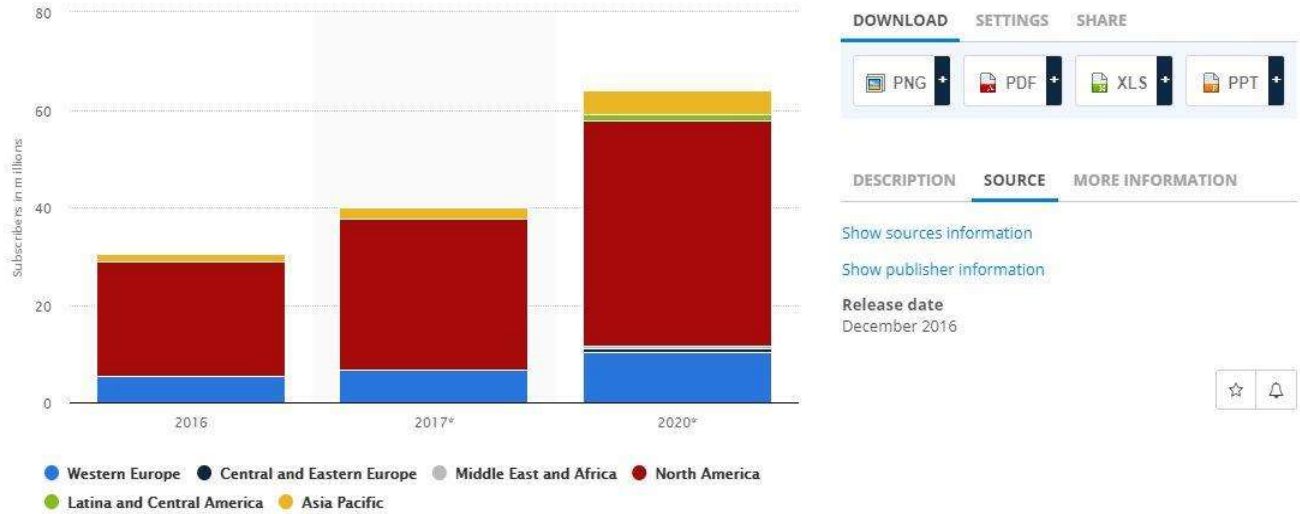
**APPENDIX 3: SEGMENTATION TABLE**
***Consciousness Continues* Current Customer Segmentation**

| <b>Segment Value</b>           | <b>Segment 1:<br/>The Fascinated</b>  | <b>Segment 2:<br/>The Intrigued</b>   | <b>Segment 3:<br/>The Curious</b>                  |
|--------------------------------|---|---|--|
| Weekly Spend per Customer      | average \$0.91-0.97   | average \$0.07-0.57   | average \$0.01-0.04                                |
| Annual Value (50 weeks)        | [\$1.99 x 25 weeks x 50% Margin] OR [\$.03 x 25 weeks on Prime] +(\$11.99-\$0.99 for paperback)<br>= <b>\$11.01 - \$11.75</b> | [\$1.99 x 4 weeks x 50% Margin] OR [\$.03 x 4 weeks] +(\$.75 or \$4.89 for the Kindle book)<br>= <b>\$.87- \$6.87</b> | [\$1.99 x 1-week x 50% Margin]<br>= <b>\$.99</b>   |
| Retention Rate                 | estimated 80%   | estimated 40%   | estimated 10%                                      |
| Customer Lifetime Value (CLTV) | $\$11.75 * [1/1+.10-80\%]$<br>= <b>\$39.16 max CLTV</b>   | $\$6.87 * [1/1+.10-40\%]$<br>= <b>\$9.81 max CLTV</b>   | $\$.99*[1/1+0.10-10\%]$<br>= <b>\$.99-\$2 CLTV</b> |

## APPENDIX 4: AMAZON VIDEO SUBSCRIPTION TREND

Internet > Online Video & Entertainment > Global number of Amazon Prime Video subscribers 2016-2020, by region

### Number of Amazon Prime Video subscribers worldwide from 2016 to 2020, by region



source: Statista.com

**APPENDIX 5: VIMEO MONETIZATION CHART**



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**APPENDIX 6: SWOT ANALYSIS**

**Strengths:** A company’s best capabilities

**Weaknesses:** A company’s areas of improvements

**Opportunities:** Market openings for growth

**Threats:** Market factors that place a company’s strategy at risk

**SWOT Analysis Table:**

|  |  |
|--|--|
| <p style="text-align: center;"><b><u>Strengths</u></b></p> <p>S1: High barriers to entry<br/>S2: Experience owner/operator<br/>S3: Original content</p>  | <p style="text-align: center;"><b><u>Weaknesses</u></b></p> <p>W1: Workforce (only 1 employee)<br/>W2: Limited funds available<br/>W3: Limited online presence</p> |
| <p style="text-align: center;"><b><u>Opportunities</u></b></p> <p>O1: International expansion<br/>O2: Expanding viewer base with financial support opportunities can be reached<br/>O3: Tax law change can increase ROI</p>  | <p style="text-align: center;"><b><u>Threats</u></b></p> <p>T1: Sea of content options<br/>T2: Declining economic conditions</p>                                   |
| <p>● <b>Strategic Options:</b></p> <ul style="list-style-type: none"> <li>● Increase amount of content available for streaming services</li> <li>● Increase workforce by adding intern(s) and/or independent contractors</li> <li>● Increase funding</li> <li>● Utilize SEO capabilities to direct traffic to/through website</li> <li>● [fully mapped strategic options and SWOT to be included in final report]</li> </ul> |  |



**APPENDIX 7: VRIO ANALYSIS**

**Value:** Attractive Features, lower costs (price), etc.

**Rare:** Only few firms possess, Valuable resources, etc.

**Inimitable:** Unable to develop or buy at a reasonable price, etc.

**Organized:** Exploit competitive potential, fully realize the potential and value of the firm, etc.

**VRIO Findings:**

|   |  |
|---|--|
| <p><b>Value:</b> Which resources can add <b>Value</b> to Consciousness Continues</p>      | <ul style="list-style-type: none"> <li>● Consciousness Continues (documentary series &amp; book)</li> <li>● Experience within the filmmaking industry</li> <li>● Possibility for Competitive Advantage</li> </ul>  |
| <p><b>Rare:</b> Does Cavern Films have a valuable resource that is also <b>rare</b>?</p>  | <ul style="list-style-type: none"> <li>● Competitive advantage             <ul style="list-style-type: none"> <li>○ Docu-series</li> <li>○ Focus on NDE - non-religious or scientific approach</li> <li>○ Storytelling - not scripted</li> </ul> </li> <li>● Common resource over time</li> </ul>  |
| <p><b>Imitate:</b> Are Cavern Films' resources easy or difficult to <b>imitate</b>?</p>   | <ul style="list-style-type: none"> <li>● Format             <ul style="list-style-type: none"> <li>○ The story itself</li> <li>○ Way of telling the story</li> </ul> </li> <li>● Production quality</li> <li>● Possibility to be a competitive advantage</li> </ul>  |
| <p><b>Organized:</b> Is Cavern Films <b>organized</b> to take advantage of resources?</p> | <ul style="list-style-type: none"> <li>● Strategic management process             <ul style="list-style-type: none"> <li>○ Fine tuning business &amp; marketing plans</li> <li>○ Effective motivational system</li> </ul> </li> <li>● Control system             <ul style="list-style-type: none"> <li>○ Formal</li> <li>○ Finance management</li> <li>○ Informal</li> <li>○ Who are you accountable to?</li> </ul> </li> </ul> |

**APPENDIX 8: ALTERNATIVES ANALYSIS**

|                       | <i><b>Alternative 1:<br/>Bootstrap<br/>(Low Cost Marketing<br/>Strategy)</b></i>   | <i><b>Alternative 2:<br/>Center Lane<br/>(Marketing Strategy with Investment)</b></i>   | <i><b>Alternative 3:<br/>Maximum Engagement<br/>(Differentiation Marketing<br/>Strategy)</b></i>   |
|-----------------------|--|---|--|
| <b>Finance</b>        | - \$300-400/month current financing from personal funds<br>- \$40/mo. minimum on intern for one year                                     | - \$300-400/month current financing from personal funds<br>- \$5,000 small business loan to be repaid by end of year 3<br><b>- Loan increases total spending to \$800 per month for one year</b><br>- \$200/mo. for ads<br>- \$40/mo. minimum on intern for one year<br>- \$500/mo. ind. contractor for one year<br>- \$60/mo. for local events | <b>-\$25,500 loan to increase spending</b><br>- \$1,300/ <b>first month</b> on marketing firm<br>- \$500/mo. on ind. contractor (ongoing)<br>- \$460/mo. for ads<br>- \$40/month on intern for one year<br>- \$1,200/mo. on travel |
| <b>HR</b>             | No changes to personnel -or- Hire one unpaid intern  | - Hire one unpaid intern<br>- Hire one contractor   | - Hire one unpaid intern<br>- Hire one independent contractor - or-<br>- Hire marketing firm   |
| <b>Time</b>           | Maintain current practices   | - 10-20 hrs./wk.:<br>Intern working on Cavern's online presence<br>- 0-20 hrs./wk.:<br>Heather at networking events   | - 20 hrs./first 2 wks.:<br>Contract marketer<br>- 2 hrs./wk. (ongoing): Contract marketer<br>- 10-20 hrs./wk.: Intern working on Cavern's online presence  |
| <b>Culture/Values</b> | Maintain and preserve current practices  | Preserve current practices throughout growth process  | Preserve current practices throughout growth process   |
| <b>Service</b>        | Continue selling on Amazon and website   | - Continue selling on Amazon and website.<br>- Utilize cross-selling and affiliate selling  | - Expand selling on Amazon and website.<br>- Expand cross-selling and affiliate selling  |
| <b>Marketing</b>      | - Update digital presence/monthly video blog<br>- Minimal digital ad purchasing<br>- Continue with no additional investment in marketing | - Digital marketing, online advertising, organic search (SEO) as cash flow permits<br>- Weekly vlog entries   | - Google ads, Amazon ads, social media optimization, website redesign.<br>- Professional assistance from marketing firm<br>- Multi-weekly vlog entries.  |

**APPENDIX 9: ALTERNATIVE FUTURES WEIGHTED MATRIX**

| <i>Alternative Futures Decision Matrix</i> |               |                            |                       |                        |              |                           |              |
|--|---------------|----------------------------|-----------------------|------------------------|--------------|---------------------------|--------------|
|  |               | <i>Alternative Futures</i> |                       |                        |              |                           |              |
|  |               | <i>Bootstrap</i>           |                       | <i>Center Lane</i>     |              | <i>Maximum Engagement</i> |              |
| <i>Criteria:</i>                           | <i>Weight</i> | <i>Rating</i>              | <i>Total</i>          | <i>Rating</i>          | <i>Total</i> | <i>Rating</i>             | <i>Total</i> |
| <i>Qualitative</i>                         | 20 total      |                            |                       |                        |              |                           |              |
| <i>Product awareness</i>                   | 6             | 3                          | 18                    | 3                      | 18           | 3                         | 18           |
| <i>Sustainability</i>                      | 5             | 1                          | 5                     | 2                      | 10           | 2                         | 10           |
| <i>Staffing</i>                            | 3             | 1                          | 3                     | 3                      | 3            | 3                         | 3            |
| <i>Work/Life Balance</i>                   | 3             | 2                          | 6                     | 2                      | 6            | 2                         | 6            |
| <i>Financial Risk</i>                      | 3             | 3                          | 9                     | 2                      | 6            | 1                         | 3            |
| <i>Quantitative</i>                        | 20 total      |                            |                       |                        |              |                           |              |
| <i>Financial Forecasts</i>                 | 2             | 2                          | 4                     | 3                      | 6            | 2                         | 4            |
| <i>ROI</i>                                 | 5             | 3                          | 15                    | 3                      | 15           | 3                         | 15           |
| <i>Break-Even</i>                          | 6             | 3                          | 18                    | 3                      | 18           | 3                         | 18           |
| <i>Time</i>                                | 4             | 2                          | 8                     | 2                      | 8            | 3                         | 12           |
| <i>Marketing Channel Coverage</i>          | 3             | 1                          | 3                     | 2                      | 6            | 3                         | 9            |
| <i>Totals</i>                              |               |                            | 89                    |                        | 96           |                           | 98           |
| <i>Rating Scale</i>                        |               | 1 - lowest importance      | 2 - medium importance | 3 - highest importance |              |                           |              |

**APPENDIX 10: FINAL RECOMMENDATIONS WEIGHTED MATRIX**

| <i><b>Final Recommendations Decision Matrix</b></i> |                      |  |                       |                        |                     |                      |                     |
|---|----------------------|--|-----------------------|------------------------|---------------------|----------------------|---------------------|
|   |                      | <i><b>Selected Final Recommendations</b></i> |                       |                        |                     |                      |                     |
|   |                      |  |                       |                        |                     |                      |                     |
| <i><b>Criteria:</b></i>                             | <i><b>Weight</b></i> | <i><b>Rating</b></i>                         | <i><b>Total</b></i>   | <i><b>Rating</b></i>   | <i><b>Total</b></i> | <i><b>Rating</b></i> | <i><b>Total</b></i> |
| <i><b>Qualitative</b></i>                           | 20 total             |  |                       |                        |                     |                      |                     |
| <i>Product awareness</i>                            | 6                    | 3  | 18                    | 3                      | 18                  | 3                    | 18                  |
| <i>Sustainability</i>                               | 5                    | 1  | 5                     | 2                      | 10                  | 2                    | 10                  |
| <i>Staffing</i>                                     | 3                    | 1  | 3                     | 3                      | 3                   | 3                    | 3                   |
| <i>Work/Life Balance</i>                            | 3                    | 2  | 6                     | 2                      | 6                   | 2                    | 6                   |
| <i>Financial Risk</i>                               | 3                    | 3  | 9                     | 2                      | 6                   | 1                    | 3                   |
| <i><b>Quantitative</b></i>                          | 20 total             |  |                       |                        |                     |                      |                     |
| <i>Financial Forecasts</i>                          | 2                    | 2  | 4                     | 3                      | 6                   | 2                    | 4                   |
| <i>ROI</i>  | 5                    | 3  | 15                    | 3                      | 15                  | 3                    | 15                  |
| <i>Break-Even</i>                                   | 6                    | 3  | 18                    | 3                      | 18                  | 3                    | 18                  |
| <i>Time</i>   | 4                    | 2  | 8                     | 2                      | 8                   | 3                    | 12                  |
| <i>Marketing Channel Coverage</i>                   | 3                    | 1  | 3                     | 2                      | 6                   | 3                    | 9                   |
| <i><b>Totals</b></i>                                |                      |  | 89                    |                        | 96                  |                      | 98                  |
| <i><b>Rating Scale</b></i>                          |                      | 1 - lowest importance                        | 2 - medium importance | 3 - highest importance |                     |                      |                     |

**APPENDIX 11: FINANCIAL FORECAST**

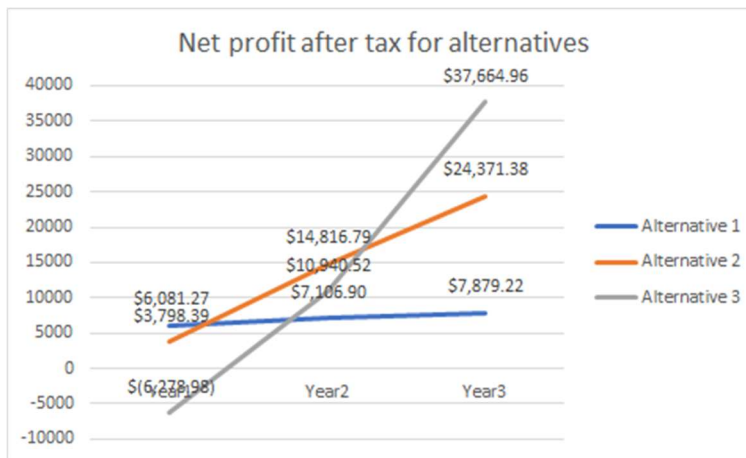
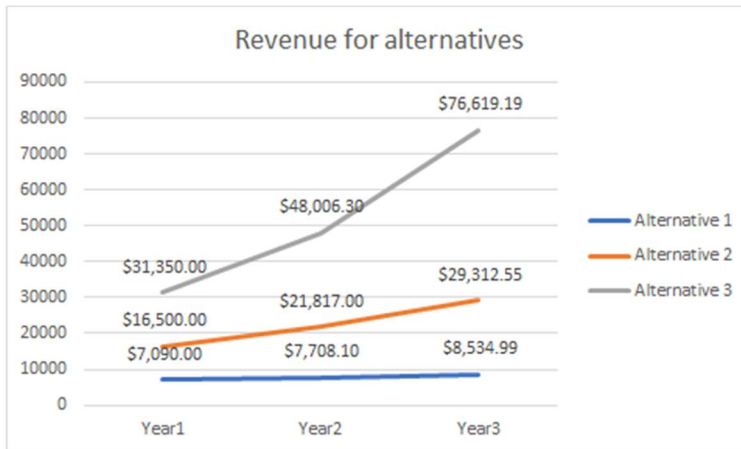
| For Alternative 1: Bootstrap                        |  |  |  | YEAR 1      | YEAR 2       | YEAR 3       |
|---|--|--|--|-------------|--------------|--------------|
| <b>Investment</b>                                   |  |  |  | \$ 4,200.00 | \$ 4,200.00  | \$ 4,200.00  |
| <b>Revenue</b>                                      |  |  |  |             |              |              |
| Sales from the Conciousness Continues               |  |  |  | \$ 6,590.00 | \$ 7,183.10  | \$ 7,973.24  |
| Growth rate for Sales of the Conciousness Continues |  |  |  |             | 9%           | 11%          |
| Sales from the Book                                 |  |  |  | \$ 500.00   | \$ 525.00    | \$ 561.75    |
| Growth rate for Sales of the book                   |  |  |  |             | 5%           | 7%           |
| Total revenue                                       |  |  |  | \$ 7,090.00 | \$ 7,708.10  | \$ 8,534.99  |
| <b>Expenses</b>                                     |  |  |  |             |              |              |
| Amazon Prime  |  |  |  | \$ 99.00    | \$ 99.00     | \$ 99.00     |
| Local events  |  |  |  | \$ -        | \$ -         | \$ -         |
| Travel  |  |  |  | \$ -        | \$ -         | \$ -         |
| Interest  |  |  |  | \$ -        | \$ -         | \$ -         |
| <b>Payroll Expense</b>                              |  |  |  |             |              |              |
| Intern  |  |  |  | \$ 480.00   | \$ -         | \$ -         |
| Contractor  |  |  |  | \$ -        | \$ -         | \$ -         |
| <b>Marketing Expense</b>                            |  |  |  |             |              |              |
| Advertisements                                      |  |  |  | \$ -        | \$ -         | \$ -         |
| Marketing Firm                                      |  |  |  | \$ -        | \$ -         | \$ -         |
| Total expense                                       |  |  |  | \$ 579.00   | \$ 99.00     | \$ 99.00     |
| <b>Pre-tax Income</b>                               |  |  |  | \$ 6,511.00 | \$ 7,609.10  | \$ 8,435.99  |
| Tax rate  |  |  |  | 6.60%       | 6.60%        | 6.60%        |
| Income tax  |  |  |  | \$ 429.73   | \$ 502.20    | \$ 556.78    |
| <b>Net profit(loss)</b>                             |  |  |  | \$ 6,081.27 | \$ 7,106.90  | \$ 7,879.22  |
| <b>Net cash flow</b>                                |  |  |  | \$ 6,081.27 | \$ 13,188.17 | \$ 14,986.11 |
| <b>Ratios:</b>                                      |  |  |  |             |              |              |
| Profit margin                                       |  |  |  | 86%         | 92%          | 92%          |
| Break-even analysis                                 |  |  |  | 0.690644756 |              |              |
| ROI   |  |  |  | 119%        |              |              |
| Cumulative Investment                               |  |  |  | \$ 4,200.00 | \$ 8,400.00  | \$ 12,600.00 |

| For Alternative 2: Center Lane                      |  |  |  | YEAR 1       | YEAR 2       | YEAR 3       |
|---|--|--|--|--------------|--------------|--------------|
| <b>Investment</b>                                   |  |  |  | \$ 9,200.00  | \$ 4,200.00  | \$ 4,200.00  |
| <b>Revenue</b>                                      |  |  |  |              |              |              |
| Sales from the Conciousness Continues               |  |  |  | \$ 15,700.00 | \$ 20,881.00 | \$ 28,189.35 |
| Growth rate for Sales of the Conciousness Continues |  |  |  |              | 33%          | 35%          |
| Sales from the Book                                 |  |  |  | \$ 800.00    | \$ 936.00    | \$ 1,123.20  |
| Growth rate for Sales of the Book                   |  |  |  |              | 17%          | 20%          |
| <b>Total revenue</b>                                |  |  |  | \$ 16,500.00 | \$ 21,817.00 | \$ 29,312.55 |
| <b>Expenses</b>                                     |  |  |  |              |              |              |
| Amazon Prime  |  |  |  | \$ 99.00     | \$ 99.00     | \$ 99.00     |
| Local events  |  |  |  | \$ 720.00    | \$ 720.00    | \$ 720.00    |
| Travel  |  |  |  | \$ -         | \$ -         | \$ -         |
| Loan  |  |  |  | \$ 2,734.20  | \$ 2,734.20  | \$ -         |
| <b>Payroll Expense</b>                              |  |  |  |              |              |              |
| Intern  |  |  |  | \$ 480.00    | \$ -         | \$ -         |
| Contractor  |  |  |  | \$ 6,000.00  | \$ -         | \$ -         |
| <b>Marketing Expense</b>                            |  |  |  |              |              |              |
| Advertisements                                      |  |  |  | \$ 2,400.00  | \$ 2,400.00  | \$ 2,400.00  |
| Marketing Firm                                      |  |  |  | \$ -         | \$ -         | \$ -         |
| <b>Total expense</b>                                |  |  |  | \$ 12,433.20 | \$ 5,953.20  | \$ 3,219.00  |
| <b>Pre-tax Income</b>                               |  |  |  | \$ 4,066.80  | \$ 15,863.80 | \$ 26,093.55 |
| Tax rate  |  |  |  | 6.60%        | 6.60%        | 6.60%        |
| Income tax  |  |  |  | \$ 268.41    | \$ 1,047.01  | \$ 1,722.17  |
| <b>Net profit(loss)</b>                             |  |  |  | \$ 3,798.39  | \$ 14,816.79 | \$ 24,371.38 |
| <b>Net cash flow</b>                                |  |  |  | \$ 3,798.39  | \$ 18,615.18 | \$ 39,188.16 |
|   |  |  |  |              |              |              |
| <b>Ratios:</b>                                      |  |  |  |              |              |              |
| Profit margin                                       |  |  |  | 23%          | 68%          | 83%          |
| Break-even analysis                                 |  |  |  | 1.719842608  |              |              |
| ROI   |  |  |  | 173%         |              |              |
| <b>Cumulative Investment</b>                        |  |  |  | \$ 9,200.00  | \$ 13,400.00 | \$ 22,600.00 |

| For Alternative 3:Maximum Engagement                |               |              |              |
|---|---------------|--------------|--------------|
|   | YEAR 1        | YEAR 2       | YEAR 3       |
| <b>Investment</b>                                   | \$ 29,700.00  | \$ 4,200.00  | \$ 4,200.00  |
| <b>Revenue</b>                                      |               |              |              |
| Sales from the Conciousness Continues               | \$ 27,980.00  | \$ 43,928.60 | \$ 71,603.62 |
| Growth rate for Sales of the Conciousness Continues |               | 57%          | 63%          |
| Sales from the Book                                 | \$ 3,370.00   | \$ 4,077.70  | \$ 5,015.57  |
| Growth rate for Sales of the Book                   |               | 21%          | 23%          |
| <b>Total revenue</b>                                | \$ 31,350.00  | \$ 48,006.30 | \$ 76,619.19 |
| <b>Expenses</b>                                     |               |              |              |
| Amazon Prime  | \$ 99.00      | \$ 99.00     | \$ 99.00     |
| Local events  | \$ 720.00     | \$ 720.00    | \$ 720.00    |
| Travel  | \$ 14,400.00  | \$ 14,400.00 | \$ 14,400.00 |
| Interest  | \$ 9,553.68   | \$ 9,553.68  | \$ 9,553.68  |
| <b>Payroll Expense</b>                              |               |              |              |
| Intern  | \$ 480.00     | \$ -         | \$ -         |
| Contractor  | \$ 6,000.00   | \$ 6,000.00  | \$ 6,000.00  |
| <b>Marketing Expense</b>                            |               |              |              |
| Advertisements                                      | \$ 5,520.00   | \$ 5,520.00  | \$ 5,520.00  |
| Marketing Firm                                      | \$ 1,300.00   | \$ -         | \$ -         |
| <b>Total expense</b>                                | \$ 38,072.68  | \$ 36,292.68 | \$ 36,292.68 |
| <b>Pre-tax Income</b>                               | \$ (6,722.68) | \$ 11,713.62 | \$ 40,326.51 |
| Tax rate  | 6.60%         | 6.60%        | 6.60%        |
| Income tax  | \$ (443.70)   | \$ 773.10    | \$ 2,661.55  |
| <b>Net profit(loss)</b>                             | \$ (6,278.98) | \$ 10,940.52 | \$ 37,664.96 |
| <b>Net cash flow</b>                                | \$ (6,278.98) | \$ 4,661.54  | \$ 48,605.48 |
| <b>Ratios:</b>                                      |               |              |              |
| Profit margin                                       | -20%          | 23%          | 49%          |
| Break-even analysis                                 | 8.27227801    |              |              |
| ROI   | 76%           |              |              |
| <b>Cumulative Investment</b>                        | \$ 29,700.00  | \$ 33,900.00 | \$ 63,600.00 |

### Appendix 12: Financial Forecast Comparison

| Total Revenue        | Year1         | Year2        | Year3       |
|----------------------|---------------|--------------|-------------|
| Alternative 1        | \$ 7,090.00   | \$ 7,708.10  | \$ 8,534.99 |
| Alternative 2        | \$16,500.00   | \$ 21,817.00 | \$29,312.55 |
| Alternative 3        | \$31,350.00   | \$ 48,006.30 | \$76,619.19 |
|                      |               |              |             |
| Total expense        | Year1         | Year2        | Year3       |
| Alternative 1        | \$ 579.00     | \$ 99.00     | \$ 99.00    |
| Alternative 2        | \$12,433.20   | \$ 5,953.20  | \$ 3,219.00 |
| Alternative 3        | \$38,072.68   | \$ 36,292.68 | \$36,292.68 |
|                      |               |              |             |
| Net profit after tax | Year1         | Year2        | Year3       |
| Alternative 1        | \$ 6,081.27   | \$ 7,106.90  | \$ 7,879.22 |
| Alternative 2        | \$ 3,798.39   | \$ 14,816.79 | \$24,371.38 |
| Alternative 3        | \$ (6,278.98) | \$ 10,940.52 | \$37,664.96 |





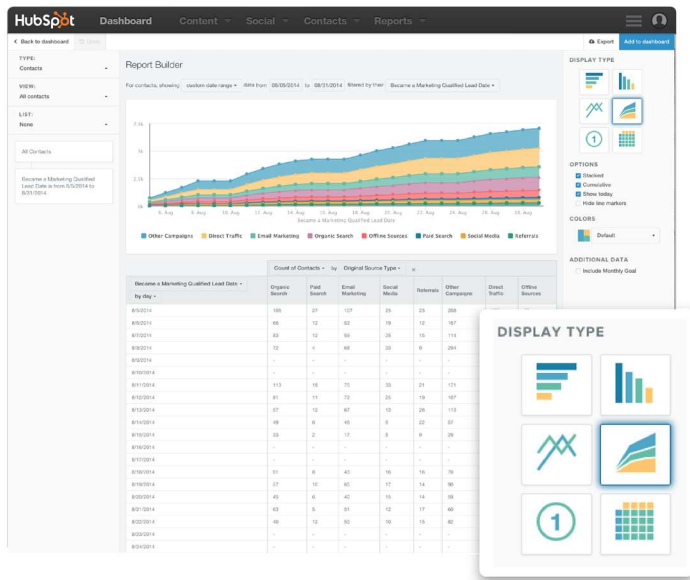
### APPENDIX 13: HUBSPOT AND MARKETING AUTOMATION

For more information on HubSpot’s basic starter package for small businesses, please visit: <https://www.hubspot.com/pricing/marketing?selectedPackage=basic>

Cavern may qualify for discounted HubSpot software via HubSpot’s start-up program. If you qualify, HubSpot may offer a 50% discount. This also includes education and support from HubSpot. To learn more and apply, visit <https://www.hubspot.com/startups>. For more information, contact a representative at HubSpot and sign up for a [free demo](#).

#### Examples of the HubSpot marketing automation platform:

HubSpot can provide a variety of custom reports. One report that can be valuable to Cavern, is a report that shows traffic that has been generated from paid search, social media, and organic campaigns. This specific image shows a lot of detail, the far right displays traffic. Other data can be viewed if needed:

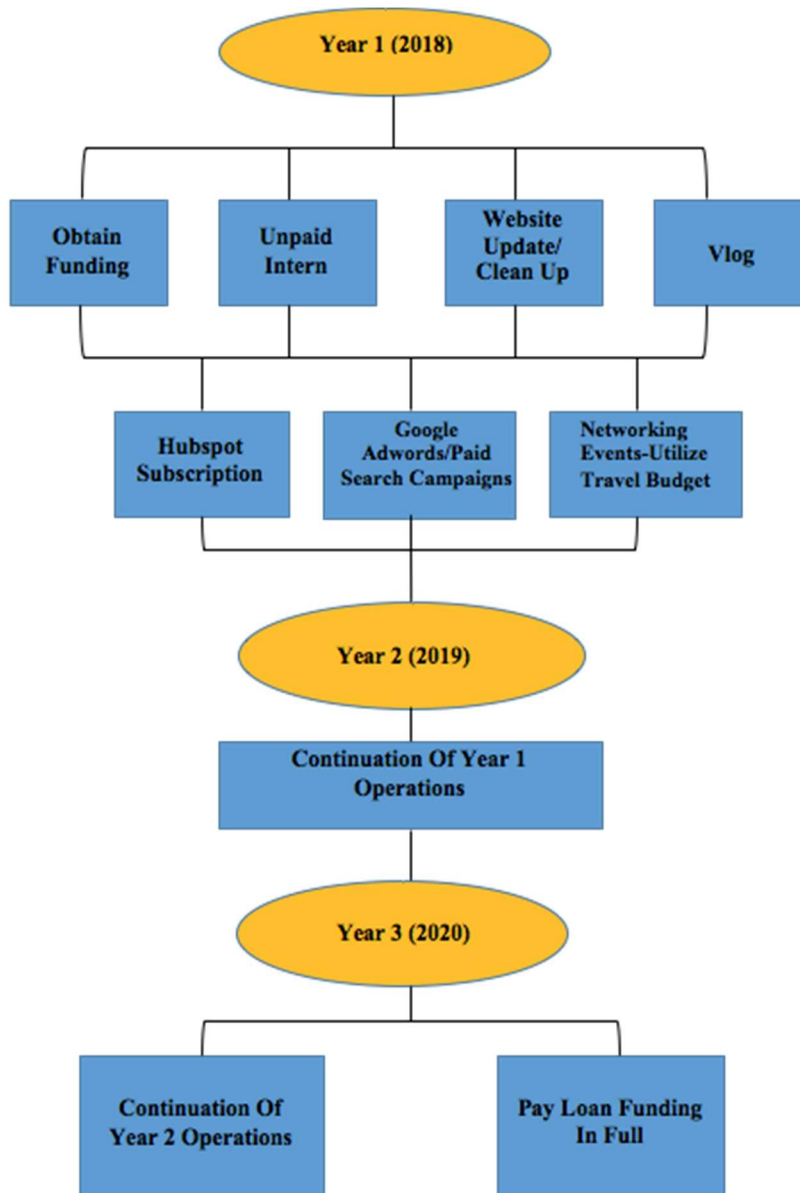


*HubSpot Custom Reporting Example. HubSpot Image 4.*

**APPENDIX 14: CLIENT NEXT STEPS TABLE**

| <u>Year</u>    | <u>Deliverable</u>  |
|----------------|---|
| Year 1 (2018)  | <ul style="list-style-type: none"> <li>● Obtain funding</li> <li>● Unpaid Intern</li> <li>● Website Update/Clean Up</li> <li>● Vlog</li> <li>● HubSpot Subscription</li> <li>● Google AdWords/Paid Search Campaigns</li> <li>● Networking Events - utilize travel budget</li> </ul> |
| Year 2 (2019)  | <ul style="list-style-type: none"> <li>● Continuation of year 1 operations</li> </ul>   |
| Year 3 (2020)  | <ul style="list-style-type: none"> <li>● Continuation of year 2 operations</li> <li>● Pay loan off loan funding in full</li> </ul>  |
| Beyond (2021+) | <ul style="list-style-type: none"> <li>● Update/review business plan and marketing plan to continue to scale business for the future</li> </ul>   |

APPENDIX 15: IMPLEMENTATION ROAD MAP



**APPENDIX 16: FINANCIAL ANALYSIS OF THE STRATEGIC RECOMMENDATION**

|  | YEAR 1       | YEAR 2       | YEAR 3       |
|--|--------------|--------------|--------------|
| <b>Investment</b>                                    | \$ 8,000.00  | \$ 4,200.00  | \$ 4,200.00  |
| <b>Revenue</b>                                       |              |              |              |
| Sales from Video                                     | \$ 4,300.00  | \$ 5,461.00  | \$ 7,153.91  |
| Growth rate for Sales of the Consciousness Continues |              | 27%          | 31%          |
| Sales from the Book                                  | \$ 7,500.00  | \$ 9,975.00  | \$ 13,665.75 |
| <u>Growth rate for Sales of the Book</u>             |              | 33%          | 37%          |
| Total revenue  | \$ 11,800.00 | \$ 15,436.00 | \$ 20,819.66 |
| <b>Expenses</b>                                      |              |              |              |
| Amazon Prime   | \$ 99.00     | \$ 99.00     | \$ 99.00     |
| HubSpot  | \$ 3,600.00  | \$ 3,600.00  | \$ 3,600.00  |
| Travel   | \$ 1,920.00  | \$ 1,920.00  | \$ 1,920.00  |
| Interest   | \$ 2,078.04  | \$ 2,078.04  |              |
| <b>Payroll Expense</b>                               |              |              |              |
| Intern   | \$ 480.00    | \$ -         | \$ -         |
| <b>Marketing Expense</b>                             |              |              |              |
| Advertisements                                       | \$ 2,400.00  | \$ 2,400.00  | \$ 2,400.00  |
| <u>Total expense</u>                                 | \$ 10,577.04 | \$ 10,097.04 | \$ 8,019.00  |
| <b>Pre-tax Income</b>                                | \$ 1,222.96  | \$ 5,338.96  | \$ 12,800.66 |
| Tax rate   | 6.60%        | 6.60%        | 6.60%        |
| Income tax   | \$ 80.72     | \$ 352.37    | \$ 844.84    |
| <b>Net profit(loss)</b>                              | \$ 1,142.24  | \$ 4,986.59  | \$ 11,955.82 |
| <b>Net cash flow</b>                                 | \$ 1,142.24  | \$ 6,128.83  | \$ 16,942.41 |
|  |              |              |              |
| <b>Ratios:</b>                                       |              |              |              |
| Profit margin  | 10%          | 32%          | 57%          |
| Break-even analysis                                  | 2.99059094   |              |              |
| ROI  | 84%          |              |              |
| Cumulative Investment                                | \$ 8,000.00  | \$ 12,200.00 | \$ 20,200.00 |