



The State of PUMP

Memo to PUMP Audio Investors and Users



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Dear All,

This is an honest assessment of the current status of PUMP Audio.

Summary

We've done a lot right over the preceding years, but we need to give serious consideration to changes we need to make going forwards after the flop of our last product launch, PUMP Aurrus.

It's a fact that we've lost the momentum we had in terms of building the brand.

We were able to get that momentum because there was a burn rate of investment capital from myself and other Investors.

We created a great brand, but have lost momentum since the investment capital ran out and are currently in a kind of limbo state.

I've always said that we don't want to be a company who perpetually raises money year after year, with no real prospect of profitability.

However, I do see how we can re-model PUMP to rise again. In this memo to Investors and Users, I outline how I think we should move forward. If you agree, or are able to help, please get in touch.

Briefly, this is how we think PUMP can work:

We have a good idea of how PUMP could work as the best direct to consumer audio brand on the Internet.

We have the foundation of this already, but not the capital to do what's necessary to achieve it.

The simple helicopter view is that we need:

- 1) lots of qualified web traffic via search engine optimised landing pages;
- 2) great conversion from a "visit" to a "lead";
- 3) great conversion from a "lead" to a sale;
- 4) the "lifetime value" of a PUMP User to be more than just a one-off purchase – i.e. they buy more than one PUMP product over time.

We believe our best strategy is to get very good at SEO and focus on lead generation. Currently, we can't do that in-house because we don't have the resources or the expertise.

We believe that SEO is our best bet because other lead generation methods we've used have proved a) too expensive and; b) too low volume to build a sustainable business upon.

In short, we can do (3) and (4) pretty well already (as you'll probably know if you're a long term PUMP supporter). But we are not at all good at (1) and not exceptional at (2).

For these items we need to bring in new talent.

I would suggest the most cost efficient way of doing this would be to go with outsourced remote contractors, who are much easier to hold accountable and more cost effective than static staff.

However, the plan outlined below is a medium term project, and so to do properly will cost a significant amount of money, which we currently don't have the sales to support.

We need to decide collectively with Investors whether to allow the business to stagnate or to inject it with life as outlined below.

The Direct To User Business Model

The highstreet is basically dead in our view. At best its massively over saturated with product from well capitalised brands who typically buy space in retail via financial incentives for the retailers.

For these reasons, as well as the small margins in selling via distributors/retailers, it seems crazy to chase a declining and over supplied marketplace ahead of an ever growing marketplace that we already have a strong foothold and high competence in, which also has much better gross margins.

The route for PUMP is clearly to endeavour to become the #1 Direct to Consumer Audio Brand online, with a profitable lead to sales funnel, and a predictable growth in User base over time.

We've already started on the path to this goal but we have stagnated due to lack of capital.

Specifics on how it could work:

Generating a high volume of targeted website traffic and converting it to sales is crucial to the proposed strategy.

So how can we do it?

We know from experience that referral links, reviews and word of mouth recommendations work well.

However we consider this traffic as "icing on the cake" rather than our **primary** source of traffic because:

- a) it's not very predictable;
- b) it's not easy to control;
- c) it's not always highly targeted, meaning that people are often "surfing" rather than having specific intent to buy.

The **real** volume of targeted web traffic comes from two sources:

- 1- Google Adwords
- 2- Organic Search Engine Traffic

1-

Google Adwords

Adwords is Google's paid advertising service where companies can pay to rank in the "sponsored results" section.

We have a lot of experience with Google Adwords.

However, we've tried Adwords campaigns multiple times for PUMP and they have never been profitable.

We believe the main reason for this is that the competition is very high and well capitalised brands throw money at this channel as just one of many in their marketing mix.

With high volumes of traffic available to the highest bidder, large competitors may possibly be making a loss by using Adwords as a branding tool.

Although we could try Adwords again in future, I don't believe it's a good use of capital for the above reasons.

Instead, we believe that Search Engine Optimisation is where 100% of our traffic generation effort should be:

2-

Search Engine Traffic

We have neglected search engine optimisation (or "SEO") in the past.

It was never a priority because we were concentrated on building a multi-channel *retail* model rather than a *direct sales* model, with direct sales being an "added bonus".

However, if we were to implement this new strategy, that would change. Direct sales would become our absolute focus.

To become the number one direct to consumer audio brand on the Internet means that high volumes of high quality organic web traffic would be the top priority.

We are already good at *converting* web traffic to end User sales, and would endeavour to get even better at that.

The sales funnel at its simplest looks like this:



The more targeted traffic we can put in to the top of the funnel, the more become leads, the more become sales.

It's essential for such a Direct Sales strategy to get **as much targeted traffic as possible** for the least possible cost. Of course there is some trade-off between the two opposing objectives, but the idea would be to find the sweet spot of a high volume of leads, generated at a cost which does not negate profit from the future sales it generates.

We're pretty good at the last two steps; converting traffic to leads and then leads to sales.

What we do not have competency in is to fuel the top of the sales funnel with large quantities of targeted traffic.

How SEO could work:

We see this as such a mission critical part of our plan to become the #1 direct to consumer audio brand in the World, and so we would look to hire the very best SEO experts, likely in regions such as Eastern Europe and South America, where there is extreme talent, but at significantly lower cost than in the UK or US.

We would produce regular very high quality SEO content, targeting "longer tail" keywords.

We probably wouldn't try to rank #1 for generic terms like "headphones" or even "best headphones" (unless advised to) because:

- a) These keywords are likely very competitive and very hard to rank for;
- b) They are unlikely to have a good conversion rate to sales because they are too generic.

Instead, we would try to rank #1 in Google for many more specific search terms, which we (and our SEO contractors) believe show commercial intent to buy, as well as terms that are easy to rank for, which can fill the sales funnel with leads.

We already have a long list of keywords we'd like to target, which we won't publish publicly as it's not something we would like to show our competitors for obvious reasons.

However, here are a few examples of "longer tail" keywords we would likely rank for:

"best value in ear headphones 2022" (& 23, 24, 25 etc)
"bass heavy over ear headphones"
"extra bass in ear headphones"
"good value earphones extra bass"
"best on ear headphones UK"
"heavy bass headphones on ear USA"

The above are just random examples from our list of thousands of target keyword combinations we would seek to rank for.

We will use modifiers and prefix/suffix to expand the list of keywords we rank for.

The benefit of this approach is that although ranking #1 on Google for *"extra bass in ear headphones orange"* is not going to generate anywhere near as much traffic as ranking for *"headphones"* would, the keyword is much more targeted and it is much easier to rank for.

Our plan would be to target hundreds of these types of longer tail search terms, to get good quality, targeted traffic from each one, and expand our reach over time.

We would monitor which keywords perform the best for us over time and focus on those that do best, maintaining their ranking and targeting similar keywords.

We would need:

- An SEO Strategist to head up the whole process;
- Freelance Writers to produce regular content for us;
- A proof reader to ensure quality of all articles, and run them through software to ensure they are highly SEO friendly for the particular keywords they are targeting;
- A web designer (who we already have but will need to be paid) to upload each article and make sure the other SEO elements and on-site optimisation are done correctly.

The writers would produce the supporting content to rank for specific groups of keywords.

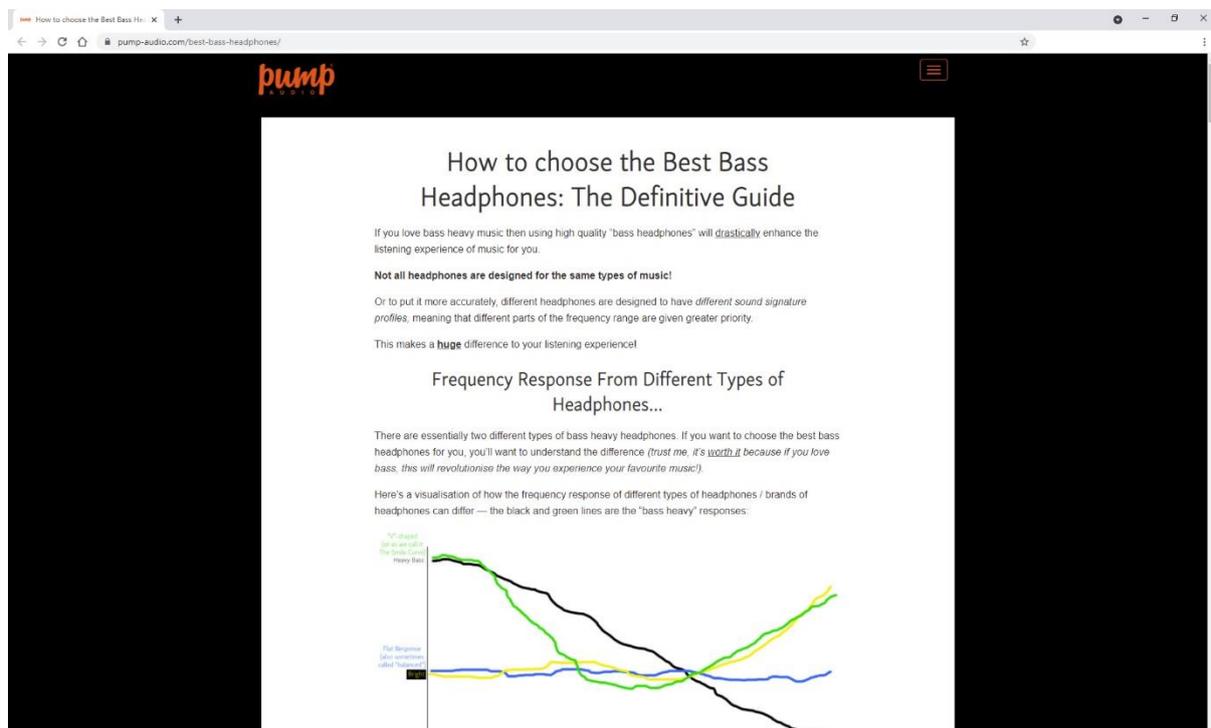
This content would then drive “link authority” back to our main target landing pages, which would ask the visitor to opt in to our sales funnel with a compelling offer.

We would write the main target landing pages or “cornerstone content” that targets the most important keywords we want to rank for ourselves to ensure readability.

** if you didn't understand the paragraphs above, that's quite normal if you aren't well-versed in SEO :-)* The important thing is to understand the concept that we would be completely SEO focussed.

Here's an example of one such “cornerstone content” page:

<https://pump-audio.com/best-bass-headphones/>



This page doesn't yet have any supporting content, any external links pointing to it, or any money spent to drive authority to it. It was just made as an example of the type of content we would produce to drive leads and sales.

As you can see, the page neither has a prominent call to action to opt in, nor has it had any money or time spent to drive link authority to it, but it is already ranked #5 in google.com for the search term

“best bass headphones”, based only on the quality of the content and the fact that the on-page SEO is done correctly:

The screenshot shows a Google search for "best bass headphones". The search bar contains the text "best bass headphones". Below the search bar, there are navigation options: All, Shopping, Videos, News, Images, and More. The search results show "About 107,000,000 results (0.76 seconds)".

The first section is "Ads · Shop best bass headphones". It features five product cards:

- Card 1:** Bose.co.uk - Bose... £174.95. Rating: 5 stars (8k+). By Google.
- Card 2:** Currys - BOSE QuietComfor... £319.00. Rating: 5 stars (13). By Genie.
- Card 3:** Skullcandy.co.uk - Skullcandy... £99.99. Rating: 5 stars (13). By Google.
- Card 4:** John Lewis & Partners - ... £319.00. Rating: 5 stars (13). By Kelkoo.
- Card 5:** Skullcandy.co.uk - Skullcandy... £149.99. Rating: 5 stars (13). By Google.

Below the ads, there are search results:

- Result 1:** <https://www.rtings.com> › Headphones › Best : **The 6 Best Bass Headphones - Fall 2021: Reviews - RTINGS ...**
13 Aug 2021 — Best Bass Headphones: Sony WH-1000XM4 Wireless · Alternative With Physical Controls: Sennheiser Momentum 3 Wireless · Best Headphones With ...
- Result 2:** <https://www.soundguys.com> › best-headphones-for-bas... : **Best headphones for bass: Power in the low end - SoundGuys**
Best headphones for bass · V-MODA Crossfade M-100 · Sennheiser HD 650 · Beyerdynamic Custom One Pro · Beats Solo Pro · Sony MDRXB800 Extra Bass.
- Result 3:** <https://headphonesaddict.com> › 15-best-on-over-ear-ba... : **15 Best Bass Headphones In 2021 (Bassheads Must-See)**
3 Apr 2021 — 15 Best Bass Headphones · 1. Sony WH-XB900N Wireless Extra Bass · 2. Beats PowerBeats Pro · 3. Skullcandy Crusher Evo Wireless · 4. Beats Studio3 · 5 ...
- Result 4:** <https://heavy.com> › Tech › Shopping : **15 Best Bass Headphones: Ultimate Guide - Heavy.com**
24 Aug 2021 — 1. Sony WH1000XM3 | Best Wireless Bass Headphones.
- Result 5 (highlighted with a green box):** <https://pump-audio.com> › best-bass-headphones : **How to choose the Best Bass Headphones: The Definitive Guide**
There are a couple of major brands — Sony with their lower end headphones, and Skullcandy — who seem to specialise in this type of "heavy bass" headphone.

The plan would be to have **hundreds** (and eventually thousands) of pages like this ranked and also optimised to persuade traffic to opt-in with an offer.

Writers producing supporting content would be paid per article, and the Proof Reader would monitor (and edit if necessary) every piece of content to ensure we have only the highest quality content.

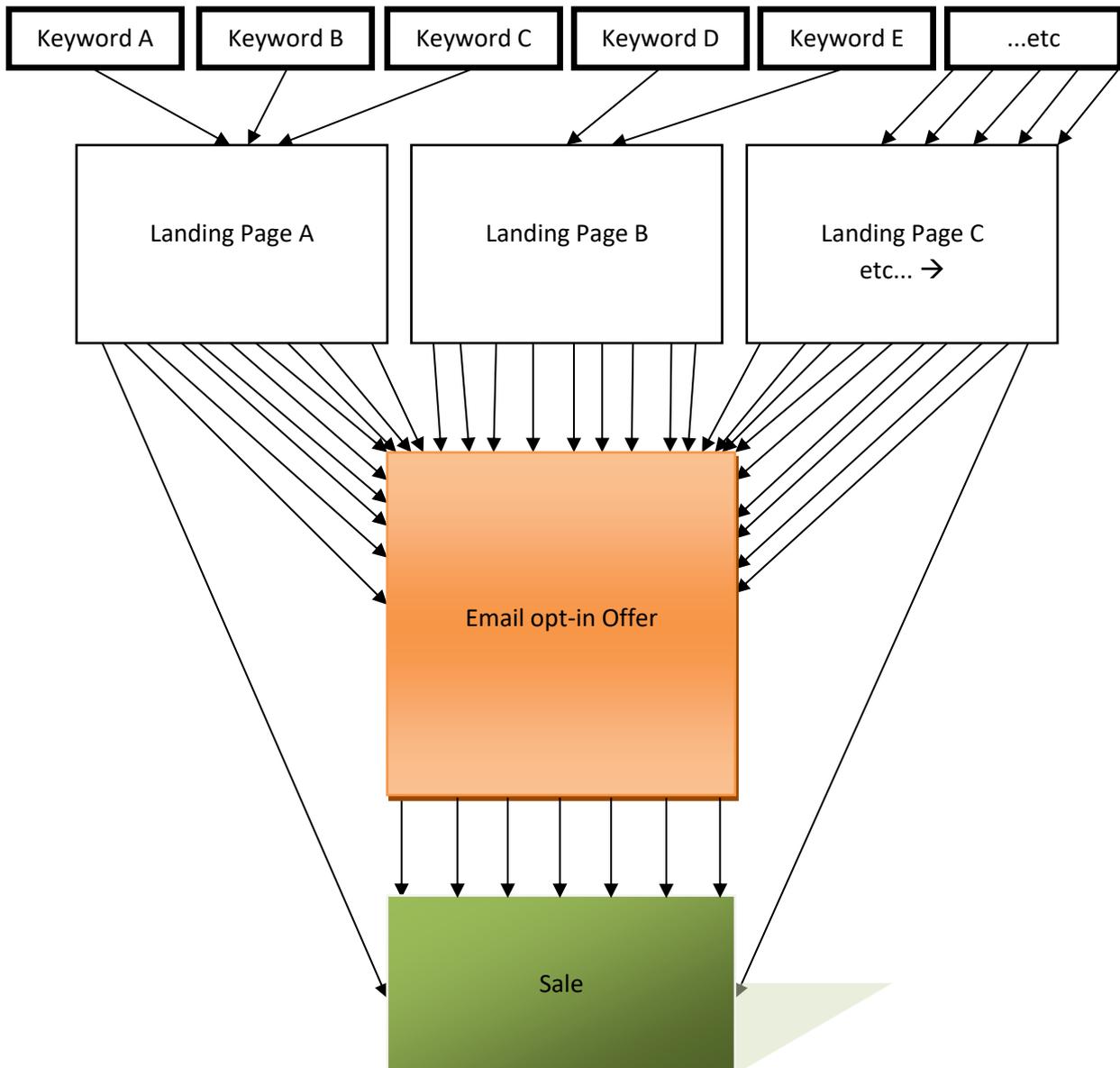
Only the best writers at the right cost per article would be retained, and new ones recruited when others fall below standards or drop off in some other way.

The proof reader would have a formal signoff procedure to adhere to before being paid and their work would be checked at random by us to ensure they are maintaining only the highest quality.

SEO Strategy

Subject to the approval and iteration of the SEO Strategist selected to head up our SEO strategy, this is likely how the strategy (*which is fairly complicated and uses various software packages to assist*), would look:

- 1) Produce very high quality SEO optimised “cornerstone” content, which gives users better value than the content we are competing against for a particular keyword;
- 2) Put this “cornerstone” content in to an SEO Silo;
- 3) Have many quality articles written as “supporting content”, to act as their own landing pages for longer tail keywords, as well as to link back (and so give “link authority”) to the main cornerstone landing pages;
- 4) Make our internal linking structure perfectly optimised to give “link authority” to the pages we want people to land on;
- 5) Get external inbound links to the pages we want people to land on (*we have a good contractor already lined up to get quality external inbound links*);
- 6) Have a compelling offer to persuade people to opt-in to our Friends of PUMP email list or sales funnel, which will be “split tested” to find the best offer.



Summary

We've identified the business model that has worked for us and where we have an edge.

However, to work at scale, we need a constant and low cost supply of leads.

We believe that our best way of achieving this is the SEO strategy outlined above.

The cost is hard to nail down exactly because there will undoubtedly be variables that are unpredictable, but I would propose a 12 month effort with the following capital allocations:

- 1) SEO Strategist: £1500/mo
- 2) Freelance Writers: 50 articles/mo @ £40 per article = £2000/mo
(our understanding is that its now better to have fewer higher quality articles than more lower quality articles, hence the relatively high amount per article, to attract quality writers)
- 3) Proof Reader/Article Editor/Article Optimiser: £1000/mo
- 4) Web Designer: £500/mo

5) High quality backlinks (paid): 10 per month @ £165+vat each = £1650/mo

Expected monthly cost: £6650

Expected 12 month cost: £79,800

Our expectation is that after 12 months, organic traffic would be enough to self-sustain further SEO growth.

The costs above do not cover:

- 6) The cost of R&D, which I (Adam) am prepared to cover personally if Investors agree to the above plan;
- 7) Stock cost. The most prudent plan would be to have product wait lists while we prove the concept, rather than to invest heavily in stock at the outset. While this will hamper cashflow initially, it will allow us to prove the concept, while having the added bonus of demonstrating product scarcity, which is a strategy that many brands use very effectively.

Once we are sure that our SEO strategy is working well and we have product wait lists to back it up, it will make perfect sense to allocate capital to stock and begin making sales.

The other option is to allocate stock immediately before demand has been created, but in our view this is a much more risky strategy, and would require significantly more investment.

If investors want to go ahead with the above plan then we need to do a mini funding round to provide liquidity for the project.

As mentioned above, we are prepared to offer a much more attractive valuation than in previous rounds because we are essentially saying that the methods tried before didn't really work, and pivoting to a method that – given the benefit of hindsight – we should have focussed on from the beginning.

We believe that this strategy has a good chance of working, although of course it does come with some risk that it may not.

If you would like to participate, please let us know by either commenting on the Seedrs discussion page, or reaching out to us directly.

If there is demand then we will prepare a funding round for existing Investors and Friends of PUMP.

Sincerely as always,



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A U D I O

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