



INSIDER SECRETS OF ICO MARKETING.

July 2018

Authored by Al Leong, MBA; Chief Marketing Officer,
BitCover; VP Marketing and Business Development,
Blockchain Terminal / CG Blockchain

Secrets of Marketing an ICO

This article is intended to help Founders get a handle on marketing an ICO to raise \$15 million to \$50 million USD.

On average, it takes about \$500,000 to \$1 MM in marketing budget to launch a successful ICO (as part of a \$1.5 million total budget that includes whitepaper development, token generation, tokenomics, and legal and advisory consultation).

The most important ingredients are your whitepaper, website, and team (executive team and board of advisors). Because this is largely B2B (sales), you need to drive ICO participation through a series of public events, private events, and dinners that build trust and relationships. You simply won't raise much money if you are using digital marketing only and not building direct investor/participant relations.

Of the two Blockchain firms I've worked with, Vanbex raised \$25 million pre-sale, topping out at \$33 million. Blockchain Terminal (BCT) did \$25 million pre-sale, with the balance coming from the public sale at \$31 million USD. Only \$1 million came in through the website.

Marketing (public relations, advertising, social media, and sponsorships) is useful to drive support of the relationship groundwork that you have laid. Moreover, many initial "participants" are looking for great deals and discounts. They don't want you to be too visible too

early on because that means they won't get a great deal on your ICO. So delay your PR somewhat (do up to one or two releases in your pre-sale and do the rest of your PR in your public round). This intentionally goes against traditional PR strategy in order to attract crypto whales, institutional money, and family offices. They will prefer to find out about you at the key events like d10e, Money 20/20, Consensus, and Global Blockchain Forums in Silicon Valley, New York, Singapore, Hong Kong, Seoul, London, Zurich, Berlin, and Tokyo.

Most of your funds will come through pre-sales (private one-to-one relationships and syndicates), with a smaller amount in the public round.

"Surprisingly, what ICO digital marketers may realize very quickly is they now need traditional B2B marketing skills: event management, print, outdoor/transit skills because of social media ICO bans."



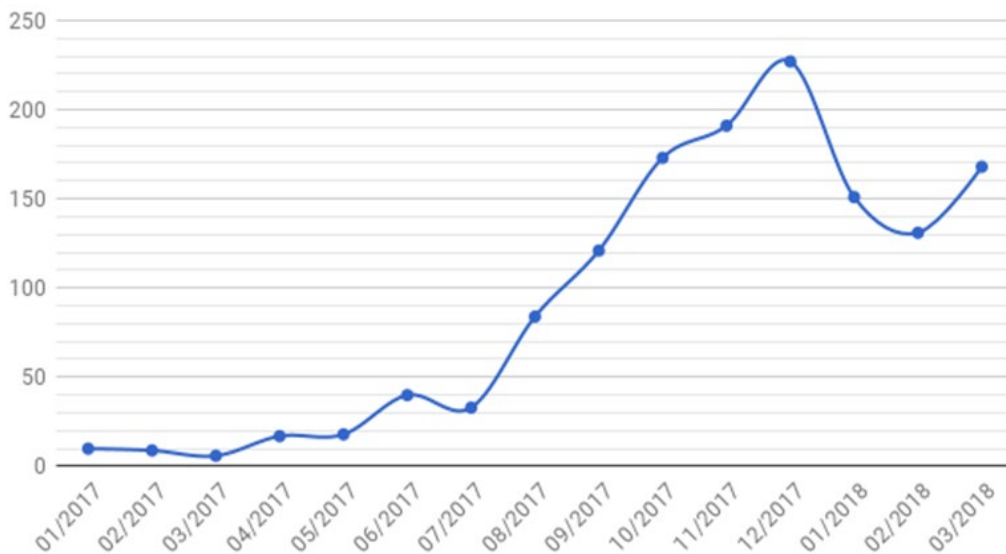
Here's what a typical \$1+ MM ICO budget might look like.

Proforma Budget

basics	website, translations	\$	30,000
	whitepaper	\$	20,000
	branding/ID/creative testing (booth design/site/bizcards/pdfs)	\$	10,000
	brochures, flyers, cards, misc.	\$	10,000
events travel	booth properties (2), banner stands (4)	\$	35,000
	participant events, translators (6-10)	\$	455,000
	private parties/dinners/meetups (3-6)	\$	30,000
	signature participant event	\$	25,000
outreach	social media, PPC, advertising, PR	\$	110,000
	sponsorships/web (advertising)	\$	50,000
	videos (explainer, social updates)	\$	60,000
	Family offices email blast campaign	\$	5,000
people networks	advisors	\$	50,000
	staff/community mgr/CRM/CMO, contractors	\$	295,000
in tokens			
Total		\$	1,185,000

As of this article writing, the number of ICOs has fallen off from its peak in December 2017¹, and the profitability and raise of such ICOs are declining. It is now harder to raise money, and that's correlated to the performance of Bitcoin and cryptocurrencies in general.

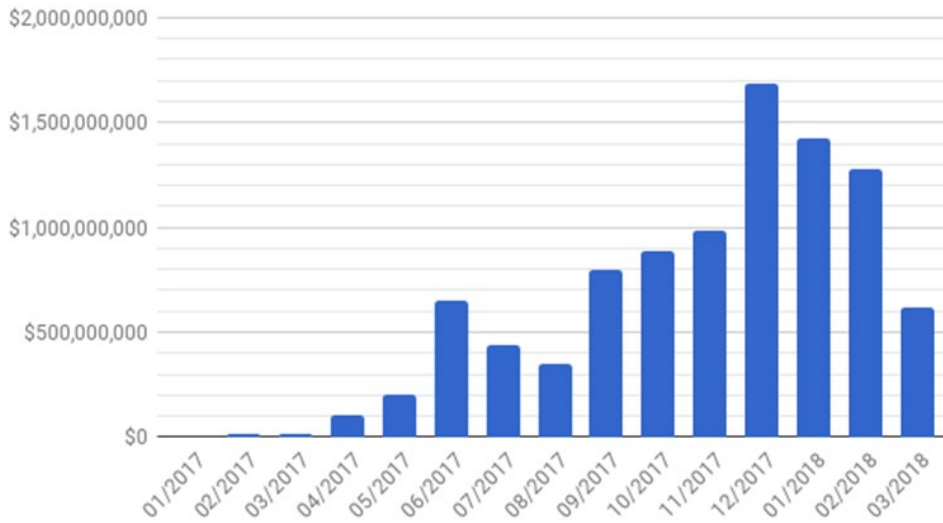
Number of Initial Coin Offerings



¹ ICO Market Report, April 2018, Argon Group, Lukas Schor, Lead Research <https://medium.com/@argongroup/ico-market-report-april-2018-3857cbe729c3>

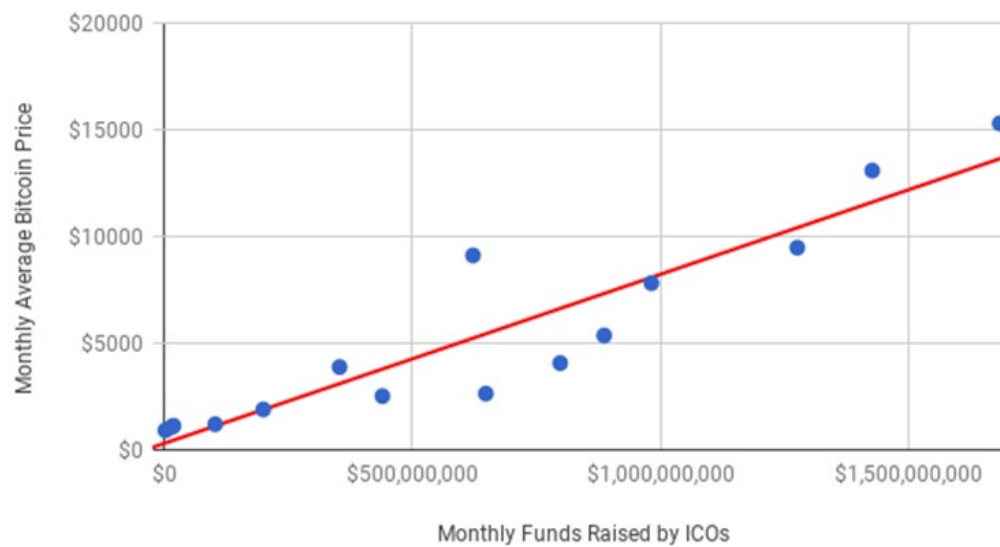
On average, \$500,000 was spent on marketing for each of the ICOs. Ideally, \$1.5–\$5 million in total was spent to raise \$50+ million, all costs included.

Total Funds Raised by Initial Coin Offerings



This last graph shows a relationship between total ICO investments and the price of Bitcoin. ²

Correlation of Bitcoin Price and Total ICO Investments



Logically, this is intuitive — time your ICO for a period when the market is doing well.

² Source: ICOData.com/Cointmarketcap.com

NEXT. GO FOR A RELATIVELY SMALL HARDCAP.

On a recent panel at the Global Blockchain Conference in Santa Clara, CA, BCT's board advisor Michael Terpin, founder of Marketwired, advisor to Alphabit Fund, and CEO of Transform Group, said, "Go for small raises."

Don't go for huge raises like Bancor (\$153 million) and EOS (\$4 billion); if your investors are all in financially, they won't be able to give you more funds if you need them later. If you go with a small raise, you can always go back for more.



THE MOST IMPORTANT MARKETING MIX ELEMENT: THE ROADSHOW.

BCT's advisors at DNA Fund (Scott Walker and Brock Pierce) told BCT to spend three to six months on the road visiting as many places as possible and meeting as many investors as they could.

From my experience with BCT, there are a few key things to learn from this advice:

- *Strive to be everywhere but make sure there's an audience fit with your offering, and don't waste*



Michael Terpin

your tradeshow dollars on audiences that just don't get blockchain or are too novice. Make sure your audience is sophisticated and ready to invest in your technology. General tech tradeshow are a waste of time. So are sessions such as "Beginners in Blockchain" or "Learning to Invest in an ICO". Audiences there will never be ready to invest in an ICO.

Globally speaking:

- *Travel where the dollars are: in our 40-city tour across 15 countries, I spent four months travelling through San Francisco, Santa Clara, Oakland, Calgary, Chicago, New York, London, Cambridge, Berlin, Moscow, Seoul, Tokyo, Shanghai, Shenzhen, Hong Kong, and Singapore. The Asia-Pacific region is where the money flows fastest, specifically in Hong Kong and Singapore. Seoul, Korea, has good potential if you can establish connections; Japan will take a lot of, if not too much, time to build relationships. Australia and New Zealand are just getting started in terms of ICOs. If you visit Korea and China, do not use the term "ICO" because it is illegal. Instead, use the term "Token Generation Event" or "TGE", and quickly change the wording on all your presentation decks and collateral materials to follow the regulations.*
- *Europe is very pro-blockchain in terms of regulation and views, but the money doesn't seem to flow quickly enough. Notable locations: Malta and Gibraltar, Tel Aviv, Berlin, London, Zurich, and the Netherlands.*
- *North America has a good deal of technology innovation, but with the ever-changing regulations, you must only work with accredited investors. If you have a home base in the US or Canada, under SEC rules you cannot call ICO investors "investors" — use the term "participants" in all your communications, including Slack and social media. Otherwise, you'll be in trouble. Hotspots: New York, Chicago, San Francisco Bay Area, Vancouver, and Toronto.*

Work the shows:

- *Get speaking opportunities and pitch your ICO. Offer a product demo and build relationships. Ask for participation. Get business cards and scan them into Slack for your CRM team back home to enter into a database. Make plenty of notes in Slack; otherwise, you'll forget your conversation after speaking with 200-300 participants. Follow up with a personalized email two to five days after the show. It may take another meeting or two or even three to get participation, but don't let up. If you have a home-office team to help with follow-up emails, use them, but don't neglect this important task. You've spent upwards of \$20,000 to attend the show, and these leads are worth gold.*
- *Investors want a deal, not buzz, and they want pre-sale discounts. They don't want to see a lot of PR because that means everyone else already knows about the opportunity and the time for great deals will have passed.*
- *Get interpreters when in mainland China, Korea, and Tokyo. If you don't, you'll be wasting your tradeshow dollars by not being able to communicate with any investors who approach you to talk. Make sure your interpreters are strong, confident, and persuasive and have some understanding of your business because they are ultimately selling your ICO. Investors in Hong Kong, Singapore, and Australia/New Zealand all speak English.*
- *My experience includes people coming up to me at the tradeshow booth and offering \$1.5 million to \$5 million USD for participation in the ICO. This happened more often than you'd imagine.*
- *Often it helps to have a drink at dinner parties and events. People want to make deals when they've loosened up and are feeling relaxed. Go with the flow.*
- *EOS spent \$2 million USD on an investor party at the Ozone Bar atop the Ritz Carlton, inviting 1,000 people. Obviously, you may not have that budget and you aren't raising \$4 billion dollars, but spending money to socialize with investors can work wonders. Spend what you can afford. It's well worth it.*

PR, BUZZ, ARTICLES—IT'S ABOUT VALIDATION, AND THE PUBLIC OR MAIN-SALE AND POST-PUBLIC ROUND.

- *Digital marketing will work to support pre-sales and the roadshow, but digital marketing won't drive the participation. Sorry.*
- *Digital marketing can also address post-participation dissonance. If people have participated in your ICO, they do want to hear news about it and see you in articles on blogs and websites to validate their decision. They don't want to read your ICO is a scam.*
- *Take pictures and videos of all your events and load them into your Twitter and Telegram channels. Issue a press release with a major announcement/deal after an important show. Make important, newsworthy announcements at shows, if the need arises.*
- *Investors will tell their friends and validate a good investment decision; this will drive up the value of the token and is what people want after they've invested. So lay it out for them.*
- *Get translation of all your materials, including website, collateral materials, whitepaper, PDFs, and videos.*

GET CREATIVE ON DIGITAL MARKETING.

- *Social still works; use Telegram.*
- *Paid social can work if you get through. There are tips and tricks that get you around the current social media ban (Twitter, LinkedIn, and Facebook) regarding ICOs.*
- *Use video generously. Video is persuasive, gets high engagement rates, communicates selling points, and helps build relationships better than a whitepaper and PDFs alone.*
- *Get translation of your message, including website, collateral materials, whitepaper, PDFs, videos, Telegram, and WeChat.*

MARKETING LEGAL.

- *In the US and Canada, financial marketing and particularly “investor” or participant relations are regulated. If in the US, you must follow SEC and FINRA rules or your ICO will be shut down. Do not use the word “investor”; you should use “participants” and understand the nuanced difference.*
- *In China and Korea, do not use the term “ICO”; however, you may use “Token Generation Event” or “TGE”. In these countries, and even in Hong Kong, you must not do any “public fundraising” for your ICO. You may hold private events and parties and may go to private discussions of your ICO and to private events only.*
- *SAFTs (Simple Agreements for Future Tokens) are useless. Go with a “contribution agreement” instead.*
- *I am not an attorney and I do not advise on this subject, but I have picked up useful information over the past three years. My intent is to share this with my readers if only to shed light on some of the complexity regarding marketing regulation.*
- *Laws change often, and it is best to consult a local attorney and to always have an attorney approve any final marketing copy before it goes out in order to avoid headaches down the road (such as being shut down by the SEC).*
- *Social media (Twitter, Facebook, and LinkedIn) have banned ads for ICOs. However, this does not mean you can't post in groups, and there are ways to get around these ICO ad bans. You'll have to work creatively with techniques such as using Twitter Lookalike sponsored ads, using traditional media (outdoor, transit, and billboard), and using direct mail, email, and sponsored email programs.*

MY CONCLUSIONS.

Crowdfunding your business through an ICO is legal and makes sense in many parts of the world. There is a lot of interest in many countries in quality ICO projects. It is important to differentiate your ICO project from the low-grade projects and scams in the marketplace, and that differentiation must come through in your whitepaper, your team (advisory board and executive team), and your marketing communications.

The roadshow is critical to raising funds for your project because this gives investors a chance to meet the team they will ultimately invest in. A strong booth presence with an authentic, sincere, and enthusiastic team will go a long way in driving participation. Make sure to follow up with leads through emails, phone calls, and meetings. Support your effort with video and images of your events across all media channels, and reinforce to your participants and their friends that they've made a smart contribution. Get a good lawyer to go over all aspects of your project and all parts of your marketing materials.



About Al Leong, MBA

Al Leong the Chief Marketing Officer of BitCover (Assured Networks) and, VP Marketing and Business Development for CG Blockchain, and former Director of Marketing for Vanbex. He earned a Bachelor of Commerce in Marketing from UBC; an MBA in Global Management, Strategy Consulting and Technology Innovation from the University of Toronto; and a Certificate in Managing Complex Product Development Projects from MIT, Sloan School of Management. He has consulted for clients and projects including Adobe, Apple, IBM, Motorola, Disney, Estey-Hoover/CG Blockchain/Blockchain Terminal, IDC/IDG Canada, Microsoft, Ogilvy & Mather/Direct, Siemens, Sony and the US Department of Defense. He is available for consultation and can be reached at +1 604 781 4470, +852 5434 2710, or at alleongvbc@gmail.com.