

SQUATTY POTTY: ASSESSING DIGITAL MARKETING CAMPAIGN DATA

John Dinsmore wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e) cases@ivey.ca; www.iveycases.com.

Copyright © 2018, Ivey Business School Foundation

Version: 2018-01-31

In October 2015, Squatty Potty's chief executive officer Bobby Edwards launched the first viral video campaign in the company's history. In terms of cost, it represented the largest single marketing promotion ever for the company's home remedy for constipation—a foot stool that made going to the bathroom more ergonomic. Further raising the stakes of his decision, Edwards's three business partners—his mother, his father, and Lori Greiner, a retail magnate and star of the television show *Shark Tank*—had reservations and objections about the campaign. The partners worried that an irreverent viral video could be expensive, ineffective, and even offensive to the target markets.

For the good of the business, the strength of the partnership, and the efficacy of future marketing efforts, it was critical that Edwards be able to provide credible proof of the campaign's efficacy. In addition, his ability to critically assess the strengths, weaknesses, and outcomes of the campaign would provide precious insight to shape future promotion campaigns, both online and offline.

THE MARKET

It had been estimated that in the United States, constipation affected 19 per cent of all adults¹ and 29 per cent of all children.² And the risks posed from long-term, chronic constipation were severe, requiring significant medical interventions such as surgery. In 2011, over-the-counter remedies for constipation generated \$1.3 billion³ in the United States alone.⁴ Although this was a significant figure, it did not include un-diagnosed or un-treated cases, prescription drugs for constipation, medical devices related to constipation, doctor visits, hospitalizations, surgeries, or treated conditions related to constipation such as hemorrhoids, incontinence, and fissures.

¹ Karen Pallarito, "Constipation May Lead to Other Problems," US News & World Report, June 28, 2009, accessed September 4, 2017, <http://health.usnews.com/health-news/family-health/brain-and-behavior/articles/2009/06/28/constipation-may-lead-to-other-problems>.

² Shaman Rajindrajith, Niranga Manjuri Devanarayana, Bonaventure Jayasiri Crispus Perera, and Marc Alexander Benninga, "Childhood Constipation as an Emerging Public Health Problem," *World Journal of Gastroenterology* 22, 30 (August 14, 2016), doi:10.3748/wjg.v22.i30.6864.

³ All currency amounts are in U.S. dollars unless otherwise specified.

⁴ "Laxatives OTC Revenue in the United States from 2011 to 2016 (in Million U.S. Dollars)", Statista, accessed September 4, 2017, www.statista.com/statistics/506583/otc-revenue-of-laxatives-in-the-us.

There was an enormous market for medicine or, in the case of Squatty Potty, medical equipment to address constipation. In fact, the device was not just relegated to people with gastrointestinal issues. It had a clear application as a preventative measure for health-conscious households. And while constipation affected all walks of life, the purchase of these solutions was typically driven by women—specifically mothers—who accounted for 70–80 per cent of all household purchases. The average age of a first-time mother in the United States was 26.⁵

The Edwards family saw an untapped potential in this market. The barrier to much of this market was overcoming the social stigma related to discussing colorectal health. Constipation and bowel movements were highly intimate topics that most people had difficulty discussing or admitting to, even with their doctors. “We were talking about a subject that nobody wanted to talk about. I’m still embarrassed to talk about it,” admitted Edwards’s mother, Judy.⁶

However, the culture was evolving, as Edwards explained: “When you had cultural icons like Oprah Winfrey and Dr. Oz talking about poop, it meant something. The personal embarrassment of the topic was being overtaken by recognition of constipation as a significant health issue.” There was an opportunity for Squatty Potty—if it could artfully create a good fit for its market, product, and promotion. Doing so required not only identifying the right markets and marketing channels, but also the right messaging.

A BUSINESS BUILT ON A HOMEOPATHIC CURE AND EARNED MEDIA

In 2011, Edwards and his parents, Judy and Bill, started a business based on a home remedy for constipation—a foot stool that allowed people to put their feet up while going to the bathroom.

Having suffered from hemorrhoids and constipation for years, Judy had begun to use a footstool to prop up her feet while on the toilet. She found that the elevation of her feet brought her into more of a squatting position, which made going easier. Over time, she also found that her constipation had eased and her hemorrhoids had disappeared. After his mother’s prolonged use of the stool, Edwards fashioned a footstool customized to Judy’s particular need—with foot spaces on the top and a shape that conformed to the toilet, enabling it to be tucked neatly away when not in use.

The efficacy of the home cure, and Edwards’s enhancements to it, convinced the family that there was likely a significant need for such a product. Together, they pooled \$35,000 of their own funds, and the Squatty Potty was born. Their funds covered initial production of wooden units to retail for \$74 each, plus \$20 for shipping. However, there was no money remaining for marketing. Edwards had a background in graphic design, so he built the company’s website himself. Otherwise, the Edwards family had to figure out ways to market their product without spending any money.

With no marketing budget, Squatty Potty had to focus on media sources that were earned, rather than paid, as Edwards explained:

We reached out to what we thought were influencers in the health world who were accessible to us. By accessible, I mean, anyone with an online audience of 30,000 or more, but not who were not so big that we couldn’t get noticed by them. These influencers posted online content about health-related issues in blogs, Facebook pages, or YouTube channels about parenting, nutrition, fitness,

⁵ Alexandra Sifferlin, “Average Age of First-Time Moms Is Higher than Ever,” *Time*, January 14, 2016, accessed September 5, 2017, <http://time.com/4181151/first-time-moms-average-age>.

⁶ “Mom’s Constipation Turns ‘Squatty Potty’ into \$30 Million Cult,” YouTube video, 2:58, posted by CNBC, August 24, 2016, accessed September 1, 2017, www.youtube.com/watch?v=h4piYvQ_NYk.

and so on. We initially sent 50 of these influencers a Squatty Potty along with a note explaining what it was. We heard back from about 30 them, indicating an interest in posting about the product. Some of them had even already been using a footstool in their bathroom!

The first influencer to respond was a vegan blogger in the Washington, DC area with approximately 75,000 followers. Squatty Potty's website had been receiving an average of 30 visitors per day. After the vegan blogger's post, the website received 15,000 visits. Of those visitors, 300 (about 2 per cent) purchased approximately \$28,000 worth of Squatty Potties. Other influencers began to post information about the product, generating similar results.

As momentum for the product began to build with online influencers, some mainstream media outlets began to take notice on the product. A year after launching the company, the Edwards family received a phone call from a producer of *The Dr. Oz Show*, a syndicated television program that had an audience of 2.9 million daily viewers.⁷ The producer said that the star of the program, Dr. Mehmet Oz, was going to discuss the product on the show. The producer asked Edwards, "Are you ready for what's going to happen?" A burst of sales was imminent. The timing was ideal because Squatty Potty had begun production of a plastic model of the product, bringing the price point down to approximately \$30 per unit.

Later that year came the product's most widespread influencer. In November 2012, Robin Quivers, the co-host of the highly popular and influential satellite radio program *The Howard Stern Show* began discussing the product on the air. A health and nutrition enthusiast, Quivers advocated for Squatty Potty as a means to improve colorectal health, while the program's star host Howard Stern teased her about her own use of the product. The banter produced an engaging and influential segment. In the ensuing 24 hours, approximately \$40,000 worth of product was sold.

Squatty Potty took on a life of its own on the radio show. Over time, celebrity guests including Sally Field and Jimmy Kimmel would spontaneously thank Quivers for helping them discover the product. It became clear that Squatty Potty needed to complement the earned media attention on the radio show with paid advertising that included Stern and Quivers doing on-air reads of advertisements. Given the benefit of the product and the explicit nature of Stern's humour, 30-second on-air reads lasted over five minutes as the show's cast improvised on their own use of the product.⁸

SWIMMING WITH SHARKS

By 2014, Squatty Potty was enjoying earned media coverage that would make even the most successful company envious. The company was on track for \$6 million in annual sales in its fourth year of business. But there were significant barriers the company still had to overcome—namely, retail distribution, as Edwards explained, "We had done amazingly well via direct, online sales, and through Amazon, but we still could not achieve traditional retail distribution. I was flying all over the country to pitch this product to retailers and they just didn't know what to do with our product—who would buy it or how to market it."

The next promotional goal for the Edwards family was to appear on the television program *Shark Tank*, a very successful show where budding entrepreneurs would earn the opportunity to pitch their new business start-up to several famous venture capitalists for investment in the company. Edwards was eager for the opportunity: "If we were able to get on the show, at the very least, the publicity would generate enough

⁷ Alex Block, "'Dr. Oz' and 'Ellen' See Ratings Growth, 'Kelly & Michael' Topping 2011 in Demo," *The Hollywood Reporter*, November 7, 2012, accessed September 2, 2017, www.hollywoodreporter.com/news/dr-oz-ellen-see-ratings-387407.

⁸ "Howard Stern Show—Squatty Potty on The Howard Stern Show," YouTube video, 5:41, posted by Rachele Latoria, February 3, 2016, accessed December 12, 2017, www.youtube.com/watch?v=77e5EmYCXdA.

sales to justify the effort. But we also thought the publicity and the potential influence of one of these celebrity entrepreneurs might open doors with retailers.”

Edwards and his mother Judy won their bid to appear on the show. During their appearance, Lori Greiner, an extremely successful consumer products entrepreneur with significant retailing experience, agreed to invest \$350,000 for a 10-per-cent stake in Squatty Potty.

The night the episode aired, Squatty Potty received 158,000 visitors to its website. Within 48 hours, the company sold \$1 million worth of the product. Almost immediately, the company, with its new partner, was placed in 1,100 Bed Bath & Beyond stores with large, end-cap displays featuring Lori Greiner and an “As Seen on Shark Tank” banner. In the three months following the broadcast, the company was on track for \$12 million in sales.

GOING VIRAL WITH A CONSTIPATION CURE

Squatty Potty had completed a dizzying run fuelled mostly by earned (rather than paid) promotion. Despite achieving a real coup in the earned media world, however, Edwards still felt that the company was only reaching a small portion of the potential audience:

I had seen viral videos for a number of products that had been successful. And I knew that the nature of our product could lend itself to some really funny concepts that had the potential to go viral. The goal was to educate consumers on the product benefits more than you could in a 30-second ad or a blog post. I wanted a long-form ad or infomercial in an era where nobody watched infomercials anymore.

Viral online videos were increasingly becoming a core promotional tool for companies. The viral video phenomenon promised high brand exposure for the money, a high level of engagement by viewers thanks to the opt-in format, and greater transparency of consumer behaviour via the digital platform.

However, the virality aspect of the video was not guaranteed. It was entirely possible that despite spending significant amounts of money to produce a video, it could just fall flat. The video might have no audience or, even worse, it could offend people and have a negative impact on the brand.

On the other hand, advertisers had more certainty of exposure when placing a television commercial. They knew, within a high degree of certainty, what audience demographic was expected for a television show. There was a common misconception that videos were typically recorded spontaneously and then naturally shared by numerous viewers (becoming viral) across the Internet. In fact, the large majority of videos that became viral were professionally produced by advertising agencies and backed by paid promotion. The promotional campaign would generate a critical mass of online sharing, which would further generate sharing exponentially. Leading advertising industry publication *Adweek* began charting top viral videos based on the dominance of corporate or agency produced videos.⁹

While the Squatty Potty product did lend itself to funny promotional ideas, there were two major risks. First, the cost quoted by advertising agency Harmon Brothers was \$250,000 to produce the video plus substantial paid promotion of the video to help it go viral. This represented the largest single largest marketing expenditure in Squatty Potty’s history. Second, striking the right creative balance was difficult. The video needed to be funny but not offensive, and educational and informative but still entertaining. If a video was deemed overly crude, it might generate negative publicity and de-legitimize the product within a conservative health care industry where Squatty Potty was attempting to become a mainstream medical device.

⁹ “Viral Videos,” *Adweek*, accessed December 13, 2017, www.adweek.com/tag/viral-videos.

These two factors raised some concerns among Edwards's partners, but the partners ultimately deferred the decision to Edwards and the project proceeded. Squatty Potty produced three videos, of which one would be chosen as the best hope to become viral and the other two would be rejected. As Edwards explained, "Two of the concepts that were funny on paper turned out unfunny and gross in production."

"I SCREAM, YOU SCREAM, AND PLOP, PLOP BABY"

The chosen concept was entitled "This Unicorn Changed the Way I Poop." It featured a medieval prince extolling the virtues of Squatty Potty next to a unicorn defecating soft serve ice cream. The concept seemed absurd at first, but it did have a strategy behind it. As Daniel Harmon, the creative director of Harmon Brothers, explained, "The big challenge for us was to take the gross world of the colon and take it to a place that was clean and fantastic and friendly and approachable."¹⁰

Instead of watching or describing a person attempting to defecate, which was offensive to most people, they used an adorable creature that existed only in fantasy—a unicorn. Instead of seeing or describing fecal matter, the video instead used something with universal appeal—ice cream. Hemorrhoids became ice cream sprinkles and so on. The prince spoke with a British accent, offering an additional element of levity and detachment from an embarrassing topic, while making a clear case for using Squatty Potty.

The result was a three-minute video that Edwards and the creative team found absurd, hilarious, informative, and persuasive. The agency tested the video with focus groups prior to release and found that they were not alone in their assessment. Squatty Potty and Harmon Brothers agreed to release the video online and initiate a promotional campaign to generate viewing (and, hopefully, sharing) of the video. The campaign featured significant paid promotional assistance in the form of "boosted" appearances of the video in YouTube searches and Facebook newsfeeds. Additionally, the videos were coded with tracking pixels to determine when a video viewer made a purchase online, either directly from SquattyPotty.com or through Amazon.

On October 1, 2015, the video and its promotional campaign were launched on Facebook and YouTube.

ASSESSING THE CAMPAIGN

Whether a success or failure, a digital campaign of this magnitude did provide one important factor—data. Squatty Potty compiled all the data generated from the unicorn promotion, from the beginning of the campaign through the end of 2016 (see the student version of the Excel spreadsheet file, Ivey product no. 7B18A002).

Edwards needed to consider several aspects of the campaign. First, he needed to quantify to his partners the returns of the promotional expenditure—both financial and non-financial. Second, he needed to assess if the typical response to the promotion was from the "mom" market the company had been targeting. Third, assessing the campaign also required determining if there were limitations to the data it provided, and if data collection and feedback could be improved in future campaigns. Fourth, Squatty Potty needed to learn from the campaign's results and decide how to use those lessons in future promotions.

There was much to learn from the unicorn promotional campaign. Once that assessment was conducted, the knowledge would be essential for determining the next steps for Squatty Potty's marketing.

¹⁰ Derral Eves, "Extended Behind the Scenes—Squatty Potty's Unicorn Ad," YouTube video, 21:10, posted by Derral Eves, October 29, 2015, accessed September 3, 2017, www.youtube.com/watch?v=thI3wBOJFjw.