

Lenox Powell: Welcome to Outperform: The Acceleration Partners Podcast. My name is Lenox Powell and I'm the Content Marketing Manager here at Acceleration Partners.

Today I have the honor of speaking with Mike Filbey, Co-Founder of ButcherBox. Before Mike explains what ButcherBox is and does, let me first share some impressive numbers. Mike and his Co-Founder, Mike Salguero, started ButcherBox just over two years ago with \$25,000 in Kickstarter funding. In that short time, they've grown the company to over \$30 million. Unbelievable.

Mike, welcome.

Mike Filbey: Thank you so much. Thanks for having me.

Lenox Powell: We're thrilled to have you on our podcast. So tell us about ButcherBox.

Mike Filbey: ButcherBox delivers 100% grass fed beef, organic chicken, and Heritage breed pork directly to your door. It's basically your meat for the month in a box.

Lenox Powell: Okay. You got to tell us, what was the inspiration for starting this type of business?

Mike Filbey: My partner and CEO, Mike Salguero, is really the brainchild behind the idea. His wife was pregnant, turns out with twins, and he was looking for healthy meat to feed the kids. He wasn't satisfied with what was at his local grocery stores, even Whole Foods. Just wasn't satisfied with the assortment, also just didn't trust the quality of the meat, so he wanted something better.

He ended up having to source from a farm all the way up in New York, and via quarter cow, carried it back in a bunch of Hefty bags via chest freezer, put it in his basement. It was basically too much meat, so he ended up selling it to some of his friends, also in trash bags, kind of like a drug dealer. A couple of his friends were saying, "Hey, wouldn't it be great if we could just get this in the mail delivered right to our door? We wouldn't have to come to your house and walk away with a trash bag full of raw meat." That got him thinking about an opportunity. He did some research. We launched the campaign on Kickstarter. Yes, set out with a goal of raising 25K, as you said. Ended up raising over \$210,000. That was really indicator to us that there was demand for the service. Since then the growth has been very strong.

Lenox Powell: That is some serious dedication to quality meat.

Mike Filbey: It is.

Lenox Powell: I've never heard that kind of story before.

Mike Filbey: And your wife.

Lenox Powell: Right. Yeah, and your kid. All of it. 'Cause I think I'm dedicated. People are like, "Oh, you eat chicken?" 'Cause I was a vegetarian for years, probably about a decade at least, and I guess they call it lacto-ovo. I would do some eggs and fish. It was harder to find quality fish, I mean over fishing and the seas. Just in the past, gosh, four years, five years, I've started incorporating chicken. A lot of people have known me, they're like, "Oh, you're a vegetarian. I know you don't eat that." I'm like, "Well, I eat chicken but ... " Right, there's always the but, because they're like, "Oh, you eat chicken." I'm like, "Well ... " then I'm this high maintenance person, "Well, it's hopefully free range, and organic." I mean, it's like Portlandia, "Do you know the chicken's name?" [inaudible 00:03:21].

Mike Filbey: Yeah. Lots of good stuff.

Lenox Powell: I totally appreciate the fact that he was so committed. How did you get in ... Have you and Mike known each for a really long time? Or how did you guys partner up?

Mike Filbey: I dropped out of college to continue running a startup company, that I actually started senior year of high school. I did that with a couple buddies I met at Wisconsin-Madison. They also dropped out. Did that for a few years in Boston. During that time, Mike Salguero was one of our advisors. The company that I was running, which is called Canary, wasn't go where I was hoping it would, and some people from my team had to leave. Things just weren't moving in the right direction. It was a similar experience for him at CustomMade, where he was the CEO.

He came to me one day and he said, "Hey, I have this crazy idea to ship grass fed beef in the mail. Are you interested?" At the time I was shopping myself around, looking for some sort of opportunity in the startup world. Frankly, a little nervous as to what I was gonna do next, because I had just spent five years building a startup, and it didn't work out. Decided to go with Mike 'cause he was someone I really trust. But at the time, to be honest, I wasn't super interested in meat. It was more so just that Mike was someone who I trusted, well respected entrepreneur in the area, and I was confident I'd learn a lot working with him. That's really why I opted to join Mike and start ButcherBox together.

Lenox Powell: There are people who would, I mean, who are going in and getting degrees in entrepreneurial type of business, and you get actual in the fire, in the trenches, experience. That's incredible.

Mike Filbey: Yeah. It's been fun. I think it's definitely the cheaper way of doing it.

Lenox Powell: Have you always been an entrepreneurial minded ... Sounds like it. I mean, if you had your first business in high school?

Mike Filbey: Yeah. Senior year of high school is when, started my first company. It was very small at that time, but you got to start somewhere.

As a kid, I would do lemonade sales, bake sales. I also would sell Pokemon cards and Digimon cards at recess. I actually still have ... People come up to me when I go back to my hometown and say, "Hey, you're the kid who ripped me off on that whole [inaudible 00:05:31]." You wouldn't believe it. It happens every month I go back. I have a bit of a reputation for wheeling and dealing around the playground. Just always selling things.

Lenox Powell: Manipulating the market.

Mike Filbey: Yeah. I always wanted the newest, shiniest thing. To do that I needed to sell the old stuff that I'd worn out.

Lenox Powell: So many kids today are like, they just ask mom and dad. But you're like, "Let me figure out a way to do this." That is impressive, that that just seems like it's in your DNA to have that kind of mindset.

Mike Filbey: Yeah. Definitely have been hustling since day one.

Lenox Powell: That's awesome.

You and Mike come together. He approaches you, "Hey, do you want to sell meat online?" How did you guys decide to set up the marketing structure of ButcherBox?

Mike Filbey: Sure. We were trying to sell something that's hard to sell for two entrepreneurs who know nothing about food, and have no food background. A box full of raw meat in the mail, on a subscription basis that costs \$129 each month. We knew that if we were gonna effectively sell a lot of ButcherBoxes, we'd have to come from a position of authority. We didn't have the credibility we needed to sell ourselves, or really sell effectively.

We tried Facebook ads, we tried Google ads, we tried PR firms, and we also tried working with this influencer name Chris Kresser, who is considered the godfather of paleo. The return on investment with the email blast that Chris Kresser sent out to his fans was infinitely higher than the return on investment we were getting through these other acquisition channels. I mean, it was dramatic. That really told us out loud, influencer marketing is something that we should really invest in and maybe shut the door on some of these other channels for now, because this is working so well, it's paid for performance, we don't have a lot of outside capital, we haven't raised any outside funding besides what we did with Kickstarter, which is non-dilutive. It really was a win-win in a lot of ways for us.

It was basically just experimenting with a few channels, and then it was clear that influencer marketing was a winner, so we wanted to do more of that.

Lenox Powell: Challenges, what ... 'Cause influencer marketing has been around forever. Word of mouth marketing really is influencer marketing at its most primal state, but a lot of companies are like, "Hey, this influencer marketing, it's so hot, it's so sexy. But how do we measure it?"

What are some initial challenges that you guys had with figuring ... How did you know your influencer marketing campaign was successful? What kind of metrics were you looking at to determine that?

Mike Filbey: Sure. Really the only metric that we were looking at was signups, so people actually signing up, purchasing ButcherBox, getting a box every month. We use this system called LeadDyno, which is pretty elementary, but good for getting started. We're now using HasOffers, which has a lot of tracking capabilities beyond what LeadDyno does.

But as far as challenges, in the early days, it's hard to get these influencers to promote your product. They have a brand to protect, and there's a lot of products that come to these influencers asking them to promote them, and they can really pick and choose whoever is gonna pay them the most, whoever has the best product. For us, it was really just getting a few. Getting a few people like Chris Kresser, Mark Sisson, and it was a bit of a domino effect from there. But no one ever really wants to be first. Certainly owe a lot to Chris and his team, as well as other people like Mark Sisson, in taking a bet on us. But we do pay our affiliates well. I think that's important.

I think it can be overwhelming when you're getting into influencer marketing 'cause you don't know what's gonna work, and what

specific things you want to measure, whether it's email capture, or signups, impressions, but for us it's all about the email newsletter that's really the only thing that we try to do with influencers. It's the best bang for the buck for ButcherBox at least, 'cause it's a product that you have to sell. A lot of people don't know what grass fed beef is, so it's hard to communicate that and really sell it effectively via a Facebook post, or an Instagram post. Whereas email has enough space for you to communicate why you should eat healthy meat, why the meat you're eating today probably isn't healthy, and here is a great solution that I personally have tried and recommend.

Lenox Powell: Chris, since he's considered this found of paleo, would possibly fall into the category of macro influencers.

Mike Filbey: Correct.

Lenox Powell: Is that mainly who the kind of influencers you work with, are macro? Or do you work with any micro, or celebrity?

Mike Filbey: Mostly we work with macro influencers. It is challenging finding those influencers as well finding those influencers who will work on a pay-for-performance basis. See pretty much all of our influencers are pay-for-performance, so they're only getting paid when they've actually selling to customer. We do pay them well, and we do have a team here that makes it really easy for them to promote us, giving them email swipe, giving them image assets, giving them strategy advice on how to sign up as many customers as possible. That's how it works here. It works well.

Lenox Powell: Yeah. Let's talk about pay-for-performance. That's really unique in influencer marketing. It's the entire model for affiliate marketing. There is a lot of crossover between the two. Most affiliate marketers and agencies and companies are like, "Yeah, yeah, yeah, you influencer marketing people. We've been doing this for over 20 years, and you come in and think you're all that."

It's interesting because that's always been the criticism of influencer marketing from an affiliate type of model. So yeah that's great, but how are you tracking, especially bottom of funnel metrics? You might be able to look at your analytics and see maybe if you're just looking at brand awareness, but how are you knowing if they're actually helping contribute to driving a sale?

Your model, what you guys have done is very unique because most influencers, for those who either don't know, is most influencers they expect payment upfront. How did you guys flip

that to say, "We want to do influencer marketing. We really want to work with you wonderful macro influencers. But we really want to use the affiliate model," and affiliate model which they probably aren't familiar with that, "but we want to use this pay-per-performance model to pay you." How did you convince them?

Mike Filbey:

Yeah. I credit a lot of that to our team. We have a really good head of partnerships named Dan. Often times it has to be done over the phone. It's really hard to communicate that kind of system over email. With any big influencers, we always try to get them on the phone and make it as personable as possible, especially with the macro influencers. Building their relationship is really important.

But how we often frame it is, "We want this to be a win for both of us." It's easier now that we've worked with some of the top influencers in health and wellness, and we can site their success working on a pay-per-performance basis. But in the early days, it was really the quality of our product carried us. People were willing to take a chance with us, and we were confident in the engagement of their email lists, that they would try out one campaign, and see how it went.

For most of these macro influencers, when they've tried out one campaign, and again this is like an email newsletter, it's worked very well, as far as return on investment. Often times they're making more than they ask for upfront. But for us, it's great because we don't have a massive war chest of cash. Everything that we're doing here is bootstrapped. Cash flow is something that we pay attention to. The more pay-for-performance type marketing we can do, the better. It's really a win-win for both.

Then there's also the benefit of course of the credibility that working with these people, like Mark Sisson, and Chris Kresser, the credibility it gives to your brand, which is a significant value. It's not just the customers you're acquiring, it's also what it's doing for your brand image, which is a big focus [inaudible 00:13:32].

Lenox Powell:

Yeah. For sure. 'Cause that's ...A lot of people consider influencer marketing as really brand awareness, but what you guys have proven is how significant it can be to driving sales.

Mike Filbey:

Yeah, I mean 40% to 50% of our customers to date have come from these macro influencers.

Lenox Powell:

Wow. That's incredible. Tracking, let's talk about that. In the affiliate model tracking is all what it's about. Every single

affiliate, publisher, it's all synonymous, they're given a tracking link that is theirs from either a SaaS platform or an affiliate network. They're the ones who handle the technological aspect, and the affiliate partner gets this tracking link, and that's how the whole process works for a company to be able to know this affiliate's doing this, this affiliates doing that, they're driving this much revenue. To be able to pay them promptly and efficiently, what are you guys doing for tracking?

Mike Filbey: Yeah. Initially we used LeadDyno, which was a little hairy at times, but was okay for getting going. Then we upgrade to HasOffers. That really has been a great platform for us. We have two women named Tori and Margo, and they're our two campaign managers. They're the most familiar with HasOffers, they're spending the most time in it. They're responsible for building these relationships with our influencers, and helping them sign up a lot of customers, and make a lot of money, frankly. They both do a great job.

HasOffers, we can create links for specific promotions they're doing. They have their one general affiliate link that they get when they sign up. We can do filtering so that we're not fraudulent people trying to join our affiliate program. There's a good amount of functionality there, truthfully, a lot of which I'm not privy to, 'cause I'm not in the day to day there. But I know that our team has very happy with HasOffers as a way to track all of this.

Lenox Powell: It's interesting because you've referred to these macro influencers as both influencers, affiliates, and partners. Because that's true. Everything you are doing is this model that we refer to, at Acceleration Partners, called performance partnerships. It's not really about the label, it's really about the relationship, what's being done, how people are getting paid, how the relationship is managed, both from a service side and a technology side. But that's interesting 'cause you do refer to it as an affiliate program, or your affiliates, but yet you're using technology but you're not using a traditional type of affiliate network, or SaaS platform.

Mike Filbey: Right. Yeah, we use Commission Junction a little bit to start. But beyond that, we're not really using anything like a Commission Junction. The vast majority of our influencers were going out and finding them, or we are asking for introductions from our existing influencers, who really like us.

Lenox Powell: Do you provide them a referral fee if they pass somebody on?

Mike Filbey: Yeah. We typically do. It's funny, a lot of them are happy doing it without one, and almost prefer it that way. It depends on the

influencer. We're more than happy to compensate people for making valuable introductions. But that's something we're still working on. We actually have an off-site next Friday to talk about that.

Lenox Powell: Yeah. There's this constant evolution of that balance between bringing on new partners consistently, how to do it, all the different strategies. That's the same thing with if you have a large corporation, and they might have an affiliate in-house program that oversees that larger strategy, but then they work with an agency to deal with the day to day, and a lot of times they forget, we have to constantly be prospecting for these publishing partners because it's not ... They're kind of like, "Oh, our company is so amazing. They're just gonna come to us like bees to honey." That's not really how it works is it?

Mike Filbey: It's not. You really have to go find them. We've had very, very few macro influencers come to us, wanting to get involved in our program. There have been some, but it's really us going on to them. I think that's just a supply and demand thing, these big influencers are getting opportunities every day to promote new products, and make a lot of money doing so. We need to get their attention.

Lenox Powell: Do you use some influencers that you're reaching out to, that you really love to work with, push back on the pay-for-performance model?

Mike Filbey: Yeah. Absolutely. Especially if we didn't have a introduction from an existing influencer who's really happy working with us. I think part of it is just that it's new. A lot of them aren't familiar with doing a dedicated email blast. What we typically recommend is doing actually two or three dedicated emails within a seven day campaign. We find that's, really rushes it.

Often what we'll say is, "Let's try one out, and if need be, we can do some sort of hybrid thing where we give you some cash upfront, as well as something on the commission side." For example, we'll give you \$3,000 to sign up for this dedicated email, and you'll get \$25 for each customer you sign up. Whereas, normally maybe we'd offer them \$35 for each customer they sign up. We add that bounty upfront to curb the risk on their end, and a few folks have taken us up on that 'cause we understand that they're taking a risk promoting us, and we want to make it worth their time. But they do have to be open to trying it. Thus far, most of them are.

Lenox Powell: That's super smart. We have a program internally called AP Influence, and that is our influencer marketing program in a pay-for-performance or affiliate model. That is what we found too, is

so many influencers are used to being paid a chunk upfront. The concept of them getting paid after they've proven themselves is foreign. We understood that and we wanted to meet them half, and so we have a structure we call the Performance Plus, which is some might get a free product upfront, plus commissions on the backend. Some might get paid a chunk upfront, plus commissions on the backend. Some might get all three, some money upfront, plus product, plus commissions on the backend. It's really meeting them in the middle and saying, "Hey, what can we do? We really want to work with you. What can we do to make this work?" But it's like any relationship, it's a give and a take. It sounds like you guys have really nailed that model.

Mike Filbey: Yeah. To your point, it definitely is a give and a take. We don't come in with, "Hey, this is the only way that we do it." We want to listen to them first, and hear how they like to work, and then we try to mold our commission structure into what they're familiar with and what they'd like to do. We always listen first.

Lenox Powell: ButcherBox went from quality beef in a bag, to you guys are doing all kinds of other types of meats. What else are you guys doing now?

Mike Filbey: Yeah. It's 100% grass fed beef, and grass-finished. It's organic chicken, and we're soon likely going to be moving to pasteurized chicken, so chickens that have just range free on pasture. They're never really inside. The problem is when we tried introducing it in the past, some people didn't like the flavor, 'cause the birds are a little tougher, just because they're stronger, they do more walking around. Then also we have Heritage breed pork, which is basically just an older breed of pork, instead of crossbreeding, which typically happens today and results in dryer pork. We use an older breed where they also have room to move around and are humanely raised.

But really, everything we're trying to do is in this movement that we created called Back To Nature. It's sourcing meat just as nature intended. No antibiotics, no hormones, they can move around just as they naturally would, there's no tail docking or any suspect stuff like that which happens all the time in the conventional meat industry. It's really just a return to how things used to be. We're almost simplifying it in a way.

Lenox Powell: I love that. I can absolutely see why people who are real advocates of clean eating, especially paleo, would be really attracted to that kind of product.

Mike Filbey: Yeah. Paleo has been big for us. It's as nature intended. It's not all these chemicals, it's not these steroids to fatten them up, and make more money, and speed up the lifecycle. It's just doing

things as they should be done. The U.S. has room for improvement there. We're actually sourcing the majority of our beef today from Australia, because in Australia 70% of the cattle are 100% grass fed, and grass-finished. Whereas in the U.S., it's 1% to 2%. It just shows you that there's certainly people in the U.S. who are doing it right, but it's been a challenge finding people in the U.S. who are doing it right at scale. That's why we've had to go to Australia to source some of our beef.

Lenox Powell: Wow. And there's so much education involved.

Mike Filbey: Exactly. Yup.

Lenox Powell: You guys have to stay up on it so you can thoughtfully educate your partners, your macro influencers. Just your influencing partners, you have to educate them so that they can educate their audience. It sounds like you guys are really ... How do you guys keep up on that? On all these changes and what countries are doing this [inaudible 00:23:27] the other, good, bad, and ugly.

Mike Filbey: It's really conversations on the phone with people really deep in the meat industry, and then going out to the farms. Our head of meat procurement and my partner Mike flew out to Australia for a week last month, actually went to the farm that we're sourcing from.

Lenox Powell: That's a tough job right there.

Mike Filbey: It is a long plane ride. I heard [crosstalk 00:23:49] [inaudible 00:23:49] ...

Lenox Powell: It's true.

Mike Filbey: ... about the plane ride. I think you watch five movies, which that's okay I suppose.

This guy we hired, Mike Billings, is really incredible. He has over 25 years of meat and seafood sourcing experience. He ran all the meat buying for BJ's Wholesale Club. He really knows his ...

Lenox Powell: The BJ's restaurants?

Mike Filbey: Sorry. It's kind of like Costco, but it's more of an east coast thing. I think it's called BJ's Wholesale Club. I know my parents used to be members. I used to push the shopping cart there, [inaudible 00:24:26] video games.

But yeah, between the expertise that he's bringing and then all the work that Mike and our head of operations are doing, going to all these facilities, talking to all these ranchers, talking to people deep in the meat industry, we're learning really fast and frankly we have to be learning really fast to keep up with the pace of growth.

Lenox Powell: It's wonderful that you have people who are so passionate and committed, 'cause that's what you need for the type of business that you guys are doing and sharing with the world, passion is definitely the blood that run through it.

Mike Filbey: Yeah, absolutely.

Lenox Powell: For lack of a better word.

Mike Filbey: It's not a toy, it's food that's going in your mouth and you're feeding it to your kids. There's a really big element of trust here, which is why we do everything we can to source responsibly and bring in the best people when it comes to sourcing and operations, and just continuously educating ourselves, educating our partners, educating every new employee who walks through the door. It really does take a lot of education because most people don't even know what grass fed beef is. They don't know that 97% of the cattle in the U.S. are grain fed and come from feed lots. That's part our job and then that's part the job or the role that our influencers have played because we might know this information, but we don't have the authority, the credibility and the audience. That's where influencer marketing has been key.

Lenox Powell: And you want to make sure they're brand aligned. That's another ... 'Cause you obviously wouldn't want someone who would just sell any kind of paleo product, but you want to make sure that they are also just as committed as you guys are, to sharing such quality products with their readers. How do you screen for that? How do you make sure that they're not all of a sudden gonna be promoting some other company that ...

Mike Filbey: No, that's a good question. Truthfully, it hasn't been that much of a problem to date, but just thinking about it out loud when you asked the question, I feel as if we have this natural filter in place because everything is pay-for-performance. The affiliates who work with us or the influencers, they really need to be bought into our mission. They really need to be onboard with what we're trying to do here. I think that just naturally does a really good job weeding out the people who are just trying to make a buck.

Lenox Powell: What advice would you give, or might you give, to other startups or entrepreneurs on how to establish and grow their business with performance partners like this?

Mike Filbey: Yeah. I would say it starts with looking at who your customer is, who really needs your product. For us, we wanted to go after people who follow the paleo diet because if you follow the paleo diet, you need to eat grass fed beef, so you need what we sell. Rather than if you like running, or if you like crossfit, or if you like cooking. It's really looking at who is that customer that'll be least expensive to acquire, who will require the least education, and going after them. As far as doing that through the lens of influencer marketing, it's then looking at what influencers are in the paleo space that have a lot of authority and have a large audience, or at least a engaged audience.

It's sending them your product, it's maybe sending seven emails in a month, doing whatever you can to get their attention in a polite way, but persistent. To what I just alluded to, I think you should always send them your product, 'cause they're not gonna promote your product unless they've tried it. Their value is in the trust that their community has in them as a thought leader. We always start off by sending free product to any big influencers. We want them to try it, and get on board, and ask us any question if they have them.

It's really all about going after the low hanging fruit, which again, is people who need your product, don't just want it, and then finding the influencers who have a lot of credibility to get that message out.

Lenox Powell: That's great advice. I really could talk to you all day about this topic, 'cause it's fascinating to me. I love what you're saying like look if you're really gonna say you're paleo, that means something. That's not just eating meat and eating veggies. It really means getting as primal and back to nature as you possibly can. I love that you said that, as far as a real need with the product, and yours definitely fits that bill.

How can our listeners learn more about ButcherBox?

Mike Filbey: Well our website is ButcherBox.com. We've recently started a blog, where you can learn a lot about our founder and CEO Mike Salguero, as well a little bit about myself, and the rest of our team, the challenges we face. You could read about the landscape of the meat industry, especially the cattle industry. If you want to try out a box, you can use the code PERFORMANCE30, that's PERFORMANCE in all caps, and then 3-0. That's PERFORMANCE30 and you'll get \$30 off your first box.

Lenox Powell: That's awesome. Mike, thank you for taking the time to join us today to talk about ButcherBox, and what you're doing, and the success you guys have had structuring your influencer partnerships on a performance basis. How you've done this is exactly what we mean when we refer to performance partnerships. Aligning your brand and business goals with the right partners, and then establishing a process that makes it possible to track their efforts and results in a really transparent way. Your business model is an inspiration, not only how you're structuring your marketing, but the product you are offering consumers is, not that I want to have you have a lot of competition out there, but there's not enough companies doing what you guys are doing. We truly wish you much continued success.

Mike Filbey: Thank you. Appreciate that.

Lenox Powell: To our listeners out there, we'll be sure to include links to ButcherBox's site, as well as some other helpful resources, certainly the link with the \$30 off, is that correct? \$30 off?

Mike Filbey: Correct. Yup.

Lenox Powell: We'll include that link and a link to their blog, so you can learn more about ButcherBox, what they're doing, and definitely encourage you to try out their product. It's incredible.

Until next time, thanks for listening and keep outperforming.