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FactSheet

The Arizona Investment Pack targets the 100,000 Wealthiest Arizona Investors

Background: The U.S. Congress recently passed the J.O.B.S. Act (*Jumpstart Our Business Startups Act*), which reversed an 80 year old ban on general solicitation and advertising in the Federal Securities Law for privately placed direct investments. The U.S. Securities Exchange Commission (SEC) passed and proposed several new rules (e.g., *Rule 506c*) implementing the new law. The rules in part provide that any allowable general solicitation or advertising must provide for sales to only “*Accredited Investors*” which is defined in SEC Regulation D as generally including wealthy individuals with net worth’s in excess of \$1,000,000 and/or individual annual income in excess of \$200,000 annually (\$300,000 for married couples). Accordingly, beginning in the Fall of 2013, for the first time since the Securities Act of 1933 became law, it is now legal under certain allowable circumstances to advertise private alternative investments to the public.



The Opportunity: The new law brings new opportunities. Opening new vistas for facilitating innovative capital formation for smaller firms; it removes barriers between those seeking capital and those with the capital looking to invest. It is estimated that passage of the JOBS Act will result in the ability for startup and emerging growth companies to create over 18,000 new jobs in Arizona alone.



Demographics: The vast majority of Arizona “*Accredited Investors*” are age 55 and above, in stark contrast to the otherwise coveted and heavily targeted youth market. While the consumer youth market well out-spends the Accredited Investors, the older Accredited Investor segment dwarfs their younger counterparts in investment capabilities. According to the *Federal Reserve Survey of Consumer Finances*, Median Family Net Worth nearly doubles from ages 45-54 to ages 65-74. However, Accredited Investors are as a group uniquely old fashioned, generally getting their news from paper rather than digital screens, believing in the sanctity and existence of privacy and preferring to get

their information from USPS mail carriers rather than email servers. We believe most people now targeting the Accredited Investor market because of the JOBS Act changes, are missing the mark by utilizing email, websites and SEO to reach a group many of whom if they have emails at all, exclusively use them to contact their grandchildren. The Arizona Investment Pack targets the 100,000 wealthiest Arizona Investors, the great bulk of whom prefer to get their information from old-fashioned and less intrusive “snail” mail rather than email.



Ad Channel Optimization: In order to optimize advertising to the new market of Arizona Accredited Investors, we performed an exhaustive analysis of both Reach vs Cost and the relative effectiveness of various alternative advertising channels. The viabilities of

mass broadcast media such as radio and TV were quickly eliminated because of the cost to reach such a small market segment. Print media such as magazine and newspapers although effective in certain limited cases, generally also suffer from an excessive cost to reach this limited and specialized audience. As an example, even barring the excessive cost considerations, the Wall Street Journal has only 30k Arizona subscribers many of whom are not Accredited Investors. An analysis of technology based digital advertising, not surprisingly indicated a general non-acceptance and near distrust of the medium by this non-tech savvy older market. Ultimately, direct marketing was generally found to be the most viable and cost effective method of general solicitation to Accredited Investors.



Why Direct Mail: Given a choice between the two available methods of direct marketing, direct mail should prove far superior to its alternative method of telemarketing in effectively reaching Arizona Accredited Investors. Even assuming an ability to overcome the likely inherent obstacle of obtaining accurate telephone numbers, the privacy seeking older Arizona Accredited Investors are not shy about quickly rejecting unsolicited telemarketers. Direct mail should represent the least invasive, highest anonymity protecting method of reaching this market segment. Although, Marketing 506c, Inc has a number of channels it is also pursuing, such as, the Arizona Accredited Investor Magazine and an Investor Expo, first and foremost the initial approach chosen to reach the anonymity seeking and less than tech savvy Arizona Accredited market is via the highly effective channel of direct mail.



Why Co-op Mailing: At a cost as low as .10¢ per delivered printed message, co-op mailings in general and this program in particular are extremely cost effective.

Cooperative mailings became popular as a result of “sharing the stamp” and other costs involved in mailing to a targeted group of people. In addition, to the ability to fully deliver a printed piece for a fraction of the cost of postage alone, co-op mailing offers the added benefit of *Economic Agglomeration*; which is the ability to increase aggregate sales as a result of competitive offers being presented in close proximity to one another. The highly competitive and often characterized as cut-throat business of auto sales is an excellent example of how firms benefit from this economic concept when synergistically located in automalls. Similarly, a select deck of diverse and interesting alternative investments located together in one packet, should have a higher response rate than an easily discarded single purpose financial mailing offer.



The List: Marketing506c has been diligently working since the JOBS Act was signed into law two years ago; compiling, building and refining a proprietary direct mail database of the best list of Accredited Investors available in Arizona. The result is a mailing list of what is believed to be the top 100,000 wealthiest Arizonan investors. This proprietary list is not single sourced and represents an up to date collection of what we believe are the best prospective investors in terms of both capability and inclination to invest and includes not only high net worth and high income individuals but also a blend of top career professionals, known investors representing a systematic cross compilation of a number of variables to make this unbeatable list. Additionally, the Arizona Investment Pack is sent to all Arizona Registered Investment Advisors and Broker/Dealer firms, Arizona Pension & Profit sharing plans, plan administrators as well as a number of other known Institutional Accredited Investors and investment industry opinion leaders.



The Company: Marketing506c was specifically formed in May of 2012 to identify and exploit opportunities presented by the revolutionary changes advanced by the JOBS Act legislation. Combining a team of knowledgeable professionals from the Private Placement/Equity Funding industries together with the marketing/advertising trades, and ultimately partnering with the nation’s largest and Arizona’s oldest high-end cooperative mailing industry leader; we are well positioned to produce and deliver the first and best vehicle for direct solicitation of Arizona Accredited Investors.

The Product: A co-operative mailing pack representing a collection of exclusively diverse and interesting alternative investment opportunities targeted to the elusive Arizona Accredited Investor Market. The Arizona Investment Pack is able to maintain local interest and local availability by focusing on Arizona based funders, and offering prospective investors both the ability to potentially earn higher than average returns while also supporting local businesses and the Arizona economy.



The Rates: Initially as low as .10 per delivered mailing piece; however, as with all our affiliate mailings, numbers are transparently call-tracked through relay numbers which independently confirm call response volumes. Once the particularly efficacy of this new Arizona investor medium is independently verified and quantified, rates are expected to rise accordingly.

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