

[Transcript] My First Million / #81 with Mike Cessario - The Genius Way Liquid Death Sells Canned Water

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

Okay.

Today's sponsor is Quiet Light Brokerage, and they are a sponsor, and yes, I'm getting paid to say this, but guess what?

I've used these guys.

This is how I found out who they were because I'm a customer.

I've used these guys a bunch of times.

So, what Quiet Light Brokerage is, it's a platform for buying and selling businesses.

A lot of times, I just go to QuietLightBrokerage.com and I just look at what companies they have available.

I've actually bought a few of them, and me and a couple of partners, we've actually sold some businesses through there, and I called them up and told them we were doing this podcast and they said, yeah, we're in, we're going to sponsor.

So, this is kind of the best of both worlds because I love it and they're paying us money to say this, which means you win.

So, QuietLightBrokerage.com slash my first million course.

They just launched this really cool course that teaches people how to sell their companies for seven, eight figures.

I mean, these guys sell a lot of companies.

If you want to go and check it out, it's actually free.

So, QuietLightBrokerage.com, that's quiet, like be quiet, light, like a light switch, light and brokerage.com slash my first million course.

And it's a course that talks about selling your online business and what you can do to plan for your exit.

So, go ahead, check it out, QuietLightBrokerage.com slash my first million course.

Peace.

What's up, Sam?

And we have a guest, Mike Cesario, welcome, welcome to the podcast.

Thanks, guys.

We'll have this hour to be a little bit of an escape.

We talked about everything going on.

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Last podcast, I think, let's, we'll try to make this like just a, at least a 45 minute, 50 minute escape for people and we can kind of talk about some interesting stuff.

Exactly.

It does kind of feel silly to be like, oh, here's some business ideas when like, you know, the whole world is, it's really, you know, in a tilt, whether it's through coronavirus or the different protests that are going on.

But like you said, I think, you know, for me, I'm like glued to Twitter and the news and all this stuff all day.

Then, you know, by seven, eight PM, I just need a break, I go walk my dog and I go listen to some mindless stuff about sports or whatever else, just to, you know, just to calm my mind.

So hopefully we could be that for some people where a bit of a diversion or a bit of an escape from the heaviness that's going on.

So, you know, Mike, I'm glad you're here.

You have a product that we've talked about on the podcast before, which is liquid death.

So okay, if somebody doesn't know what liquid death is, give them the, what is liquid death?

And then we're going to talk about how you started that.

And then we're going to brainstorm some cool ideas and spaces around, around what you do.

Sure.

So, I mean, I guess at the heart of what liquid death really is, we're really just completely trying to change the way healthy food and beverages are marketed.

At the end of the day, most of the most hilarious, memorable ad campaigns that you asked most people about of the last 10 years, they'll tell you, Bud Light, Dosekis, Snickers, Doritos, Skittles, like all junk food and alcohol.

That's the funniest, most memorable kind of youth culture owning and energy drinks like Red Bull.

That's like the most youth.

And Old Spice.

Let's not leave Old Spice out.

It's not really a food or beverage, but yes, but yeah, it's like all the, it's all junk food and alcohol that does all the funniest, coolest youth culture marketing, whereas healthy food is traditionally marketed to like mom and it's quiet and it's responsible or it's like look better where, you know, show, you know, fitness models, you know, drinking bottles of water.

Like it's a very different, they don't use fun to market, whereas unhealthy beverages, stuff like that.

They want to own fun.

So we're basically doing that with water.

So we want to be able to take the healthiest thing you can drink that most people don't drink enough of and brand it and build a, you know, a cool thing around it where it's something that you feel totally comfortable drinking a liquid death in a bar or at a house party or at a music festival or at work or in the gym and just making it more fun to walk around and have a water.

You definitely made headlines when you raised all that money because everyone was like,

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this is such a silly idea and they raised all this money.

I didn't, I, I agreed that it's a silly fun name.

I don't agree that it's a stupid reason.

I mean, it was, it seemed like an awesome company and totally worthy of going big.

But so it kind of worked, right?

Like you, you definitely, you definitely ruffled some feathers and I think that's good.

No, yeah, I think, you know, I always bring up, you know, I, one of the, you know, I listened to the, the Reed Hoffman podcast a lot, the, um, Master's of scale, Master's of scale.

Yeah.

And it's like, I loved it.

He always pushes.

He's like truly innovative ideas are almost comical at first because if it seems like it makes a lot of sense right now, it probably means there's four other companies that have been working on it for five years already.

It's like the things that are truly unique and innovative, like almost don't make any sense at first.

They're seen laughable.

And I think like that's kind of the case of liquid death, I think it's like we're really trying to disrupt a category in a way that's not just disruption for the sake of disruption.

You know, I think it's like we strongly believe that, and I don't think it's something hard to understand in a, in a category where almost all the products themselves are perceived as the same.

You know, people aren't assuming I only drink Fiji because it's got 0.75 more electrolytes than smart water, which has 0.5 and the pH is 7.7 instead of 7.9.

It's like most people assume water is the same.

It's more of a brand play and we believe if we can make you laugh, we have a way better chance at you giving us your \$1.69 than the faceless brand next to us, who's trying to shout at you electrolytes, you know, they're like, guys, this all seems like snake oil to me.

Like, I feel like there's real human beings behind liquid death that I'd want to have a beer with.

So I'd rather give you my \$1.69 than the guy next to it.

So let's talk a little bit about the form factor, so it's a, it's a tall can is what I've seen.

Are there other form factors or no?

No, it's just a tall can.

Which is cool.

The branding of it is sort of like, you know, almost like heavy metal or how do you describe it?

Yeah, I mean, yeah, I think at the end of the day, you would, you would say we're like a alternative punk metal inspired design and, and vibe.

The way I like to think about our brand is like, we're a professional wrestler.

Like it's all theater and fun and no one thinks it's trying to be real.

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Like no one thinks the undertaker is really an evil guy from the dead who likes metal.

No, it's a character and it's fun to like, have a character.

Buy it.

Yeah.

And that's kind of, that's how we think about it.

Like we're just playing this fun character.

It's fun to choose to believe that, that this is what it is and not take it too seriously.

And you were right.

If you're at a bar or a music festival and you choose water, you feel like you're choosing, you're opting out of the fun.

And in fact, they'll, they'll sort of, you know, they'll make you feel that way.

You know, you'll get the small plastic rinky dink cup with a, with a baby straw, right?

Versus if you ordered a, you know, an alcoholic drink or something else.

That's actually a good point.

I mean, I don't drink and I still go to bars and I always felt like I used to order sprites with lime in it because I was like, I don't want to make people.

It looks like a different kind of make people feel uncomfortable.

So I'll just, even though I don't like to drink soda, like I'll drink it anyway.

And I don't want to have no duals because I'm like, oh, then everyone's just going to like, it's just going to come up.

And so it's a, it is a great alternative to that.

And so Mike, I'm curious, where does this idea come from?

So I think this was really just like a culmination of all my passions and experience sort of like converged into one.

You know, it's like, I grew up in high school playing in punk rock and metal bands and skateboarding.

And, you know, I would do all the show flyers and album art and stuff for our bands, which kind of got like the entrepreneurial probably side of things because like, you know, we're booking shows and we're selling merch and like we're pressing records and doing all that kind of stuff.

Then I got into a career of like graphic design, which led into advertising.

So then I was like an advertising creative director for a long time and I worked on big brands.

Like Nestle and Toyota and Volkswagen and Naked Juice and all this kind of stuff.

So I think I got a good sense of where I think big companies screw up, I guess, like where I think they're short-sighted.

I can't tell you how many boardrooms I've been in where I'm trying to convince people that social media isn't some like niche little thing you add on to your business.

Like it is the internet.

When you say I'm going on the internet, nine times out of 10, you're going on social media.

I think a lot of brands are just way behind the ball to understand what it really takes to be successful in the social environment.

Like your little social posts aren't just competing against other beverages.

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You're competing against influencers who are uncensored and can do crazy off the wall stuff. You're competing against movie trailers.

You're competing against everything awesome on the internet when you're scrolling through your feed.

That's what your marketing is competing against.

So when you really think about it that way, do you really think your little ad that seems like a typical beverage thing is going to actually stand out in someone's quick scrolling feed amongst all this other amazing stuff?

Probably not.

So I think the bar for what stuff needs to be is way higher.

And I think that's what I built liquid death around.

Like we think about marketing like entertainment.

I don't ever want to put something in your feed that feels like marketing.

I wanted to feel like actual entertainment that made you laugh or it was the funniest thing that you maybe saw that morning that you want to share with your friends or whatever that like we're never just sticking marketing in your face.

Like it's always going to entertain you or it's going to do something of value that it gives you.

I'm looking at their Facebook ads right now and what you're saying is true.

So here's the two ads I see.

I wish I could show this through a podcast.

I'm going to show this to your ears, but there's a giant can of liquid death in front of a mountain and it says this is dumb.

Don't buy this.

And then there's another one that's like I don't even know what you would call this.

It's like it's like the mountain from Game of Thrones, but instead of his head is a can of liquid death erupting from his head muscular body.

And he's standing in a grocery store aisle holding an axe.

And it just says liquid death is available nationwide.

Is there anything you can give me that shows or the listeners how big this business is like what what what size you guys are?

Yeah.

Why should we why should we care about what you say?

Is this working or not?

Yeah, I mean, I can't get into like specific kind of sales numbers, but since we launched National and Whole Foods, basically we launched the day the pandemic started.

So we went into Whole Foods March 15th.

And basically even even though we've been in a pandemic where they've had like 80 percent decreased store traffic and everything else going on.

We've had insane growth in Whole Foods and we're now the fastest growing water brand in Whole Foods right now.

And you've raised like how much money to make this so far 910 million grand total since the very beginning of everything.

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I think we we've raised around 12 total right now.

So great.

Okay.

So we kind of have an idea a little bit about sizing when you look at when you were looking at this business and what and what to start was that your perspective, which is what is something that I mean, it sounds like you're into health and that type of stuff.

What is something that is like good for you, but has shit marketing and how can I build a business around that?

Was that your perspective?

In a nutshell, I think it really came from, you know, when I grew up playing in punk bands and metal bands and stuff like that, I was still and a lot of my friends in that world were very much into health.

Like I was a vegetarian at age 16.

A lot of my friends in that scene were more of my friends were even vegan.

A lot of them like, you know, didn't drink alcohol.

I do.

And I think that's one thing that we've been like misbranded is like liquid death.

It's water for the straight edge crowd.

That is not what we're trying to do.

I think it's something that's been adopted by them for, you know, the reasons of, yeah, it is more fun to walk around in a bar if you don't want to drink than something like this.

And another thing that the health food industry does and I don't think we want to do is we don't want to be preachy to people.

We don't want to say you should be doing this and you shouldn't be drinking less and you shouldn't be doing that.

Like we're like, hey, you want to go rip some shots at a bar fine, but maybe take a break and have a water for an hour, you know, or like, hey, you want to smoke weed or whatever.

It's like great.

Like maybe hydrate while you're doing it, you know, even if like, hey, you want to go buy a monster energy drink or whatever, great, maybe buy a water too and have a water after you just pound a bunch of sugar and caffeine.

Right.

That's the good news.

Anybody who does any lifestyle also drinks water.

You compare it to any lifestyle that you want.

It sounds like you guys are trying to do that.

Let me ask you like, you've said some kind of abstract ways like, you know, we felt this was missing about what I want you to like rewind and make it real.

So like, take us back to the moment you have the idea.

What's going on?

Where are you?

Where did the idea come from?

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Who are you talking to?

And then like, how did it turn into something?

Sure.

So as, as you know, in the world of rock and roll, punk, metal, whatever, the only brands that have invested in trying to own that culture have been energy drinks, primarily monster.

So monster was sponsoring the Vans Warp Tour with all the punk bands.

They sponsor all these different metal bands.

Like you don't see that with many other beverage brands doing that and that's been going on since, you know, I graduated high school in 2000.

So that's when I think you were really starting to see that swell up.

And a lot of my friends were in bands.

We were at the Vans Warp Tour that was sponsored by Monster back in, I think it was like around 2007, somewhere around there.

I was in Denver working for an agency there.

Went and hung out at the Warp Tour with my friends, you know, they took me backstage.

We were hanging out with like all the bands, you know, the band's tour buses.

And I saw that they had like huge stacks of monster that these guys are all drinking.

And I was like, how are you guys pounding energy drinks right now?

Like in the hot sun, like it's like 98 degrees and they're like, no, dude, it's water.

And it was like, monster gives all the bands, they look like monster cans, but at the bottom it says tour water because they know that none of these bands are going to drink this stuff in the sun.

So bands on stage are pounding what look like energy drinks to all these kids, but it's really just water.

And I remember thinking like, that's so fucked up.

Like, you know, like, you know, and I think that was the moment where I, where it kind of started me down the path of, oh, like, why isn't stuff like water like marketed in a cool way like this?

And it was like, when you actually had a freezing cold can of water, it's just more refreshing to use psychologically.

There's actually a popular science, I think it was, they did this study where they showed that temperature was the number one quencher of thirst neurologically, which is why like, if you're really thirsty and you suck on an ice cube, it actually kind of quenches your thirst a little bit, even though no water is actually absorbing into your body.

So I think there was just like, that was sort of the aha moment for me, why I started thinking about why isn't it healthier things, because none of us, none of my friends hanging out wanted to actually drink energy drinks, like we just wanted to drink water or beer, you know, but it's like, of course you're a band, you got to make money, you're touring.

So of course you got to take the checks from these companies and, and you know, they, they, they play ball to a certain extent, but that's where I think the idea really started.

And what other verticals did you explore that you think would also work for this?

Did you explore any other products that you think like, so this definitely, there's definitely

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opportunity to hear if you do what we're doing, but in this, this thing or that thing. So it's funny what I, so that, so that work tour thing happened in, yeah, like around 2007, 2008, where I started thinking about that, but then it was a cup, like maybe two years later, I was living in San Francisco and I actually developed a spirits brand on my own called Western Grace.

And it was basically brandy.

So it was like, Hey, how do we make brandy cool?

Because I had brandy.

It was really good.

I'm like, why don't people drink more of this?

It's just like whiskey without the burn.

But every brandy bottle literally in the, in the liquor store had dust on it.

It was like what your grandfather drank or some trying to be replica of French luxury with cursive golden text on the bottle.

But it was more similar taste profile wise to a whiskey, which was the biggest, fastest growing spirit.

So I had this idea to create a brandy that felt more like a whiskey and felt cool.

And sure enough, like I found a brandy distillery in Northern California who were like, Oh my God, we've been waiting for someone to try to make brandy like mass and cool for like 20 years.

So they were like, Hey, we'll make the brandy for you.

Then I went and found some spirit industry folks who helped create Hendricks gin and Sailor Jerry rum to kind of come on board.

They thought it was really interesting.

And then all of a sudden we have a brandy company and I moved back to my hometown of Philadelphia where my partners were.

And we basically like, I was only a couple of years out of ad school, no entrepreneurial experience, no liquor industry experience.

And we started building this brandy company and it's still around today.

They're in probably 80 bars in LA.

They're all over Austin, they're in Nashville, they're in Florida.

But I left the brand a little bit early on because I just, me and the spirit folks we brought in kind of like didn't see eye to eye on a couple of things from a marketing level.

So I said, Hey, you guys keep growing it from here.

I'm going to kind of go do my own thing and you know, I'll keep my little chunk of best of equity and best of luck to you guys.

Like no hard feelings.

I'm sure you'll do great with it.

And then went to work for an agency in Tennessee that a friend of mine started called Humana where I started doing a bunch of, well, Humana and I, we did a bunch of funny work for the organic world.

We did this campaign called save the bros for organic valley.

So it was like the first organic protein shake and we did this funny viral video that just

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went bananas and it was like the first time that like humor had really been done like in the world of organic.

And that was like the reinforcement of the warp tour thing where it's like, right, like why aren't more health brands like playing with the kind of humor and irreverent internet stuff that these other, you know, unhealthy things are doing.

And then that's really where I started building the nuts and bolts of liquid death and figuring out the production and coming up with the branding.

And then it was, I think maybe two years after that was when we officially kind of launched it.

Yeah.

That's, that's pretty cool.

Do you think that there's still opportunity for that?

I mean, because when you go to 7-Eleven, I'm in, I live in San Francisco, I'm in Austin right now.

There's 7-Eleven's everywhere is, and it's only muscle milk.

That's the only protein based drink and that is similar to your analogy of like an, that's like an Evian or a Fiji or something like a mass brand.

Well, I think if I'm, if I'm not wrong, I think it'd be more like taking cottage cheese and making cottage cheese fun than it is muscle milk or the kind of protein shakes, which are already kind of like trying to mass market and, and get in with the sort of different lifestyles.

Whereas, you know, some random product category where it is only trying to play it safe, non-internet

based marketing, those are the ones that you're talking about, right, Mike, where you think those have the sort of a larger delta between what's out there and what could be out there.

Yeah.

It's tricky.

And I think that's where it's a, so protein shakes, if you think about who the protein shake consumer is, probably predominantly male, like dudes trying, you know, bulking up a lot of the time, you know, at least in that world.

And that's why Organic Valley, when they came to the agency, they knew that like all the ads they've been running, because most of Organic Valley's products are milk and cheese and stuff that they sell at Whole Foods.

All their commercials are like picturesque sunsets over family farms and our family farmers, they just care more than anyone.

But they knew that when they launched an organic protein shake, it's a very different customer than the mom who's shopping at Whole Foods for their other product.

So they wanted us to come in and say, hey, we know that it's like a muscle dude that we're selling this to, who's typically not an organic, you know, a big time organic shopper.

They are buying the tubs of protein powder at GNC, where they're buying muscle milk.

So they're like, we still want to appeal to that audience with this very, you know, a protein shake that's made by family farmers.

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So we did this whole funny video that's like, you know, all the chemical crazy shit that's in protein shakes, if bros keep drinking them, they might not last much longer and they'll go extinct and like, who's going to bring the beer pong table when they're gone? And like, you know, like this whole idea of like, save a bro, get them on an organic protein shake.

That was sort of like the funny idea that we had that went really, really well.

And it's because the product, even though it was healthy, is still a liquid that wants to be drank by a consumer who identifies with the marketing.

It's like, if you just try to say, all right, we're going to make an oat milk brand that feels, you know, badass and rock and roll, the oat milk customer probably isn't guys who ride Harley-Davidson's like they're not drinking oat milk, but you're trying to market to them.

So it's like, that's probably not going to work as well, because you've got way more marketing education to do to try to convert new customers into something that they've never drank before.

Water is different for us because everybody drinks water.

We don't have to explain how to drink water, how to use it.

Like everybody drinks water from Harley dudes to metal dudes to yoga moms to everybody.

And now it's just about from a, from a demographic or psychographic standpoint, who just thinks this is a cool thing to be a part of their day.

You're not trying to convince them why they should drink water.

Gotcha.

And so you also went through science or how did science get involved?

Is this, when I first heard about this, it was like, Oh, this is coming out of science labs.

Is that, did you bring the idea to them?

Did you meet them and then incubate the idea?

How did that happen?

And for people who don't know what we're talking about, science is like this weird quasi venture capital firm, but also like a weird incubator.

They launched dollar shave club and a variety of things or maybe they helped launch, I don't know what the correct verb is, but they're definitely this weird combo of like company builder and investor.

It's out of LA.

Yep.

Yeah.

So we launched liquid death in a bit of a backwards way than most, I think beverage brands launch, which was we launched a year before we met science.

We launched liquid death on social media before we ever had product because we knew that with such a crazy idea like liquid death, there's nobody who's writing me a check for the idea of liquid death.

Like you're, this is stupid, you're crazy, like who would ever buy this?

It's a negative name.

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It says death retailers will never carry it yada, yada, yada.

So I knew that I had to prove it out as a concept on social first before I could actually make people feel like I'm de-risking this thing a bit to actually raise.

So we designed the can to look like a 3D realistic can.

We shot a \$1,500 video and then we just put it on Facebook.

No Twitter, no Instagram, just Facebook.

We put maybe, I don't know, three grand and paid media behind the video.

And then cut to three months later, we have more Facebook followers than Aquafina.

The video has 3 million views.

We've got a range of DMs from, hi, I am a 711 franchisee in the Midwest.

How do I get this in my stores?

Or, hi, I'm the biggest non-out beverage distributor in New York City called Big Geyser.

How do we talk to a sales representative to distribute this?

And we didn't even have product yet or no idea of how we were even going to really make it.

So then I use all of that social traction and distributor interest and retailer interest to then start raising a small friends and family around so we could actually produce physical product.

Because with cans, the minimums are really, really high.

That quarter million cans is the lowest you can actually produce with a can manufacturer.

So it's a little bit capital intensive, just to even start playing the game.

How much is a quarter million, a quarter of a million a product, what would that cost?

I mean, if you're just starting, what would that cost?

I mean, it all depends what you're filling in there.

But I mean, yeah, I mean, you're talking 150, 200, 250 grand just to kind of get started probably, you know, doing cans.

So yeah, once we then kind of raised a little bit, we started producing cans.

We bottle or I should say we can and source our water in Austria, in the Alps.

And let me ask you, what does that mean whenever people are like, oh, this is spring water from this mountain, it's like, you know, my head is always like, this is BS.

What does this mean?

Does that matter?

Like A, is this true?

B, does that matter?

So like, why do you go get your water from Austria in the Alps?

Like, what is that, is that, is that branding?

Is that like, is there something about water that I don't know?

Like why do you have to go there to get your water?

Let's be totally honest, water for the most part, I should say, for most people is water.

Like if you had people try to even, even water snob, if you had them blind taste test, Fiji versus Evian versus whatever, can they really tell the difference?

Probably not.

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Right.

I've done this test many times as an Evian drinker, Evian versus Evian and Fiji are taste similar to me, Evian versus Crystal Geisler, like it tastes different.

Yeah.

I've, I've bet money and I've got it right before.

That's interesting.

But yeah, I think the things that make water that affect the taste of water are the natural minerals and how much of them there are in the water and the pH of the water.

Is it more acidic?

Is it more basic?

And what those minerals are affect how acidic or how basic it is.

So when you, for us, our water comes from the Alps and it literally goes right from the mountain into the camp.

Obviously, it goes through filters and things that filter out debris and all of that.

And then we put it through like a pasteurization process that makes sure everything, you know, it's all clean and good to go.

But everything in that water is, that's the natural mineral profile of the water that has been built up over probably hundreds of years in the mountain.

And it's like, you know, naturally alkaline at 7.8 or 7.9 pH, it's got a nice mineral level, nice mouthfeel when you're drinking it because of the level of mineral.

So that comes right off that way.

It's all, everything's natural about it.

Almost every major water brand in the U.S., whether that's smart water, Ascension, Aquafina, Sani, most of those brands, they're using municipal tap water from the factory that then they reverse osmosis, which strips everything out of the water, all the natural minerals, all the bad stuff, everything.

So it's literally just like empty water.

Then they have to add in minerals back in to kind of make it taste good.

So they'll add in the natural things that occur in water, but just kind of artificially with just doing it at the factory to kind of make something that has a decent pH and a decent mineral profile that tastes good.

So those are kind of the two options.

When you say something is spring water, it's very strict from the FDA of what that has to be.

Like to call it spring water, you cannot alter the original mineral profile of the water.

So even if you take it off the mountain, if you put it through reverse osmosis and it strips out the natural minerals and you add them back in, you can't call it spring water anymore because you've altered the original thing.

Everything we have in our water is natural.

That's how it comes off the mountain.

It's kind of its own perfect thing.

We don't have to go through the whole process of like using municipal tap water from the factory, stripping everything out, adding stuff in and kind of like creating a water,

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you know, that's really the big difference.

And you know, I've never actually had liquid death.

It's flat water though, right?

It's not sparkling and it's not flavored.

We have a sparkling version, but so we have a still and a sparkling.

And so you, sorry, just to sort of finish it, so you did the social media to prove,

hey, we can build a fun brand that people resonate with.

Then you figured out, okay, to produce the minimum run, I'm going to need a couple hundred grand to get this thing off the ground.

And you raised kind of the friends and family round.

That was from science or afterwards science came about and they wrote a bigger check.

We raised the friends and family round just to basically cover like a super limited, you know, the smallest run of product we could do.

And then once I finally had a physical can of liquid death for the first time, which was probably around October of 2018, we had a guy that we knew who knew someone at science.

He said, Hey, you guys should really talk to science.

Like they'd probably be all over this.

So we went and met with science and brought them a physical can.

And once someone could really hold it, and it wasn't just like us showing digital images from social, it made it way different.

It just like they understood the magic of it and how cool this would be walking around with this or how, you know, how into this people would be.

So then we, that's when we kind of decided to do a deal with science.

And over the next two months after that, they helped us gear up our D2C launch where we launched online in January of last year.

And do you think this will be mostly D2C?

You think this will be retail?

How do you think about that?

Obviously you're doing both, where do you think is the kind of bulk of the business going to come from?

Um, I think we've always known it was going to be retail from the beginning.

We just didn't know how soon do you start really pushing into retail?

Water is something that you don't want to just order on the internet.

Like you want to be able to buy a water when you're thirsty somewhere.

So it's just naturally a retail play versus like, you know, something like maybe like a Soylent that's like a meal replacement thing.

You could order those to your front door because it's not like you just randomly deciding to go get one of those.

But now they're pushing into retail as well, but what's your pitch on how big this gets?

And the way I like these pitches is kind of like bottoms up.

So it's like, you know, rather than saying, you know, well, vitamin water sold for this much.

So maybe we can get that much or more because blah, blah, blah, but like bottoms up being

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like, you know, there's this many grocery stores.

I don't know if you think that way, but like, do you, do you have that sort of analysis of like, I think this gets this big because I can say that there's this many venues or this many grocery stores or this much DTC demand of this.

So I think we can, you know, when we grow up, we can become this big.

Do you think that way?

Or how do you approach that?

Yeah, I think it's a combination of things.

I mean, one, you can obviously start at what is the size of the bottle water market, which in 2019, the bottle water market in the US alone was \$20 billion for just still water made up a little under 15 billion of that 20 and sparkling is about three and a half billion of that 20.

So it's a massive market in seven.

What's the rest flavored like private label and flavored stuff in there.

The biggest retail in terms of doors channel is convenience stores.

There's like over 150,000 convenience stores.

And I think there's maybe 30,000 grocery stores or something like that.

And then the, well, the biggest channel is restaurants and on premise like restaurants and bars.

There's about a million in the US.

So you can start looking at, you know, velocities of what certain water brand do in convenience stores.

We can look at some of our velocities that we're seeing and what they can grow to.

And yeah, you can really start to like forecast out how big this gets, but it's like, well performing water brands just in 711 can be doing 50 million in sales just in 711 in scan sales for like, you know, you know, a decent water brand and that's just 711.

Who are the top three?

The top water brands in terms of scale are, as you could probably imagine, like Aquafina and Dasani.

They're both over a billion dollars.

And it's those are owned by Nestle and or who are those owned by Aquafina, Pepsi, Dasani is Coke.

Okay.

Wow.

Okay.

And then Nestle is the other big one.

Nestle has a couple brands like Nestle, Pure Life and kind of the more budget value water.

And yeah, they're another, they're over a billion as well.

Who owns and who owns and how much.

So Fiji is owned by wonderful brands.

They're down near you in LA, right, or I don't know if you're in LA, but in LA, yeah.

How much, how much revenue do you think Fiji and Evian does?

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I think Fiji is a privately owned company.

Is Evian public?

I don't know.

I don't know the exact numbers.

I've seen a couple of things.

So I can't really comment if they're, if they're accurate or not, but I assume that Fiji, Evian, they're probably somewhere around like 500 million a year, something like that.

I would guess.

What would the margin on that be?

So is it as big as I would think?

It's not as big as you think really, because the retailers, they want the most margin on bottled water, like they want to mark up bottled water higher than almost any other beverage that they have in the store.

So the retailer wants a lot of margin, then you've got distributors that need their margin.

So it's like, you really get down.

It's not like bottled water is some like insane margin for suppliers than other products.

Like energy drinks probably getting more margin than water is.

Which I think the conception is, dude, they're just bottling water.

That's like, you know, you're like selling air.

But in reality, the margin is probably, I would guess, sub, you know, sub 30%, not above 30%.

It's kind of my guess.

Yeah, I think most in most beverage, they say like, you know, a target like really solid margin for beverage would be like 40%.

That's like 50% is like, you're killing it.

And then it's like, I think you get down like to 30 is probably like on the low end of what you want.

But yeah.

So when I used to own a chain of hot dog stands in Nashville and when it was really, it was called Southern Sands.

Weeners is as big as a baby's arm and I would crush it on bottled water.

And the daytime bottled water would cost two or three dollars.

And at nighttime, when everyone's drunk, you definitely add a little bit more to it.

I think from restaurant depot, I think a bottle of water was 14 cents or like, it was like stupid.

And so I like the hot dogs would like make a little bit of money.

I would make it.

I think you can make \$1,000 a day off bottled water.

That was where the money was at was the bottled water.

Yeah.

That was definitely worth it.

So if you need a sales guy, you got Sam here.

Yeah, man.

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I was hawking water like crazy.

That was where it was at.

Mike, we had this question, which was, if you had to make \$1,000 tomorrow, but I stripped you of all your kind of like current income streams and your current business, how would you go try to make \$1,000 in a week or whatever?

And I think Sam's was, I'd go to a hot place, I would buy water for 14 cents and go sell it in front of a stadium or something like that.

In a corner, like at the stoplight, because people don't care about the water, they more so care about the convenience.

They're like, oh, fuck it.

It's right here.

I got \$2.

And I totally overthought it.

And I was like, well, I guess I would create this online store as like now it's too slow, too complicated.

I would go sell water in a corner.

I would be like a vendor at like a concert series, like the summer concert series that cities has.

I swear to God, I would make \$1,000 a day in bottled water sales.

You just, you know, that's not every day, but you crush it at those concerts, just selling bottled water.

That was where I would make a killing.

What other opportunities have you seen that if you weren't starting this business, you would be very interested in?

I mean, I guess, obviously, like you're always looking for white space, right?

I think where I was really inspired most by my point of view on business and branding is from Virgin, like Richard Branson, you know, early in my advertising career when I worked in San Francisco, the main account that I worked on was Virgin America, the airline. So I got like super deep into Virgin and I read, you know, Richard Branson books and I just would love that their model was like, we go and try to find a stale category.

And we make the one really cool, fun brand within that category where it almost changes the category where the rest of the category almost has to start adapting like airlines, like nobody was excited to get on an airplane or eat airplane food or anything.

And then they were the first ones to make planes with like neon blue lighting and like, you know, TVs in every seat, which now is like a common thing in every airline now, right?

So it was like, that really inspired my way of looking at where I would look for things that were like, what is something that, like you said, like cottage cheese, like what is something that is extremely boring or like, what's a category that just nobody cares about where you can't think of one cool brand and obviously, like, if it's something that seems like it could still have appeal, it's just the victim of poor brands, not getting it and, you know, just not innovating or whatever it might be and you see an opportunity, hey, this is actually could be a thing that people really would love, but it's just been stuck in this like dull drums of branding for so long that it needs something because at the

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end of the day, especially with packaged goods, like branding is so much more important than most suppliers or companies think, you know, because most companies are started by business people in the most part.

It's like someone with an MBA, someone who understands the nuts and bolts of building a business, it's rare that businesses are started by creative people like artists and people that are, you know, graphic designers and stuff like it's two different things and usually what happens is the business folks think really rationally like, okay, my product contains this.

So the name of the product should be about that.

And I should list all the rational reasons why someone should buy this.

Yeah, right.

It's like, and then that gets them a certain part of the way.

But then they end up hiring a creative agency to get all these creative thinkers in to build a story around this boring thing to make people actually care about.

So what I think is interesting is when you have creative people at the very beginning of the process where it's like just considering what the company should be, what the name should be, what the product should even look like, will someone even care about whatever it is you're selling, because I think the creative people do have a good sense of culturally what's going on.

What's cool?

What do people care about?

What's the climate?

Business people?

Not so much.

I feel like they're more in like the nuts and bolts and weeds of like numbers and manufacturing, which is hugely important.

Which is why there's so many brands that never get the creative side, but still they just become these logistical Swiss army knives that still get acquired.

But it's like just imagine if they had great creative too.

You might be a two billion dollar brand.

You know, I'm speaking of water, good friends with this guy, Scott Harrison from Charity Water.

Have you ever met Scott?

Yeah, I've never met him.

I heard of the brand.

And so you've heard of the brand because I think they've done a phenomenal job with the brand.

And so this is just like we were thinking when we're just brainstorming, oh, what's another category in a grocery store that you could do this with, which is definitely a totally legit brainstorm we can do.

But this is a very different analogy, but I think you did the same thing.

So Scott was a party promoter, like you came from a punk rock background, then ads, and then you went into this CPG space, which is not the maybe the most conventional path.

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He's a party promoter club promoter in New York for 10 years, you know, convincing dudes to buy, you know, 3000 bottle, \$3,000 bottles of great goose that they know, you know, you can go back for \$50 across the street to get table service, right?

And so then he goes and he sort of has a come to Jesus moment, goes to Africa, decides I'm going to dedicate the next year of my life to philanthropy and giving back.

And but he's all he knows is how to promote parties, how all he knows is cool.

And so he reinvented charity as a cool brand.

And he has his quote he does when he like tells his story, which is it's a quote from someone talking about philanthropy and they say, man, imagine if we could sell charity with one 10th of the finesse that brands sell toothpaste, like imagine if we had one 10th of their marketing power that they do they use on toothpaste, imagine how much good we could do in the world.

And so that's basically what he did where he was like, all right, I'm going to make a brand that actually stands for these three things.

And I'm going to have awesome design because every charity website sucks.

And you know, it looks like they hired their eighth grade cousin to like build it for them.

And I'm going to do these with influencers.

I'm going to do these print campaigns, et cetera, et cetera.

And you know, he's now been raising, you know, over \$150 million for the cause is one of the fastest growing and best charities out there because he did what you did, which is he applied cool to a category that was totally uncool before.

Yeah, no, totally.

And I think there's so many different places where you can think about, you know, I think cool is a weird word because it's like, it can be taken so many ways.

I think it's like, it's less about cool, but it's like, how do you make it interesting or how do you make it like desirable?

Like I have to have this thing, you know,

That's intriguing to me.

I mean, are there things that you've explored or you're like, you know, this actually is one of those categories.

I'm busy now, but that would be interesting for someone to change that category.

I think we're even thinking about that with liquid death too.

Like I think liquid death, you know, is so much bigger than just a water company.

Like at the end of the day, like I think we think about ourselves as like a pop culture factory.

Like we just made, we released a liquid death vinyl record recently, I don't know if you guys saw that, but it was like in less than two weeks, we sold 700 vinyl records, which is like more than most metal bands actually sell when they release a record on a major metal label.

And it was like this funny idea where we took social media hate comments and made them the lyrics to this metal album.

And it's like, wow, a water company now just became a record label for a minute.

And it's like, I think about all these other places where there could be innovation that

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tied our general mission of like health that's like, do we, like what if liquid death creates like a chain of heavy metal yoga studios, you know, where it's like people who want to do yoga, but they don't want to listen to Yanni when they're doing it.

Like is there some room for like some kind of cool, like how do you make it a totally new kind of like fitness experience?

You could do like tough guy multivitamins, right?

You could take a healthy product, multivitamins and be like, okay, cool, instead of rainbows and care bears, like maybe we could just make this form factor a little different brand a little different, right?

To speak to a different audience who yeah.

So you guys have raised, let's say 10, I forget the number 10 or 12 million dollars.

You're not huge yet.

You're definitely still getting going.

How do you decide so like at my company, we have a brand that people know and people will just, if we make stuff, people will buy it.

But in my head, I'm always like, I don't want to make other stuff.

Let's just like focus on what we're doing and kick ass at that.

And then maybe eventually expand, whereas you've done these little experiments like the vinyl record and maybe you're also trying to, maybe you weren't joking with your heavy metal yoga thing.

In my head, I'm like, no, no, no, fuck that focus.

What do you have like a like logistically, how do you decide where to throw budget at and throw money at in order to.

So let me ask you this, so this, this is what I mean.

All these other products that we could potentially make that actually sell or actually succeed, they double as marketing for the water, you know, it's like, yeah, it's just marketing that's profitable.

It's profitable.

Exactly.

It's like we made a vinyl record.

I can't tell you how many eyeballs that got liquid death on from people reposting the album, sharing the album, talking about it.

And that album for us to execute, including printing the vinyl cost us \$12,000.

And we've already made all of our money back and more.

And we hired a guy that we knew that was a friend of a friend who's an incredible metal musician who wrote the whole album, his name's Gus Rios.

He wrote and recorded the whole album.

His buddy mixed the whole album and his buddy mixed stuff for Justin Bieber and all these other guys.

So we got the whole album recorded.

We made a commercial for it using only stock footage.

So we spent maybe two grand on stock footage and my wife edited the video.

So it was like, you know, that's all, that's all we launched with.

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It was a little launch video made with stock footage and we pressed records and sold the records in our merch store.

And it's like all that stuff adds together.

That's why it's like, what would it cost to start, let's call it a chain of five small heavy metal yoga studios in LA, like small little studios, not a lot going on.

You find some, you know, some instructors, like maybe you could actually build that out for call it 500 grand, let's just say, like you could make, you could build a five chain yoga studio, heavy metal yoga studio chain for 500 grand.

What does 500 grand buy you if you try to run one TV spot during the fucking Oscars?

Like maybe you get a 32nd spot and what's going to see more lift and brand evangelism for your brand running one \$500,000 commercial during the Oscars or building a chain of five heavy metal yoga studios in LA that gets talked about by every publication.

Heavy metal yoga studio launches in LA.

People actually go to it, everyone who goes takes photos and shares and talks.

It's like that's a way smarter way to spend your money and you might actually make some of it back if it's a good enough business model.

This is like Elon selling flamethrowers, right?

He is the iron man trying to be a badass, rockets and drilling into underground and electric sports cars.

So he comes out with a flamethrower for \$700, I think it was, and I think he sold millions of dollars worth of that.

Shit ton.

A flamethrower.

I think it was \$10 million.

And the whole thing is basically just being like, you know, feeding the evangelism, like you said, of the cult of Elon of, yeah, life should be a little more badass.

We need a little more fire, a little more speed and a little more like, you know, rocketry in our lives.

And so it fits the brand.

Yeah.

And it's like, you know, when you curate your own new experiences or whatever for the brand, you can also control what goes on there.

So at all these yoga studios, it's going to be coolers of liquid depth is the water deck.

Right.

You know, it's like, it all kind of can work together.

My takeaway from this whole podcast is I'm going to do, I'm going to do a handful of, I'm not going to launch a yoga studio, but a \$12,000 vinyl release or something like of that scale is super interesting.

I need to do more of that.

Do you have one person on your team who like does these odd things?

Or is this just like a project that you lead and coordinate?

So we work with, you know, we do have like creative agencies that we work with, like

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most of which are run by my friends who I knew from the industry, they've got small little startups.

And what's nice about liquid depth is because we want to do such cool, different things. People are willing to kind of work at a nice homey rate because like they want that thing up for their real.

Yeah.

They're willing to make some board.

And you're crazy enough to be willing.

You're open enough to like try that.

They need to go to Nestle and say, Hey, look at this amazing thing we did with liquid depth.

And they want the Nestle check, not the liquid depth check.

But they need you to get the Nestle check.

Well, they're doing the same thing that you're, they're doing, they're doing the same thing what you're doing with the vinyl.

They're like, uh, it'll maybe pay for itself, but it's also marketing.

Right.

Right.

Exactly.

So yeah, I mean, we, we get a lot of, um, you know, smart creative people that are throwing ideas into the mix, but you know, at the end of the day, like, you know, I'm a very creative focus CEO.

I think we've built like a nice team around us that like is really smart with operations and supply chain and that kind of stuff.

It's not so much my strong too.

And I can, you know, focus more on the brand and creative side, which, you know, liquid depth, it's, it's really a brand play, you know, like, and that it's so important.

And I think building out all these fun things we're talking about of like, how do you build this brand that has such an evangelist audience to it and that continues to grow?

Like that's, that's really like a focus.

I'm also creative, but I definitely am like fiscally conservative and I'm like, no, no, no, we got to focus and focus on the cash cow.

But I'm like, you're right.

This dumb shit that seems dumb, but it's awesome.

You can do that for way cheaper than you think.

Yeah.

I guess it's just like always think like one of my old bosses, I used to work, I was a creative director at VaynerMedia, so Gary Vaynerchuk was like my, my boss, essentially, you know, I learned a lot from him in terms of like marketing is really just about day trading attention.

Like marketing is all about attention and attention has different costs to it and different price to it, depending where you go.

The price for a billboard, you're paying so much per eyeball that sees it.

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It's like, yes, it could be effective, but you're overpaying for it versus create a yoga studio in LA, you might generate even more eyeballs and attention at a way, way lower spend.

So I think it's just always thinking about who, how do I get attention for my brand? And what are all the different possible ways that you can get attention and what's like the most cost efficient ways to get that attention?

And I have to ask, was it awesome or not awesome working for him?

Is the guy the real deal or what?

I love Gary.

I think he's like an incredible human being like, you know, I've worked for a lot of corporate folks and I think there's, there's a lot of egos, there's people who don't care.

And I think Gary like truly cares, like even if you're going to tell him you're, you're quitting, like he's going to be like, Oh, awesome, like, do you need any help finding your next thing?

You know, like he's just like, he cares.

And I think that's what he's built his whole company on is like, you can build a massive company with like a compassionate point of view on your people and not just being some like tyrant.

Do you think there's any, anything about Gary, because he's a very public presence, right?

He's personally out there a lot.

And, you know, anytime you personally put yourself out there, putting a part of you out there, not the whole thing.

Is there anything that either people don't really know about him or is a misconception that you've seen about him?

Is there anything like that?

I would say that like talking with him normally one to one is obviously the volume isn't as loud as it is when he's on camera, you know, because at the end of the day, like he's an entertainer to a degree, right?

Now he's an educational business entertainer, but he's entertaining the way like the way he talks, like how his passion is, like how he's smart.

Like there's plenty of business people who say smart things, but not maybe as many that are like is entertaining animated on camera.

So it's like in a way he's kind of playing, you know, a bit of his character, but it's like off camera, like he's way more mellow, I would say.

I was on, I was, I was on his podcast and he was very nice.

That's awesome.

All right.

Well, Mike, we'll wrap it up.

Where should people follow you find you if they want to hear more thoughts or liquid death?

You know, give people shout out where people can get more of what they got today.

Yeah.

I mean, most everything happening with liquid death is on Instagram.

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So follow us.

It's at liquid death on Instagram, you know, at liquid death on Twitter and liquid death dot coms or site and yeah, that's, that's it.

This is awesome.

I'm looking at it right now.

Thanks for taking the time, man.

This is bad ass.

Yeah.

Sorry.

If my typing is, is something you can hear on the podcast because while he was typing while he was talking, I was like, I need to write this down.

I had three ideas while you were talking, not exactly what you said, but you inspired something while you were talking.

And I was like, I got to write this down because we're going to do this.

And if we don't do this, like I'm going to regret it, so apologies if everyone here is typing in the back.

Yeah.

I do the same thing.

I'm like looking up everything you're saying.

That's a, that's a sign of a good podcast though.

And it's all about speed.

Like that's the one thing I always push.

It's like the idea shelf life these days is very short.

Like if you have a cool idea right now, if you don't make it tomorrow, someone else is probably making it in two weeks, you know, it's like, that's just the reality.

Right on.

Cool guys.

All right, Mike.

Thank you so much for coming on.

All right.

Thanks guys.

Take care.

Bye.

Bye.

Bye.