North Bay Marketing Meetup

Growth Hacking - How Startups Achieve Massive Growth in a Short Time on Small Budgets
Today’s Agenda

1. Intro to Growth Hacking
2. Achieving Product Market Fit
3. Identifying Growth Levers
4. Testing at High Tempo
5. Growth Hacking
   a. Acquisition
   b. Activation
   c. Retention
   d. Monitization
Any Growth Hackers here?
Growth hacking is a mentality.

The goal is to acquire as many users as possible while spending as little as possible.

It’s a marketing framework. Traditionally associated with startups.

Now expanding to all business, including product, service, B&M, enterprise.

(ex. IBM, Walmart)
Building Growth Teams

Cross Functional Teams

- Head of Growth
- Product Marketing Manager
- Marketers
- Engineers
- Developers
- UX Designers
- Data Analysts
- Sales People

Goal Focused Teams

LinkedIn

- Network Growth
- SEO/SEM
- Onboarding
- International Growth
- User Engagement and Resurrection

Uber

- Driver Recruitment
- Rider Recruitment
- International Growth
Growth hacker:

Focus on developing product market fit
Cross functional team
Leverage creative low cost strategies
Full funnel focus
Focus on growth rate
100% data driven and closed loop
Super rapid iteration and testing

Traditional marketer:

Market the product you have
Siloed teams
Spend big money on advertising and PR
Focus on awareness and acquisition
Focus on leads, registration, downloads
Often untrackable
Longer term campaigns, sometimes no concrete results
There is absolutely no correlation between marketing investment and growth rates – ZERO.

- A recent McKinsey study of publicly traded software companies
Achieving Product Market Fit

No amount of marketing or money can overcome a bad product or a product that hasn’t found market fit.

Has anyone here ever marketed a product that was a total dud?
Determining Product Market Fit

The Must Have Survey

How would you feel if you could no longer use product X?

A. Very Disappointed
B. Somewhat Disappointed
C. Not Disappointed
D. N/A - No Longer Using Product

If the answer is A:

- Over 40% - Achieved must have status.
- 25 - 40% - Product likely needs tweaks.
- Under 25% - Likely have wrong audience or product needs substantial work.
Product Market Fit: Follow Up Questions

Survey Follow Up for Low Fit Results

What would you use as an alternative to X if it were no longer available?

What is the primary benefit that you received from X?

Have you recommended X to anyone? Pls explain.

What type of person do you think would benefit most from X?

How can we improve X to better meet your needs?
Achieving Product Market Fit

Making assumptions about product market fit is dangerous. Even the most successful apps didn’t turn out as planned.
Achieving Product Market Fit

YouTube was supposed to be a video dating site.

YouTube was failing as a video dating app, but then they saw that people were posting all kinds of videos unrelated to dating.

“Our users were one step ahead of us – why not let them define what youtube is all about.”
Achieving Product Market Fit

Yelp was supposed to be the next City Pages.

Yelp was failing as a business listing site – until they realized people were going crazy over the review functionality buried within the site. They pivoted, put reviews front and center and built 20M SF business profiles.
Achieving Product Market Fit

Pinterest was supposed to be a shopping app.

Nobody bought anything on Tote.
But they collected tons of pictures of everything they ever wanted.
Achieving Product Market Fit

Groupon started off as “The Point” and was supposed to be a crowd funding app.

They were failing at crowdfunding and the founder almost returned investors’ money – until they realized that funding campaigns that leveraged crowd-triggered discounts were killing it.
Achieving Product Market Fit

Instagram was supposed to be a location-based social media site.

“Over time what you do is you simply take in data about what your users are doing and you focus on the stuff that people love the most. The second we focused on the photos with the filters, it became a phenomenon.” – Kevin Systrom
Achieving Product Market Fit

Anybody know where the “air” in airbnb comes from?
Achieving Product Market Fit
Getting to the AHA! moment.

“You push a button and a black car pulls up. Who’s the baller?”

- CEO Travis Kalanick

The AHA! Moment - Achieving Must Have Status

**Yelp** - discover cool restaurants and businesses through trusted reviews.

**Facebook** - instant photos and updates from friends. And sharing what you were up to.

**Dropbox** - easy file sharing and unlimited storage.

**YouTube** - Share and discover amazing videos.

**AirBnB** - I can explore and find amazing adventures with cool places to stay that I can trust.
Identifying Growth Levers
The Growth Equation + North Star Metric

Inman News’ Equation

\[ \text{Website Traffic} \times \text{Email Conversion Rate} \times \text{Active User Rate} \times \text{Conversion to Paid Subscriber} + \text{Retained Subscribers} + \text{Resurrected Subscribers} = \text{Subscriber Revenue Growth} \]
Identifying Growth Levers
The Growth Equation + North Star Metric

Ebay’s Equation

# Sellers x Number of Listed Items x Number of Buyers x Number of Successful Transactions = Gross Merchandise Volume Growth
Identifying Growth Levers
The Growth Equation + North Star Metric

Amazon’s Equation

Vertical Expansion \times Product Inventory Per Vertical \times Traffic per Product Page \times Conversion to Purchase \times Average Purchase Value \times Repeat Purchase Behavior = \textbf{Revenue Growth}
Growth Hacking Process

Testing at High Tempo

Weekly Sprints - Learn More by Learning Faster

5% improvement in conversion rate / month nets to 80% improvement over a year due to compounding results.

Best teams run 20-30 tests per week
Growth Hacking Process - Testing at High Tempo

Stage 1 Analyze - What are my best customer’s behaviors? Characteristics? What events cause users to abandon the app?

Stage 2 Ideate - Idea name, Idea description, Hypothesis, Metrics to be measured.

Stage 3 Prioritize - ICE Score (1-10): Impact, Confidence, Ease

Stage 4 Test - 99% Statistical Confidence Level, Control Always Wins in a Tie or Inconclusive Test

Recycle - Back to Stage 1 - Analysis and Learning
Growth Hacking Process

Hacking Acquisition
Hacking Activation
Hacking Retention
Hacking Monitization
Hacking Acquisition

Establish Growth Team

Achieve Product Market Fit

Determine Growth Levers

Now it’s time to get customers.
# Hacking Acquisition Channels and Tools

## The Three Categories of Channels

<table>
<thead>
<tr>
<th>Viral/Word of Mouth</th>
<th>Organic</th>
<th>Paid</th>
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</thead>
<tbody>
<tr>
<td>Social Media (Facebook, Pinterest, Snapchat)</td>
<td>Search Engine Optimization</td>
<td>Offsite Ads (TV, Print, Billboards)</td>
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<td>Embeddable Widgets</td>
<td>Public Relations and Speaking</td>
<td>Onsite Ads (Google Adwords, Facebook, YouTube)</td>
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<td>Friend Referral Programs</td>
<td>Content Marketing</td>
<td>Affiliate Advertising</td>
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<td>Online Video</td>
<td>App Store Optimization</td>
<td>Influencer Campaigns</td>
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<td>Community Engagement</td>
<td>Free Tools</td>
<td>Radio</td>
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<td>Contests and Giveaways</td>
<td>Email Marketing</td>
<td>Retargeting</td>
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<td>Platform Integrations</td>
<td>Community Building</td>
<td>Ad Networks</td>
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<td>Crowdfunding</td>
<td>Strategic Partnerships</td>
<td>Sponsorships (Blogs, Podcasts)</td>
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<td>Games, Quizzes</td>
<td>Contributed Articles</td>
<td>Native Content Ads</td>
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<td>Website Merchandising</td>
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## The Leading Types of Content Marketing

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<tr>
<th>Case Studies</th>
<th>How-to Guides</th>
<th>Press Releases</th>
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<tbody>
<tr>
<td>Infographics</td>
<td>Special Reports</td>
<td>Articles</td>
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<td>PDFs and E-Books</td>
<td>Web Forums</td>
<td>Reviews</td>
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<td>Videos</td>
<td>PowerPoint Presentations</td>
<td>Images and Photos</td>
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<td>Interviews</td>
<td>Lists</td>
<td>Q&amp;A Websites</td>
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<td>Pinterest</td>
<td>Instagram</td>
<td>Facebook</td>
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<td>Snapchat</td>
<td>Tumblr</td>
<td>LinkedIn Pulse</td>
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<td>Twitter</td>
<td>Local Business Listings</td>
<td>Podcasts</td>
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<td>Ask Me Anything Series</td>
<td>Quizzes</td>
<td>Free Tools</td>
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<td>Medium Posts</td>
<td>Buzzfeed</td>
<td>Testimonials</td>
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Hacking Acquisition Through Copy

Start Small. Copy Matters.

“Store your photos online.” VS “Share your photos online.”

One small change in copy led to instant and staggering results. The company added 53M users in 6 months after this small change.
Hacking Acquisition Through Copy

Upworthy is a viral news publisher.

“A good headline can be the difference between 1,000 people and 1,000,000 people reading.”
- Eli Pariser, Founder

For each article they write 25 headlines. An editor narrows it down, then they AB test in 2 markets using Facebook and Bit.ly tracking links.
Hacking Acquisition Through Engineering

airbnb

craigslist
Hacking Acquisition With Incentives

Dropbox’s cost per Customer acquisition went from $400 per user to ZERO.
Hacking Acquisition Through Advertising

Fab – “the Amazon of fashion” was spending $40M/year on acquisition – 35% of revenue before it imploded.

No fixed rule or formula.

Spending is not always misguided. Consider a large enterprise, winner take all situation where one may become the dominant player.
Hacking Acquisition Engineering

“One of the most significant levers in scaling Facebook to the massive reach it enjoys today.”

“Growth was about engineering systems of scale and enabling our users to grow the product for us.” - Andy Johns, FB Growth Team
Hacking Acquisition
Grass Roots

Zero to 24M Users
In 30 Months

+90% Organic Growth
Spent almost nothing.
Over $1B Valuation
Hacking Activation

Now you have customers.

It’s time to engage them!
Hacking Activation – Process

1. Identify and map out each point in the customer journey that leads to the AHA! moment - the experience that makes your product a must have.

2. Create a funnel report that profiles conversion rates for each step and segments by acquisition channel.

3. Conduct user surveys and interviews of both users who progressed and where you see dropoffs.
Hacking Activation – Funnel Report

Funnel Report for Conversion Rate for Key Steps and Dropoffs

Track by channel, find friction / dropoff

Kissmetrics
- Visit
- Signup
- Activation
- Billing

Uber
- Download App
- Open App
- Create Account
- Order a Car
- Rate Driver
Hacking Activation – Surveys

Find friction and ask questions:

- Is there anything preventing you from signing up at this point?
- What concerns are keeping you from completing your order?
- If you did not make a purchase today, can you tell me why?
- What information would you need to feel comfortable signing up?
- What were you hoping to find on this page?
- Does this page contain the information your were looking for?
- What did you come to our site for today?
- What convinced you to complete your purchase today?
- Was there anything about the checkout process we could improve?
Hacking Activation

Supposed to be the “LinkedIn Killer”

Found a viral signup hack, and grew to 25M users in 3 months.

They didn’t focus on UX and activation.

Lost 4% of their users every day.

Described as a “digital ponzi scheme.”

Raised $50M in VC, sold for $2M and some stock.
Hacking Activation

Facebook Growth Team realized the thrill that users got from connecting with friends and building their network. All efforts went into tweaking the UX to help users find people - from new signup orientation to the overall user experience.

Hacking Activation through building habit forming products.

Hooked: How to Build Habit-Forming Products – By Nir Eyal
Hacking Activation

Twitter’s growth stalled.

Data showed that people who had 30+ connections were much more likely to continue using the service.

So they implemented many functions to increase connections upon signup and in the app.

They also implemented a Learn Flow, which guides and educates new users.
Hacking Activation

Activation through Triggers
Hacking Retention

A 5% increase in customer retention can boost profits 25 – 95%.

- Frederick Reichheld of Bain & Company
Hacking Retention
What does good retention look like?

Best apps can retain 60% of users after one month. Some retain less than 10%.

SaaS products tend to retain 90% or more.

Fast food chains can retain 50–80% – McDonalds saw a 78% month to month return rate in 2012

US credit card companies churn 20% annually.
Hacking Retention

Retention Phases
- Initial RR
- Medium RR
- Long Term RR

Finding friction (same as activation)
Building habits - triggers and rewards
Brand Ambassador Programs (Elite Member, t5 Amex Black Card)
Recognition of Achievements
Customization of Relationship – 1:1 Experiences, Personalization
More Value Coming Soon
Ongoing Onboarding
Hacking Retention

Onboarding Services

Technical setup and marketing campaign assistance to match your business needs. We’ll provide everything you need to hit the ground running and ensure your first campaign with us is a success.

MARKETING HUB
Guidance on how to grow site traffic and convert more visitors into leads.
Learn More

SALES HUB
Learn how to connect with more leads, and close more customers.
Learn More

SERVICE HUB
Better understand what makes your customers happy, and grow faster as a company.
Learn More
Hacking Retention

Membership Model
- Free 2 day shipping
- Video and music streaming
- Whole Foods

Results
- 73% of trials convert to paid
- 91% of 1st year subscribers renew
- 96% of 3rd year subscribers renew
Hacking Retention
Stored Value

Evernote's retention graph is an example of improving retention over time.
Hacking Monitization

You have a must have product and engaged users. Now it’s time to make some money.
Hacking Monitization

Freemium model.
Flywheel – eliminate friction.
Small, incremental step-ups.
Hacking Monitization

App to download content and software from all over the internet.

Growth stalled. CEO said to focus on new user acquisition. Growth hacker found more opportunity down the funnel.

Survey: #1 reason people didn’t sign up for paid plans....

Pro feature – Protect Cell Phone Battery Life = +47% Revenue

Review hack – 900% increase in reviews, massive increase in installs.
Hacking Monitization
Hacking Monitization

Qualaroo found that users who got 50+ survey responses were 3x as likely to use a paid service.
Hacking Monitization

Changed CTA from “Sign Up for Free” to “View Plans and Pricing”

Immediate 200% increase in signups.
Questions?