

# 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. Monetization



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

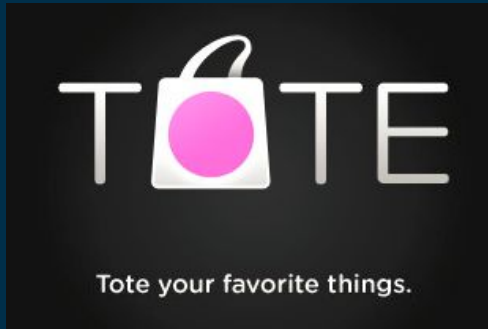
Yelp was supposed to be the next City Pages.



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.



*Pinterest*

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.



**GROUPON®**

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.

Instagram



“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



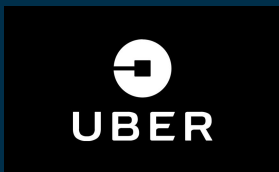
Anybody know where the “air” in airbnb comes from?



# 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

[Website Traffic x Email Conversion Rate x  
Active User Rate x Conversion to Paid  
Subscriber] + Retained Subscribers +  
Resurrected Subscribers = **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 x Product Inventory Per Vertical x Traffic per Product Page x Conversion to Purchase x Average Purchase Value x Repeat Purchase Behavior = **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 Monetization



# 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

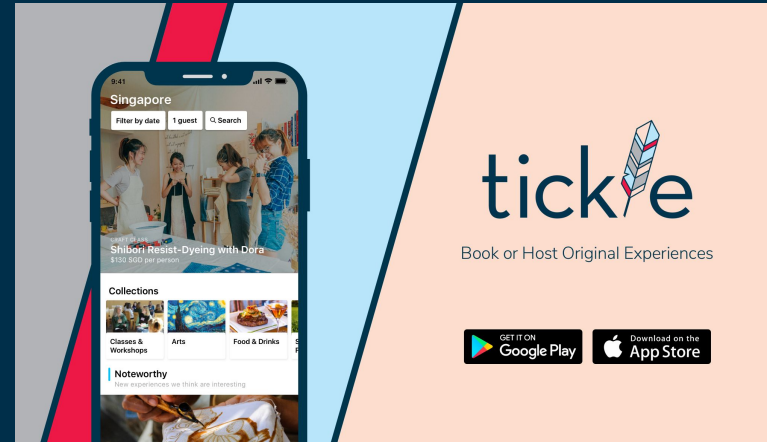
VIRAL/WORD OF MOUTH	ORGANIC	PAID
SOCIAL MEDIA (FACEBOOK, PINTEREST, SNAPCHAT)	SEARCH ENGINE OPTIMIZATION	OFFLINE ADS (TV, PRINT, BILLBOARDS)
EMBEDDABLE WIDGETS	PUBLIC RELATIONS AND SPEAKING	ONLINE ADS (GOOGLE ADWORDS, FACEBOOK, YOUTUBE)
FRIEND REFERRAL PROGRAMS	CONTENT MARKETING	AFFILIATE ADVERTISING
ONLINE VIDEO	APP STORE OPTIMIZATION	INFLUENCER CAMPAIGNS
COMMUNITY ENGAGEMENT	FREE TOOLS	RADIO
CONTESTS AND GIVEAWAYS	EMAIL MARKETING	RETARGETING
PLATFORM INTEGRATIONS	COMMUNITY BUILDING	AD NETWORKS
CROWDFUNDING	STRATEGIC PARTNERSHIPS	SPONSORSHIPS (BLOGS, PODCASTS)
GAMES, QUIZZES	CONTRIBUTED ARTICLES	NATIVE CONTENT ADS
	WEBSITE MERCHANDISING	

THE LEADING TYPES OF CONTENT MARKETING

CASE STUDIES	HOW-TO GUIDES	PRESS RELEASES
INFOGRAPHICS	SPECIAL REPORTS	ARTICLES
PDFS AND E-BOOKS	WEB FORUMS	REVIEWS
VIDEOS	POWERPOINT PRESENTATIONS	IMAGES AND PHOTOS
INTERVIEWS	LISTS	Q&A WEBSITES
PINTEREST	INSTAGRAM	FACEBOOK
SNAPCHAT	TUMBLR	LINKEDIN PULSE
TWITTER	LOCAL BUSINESS LISTINGS	PODCASTS
ASK ME ANYTHING SERIES	QUIZZES	FREE TOOLS
MEDIUM POSTS	BUZZFEED	TESTIMONIALS

# 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

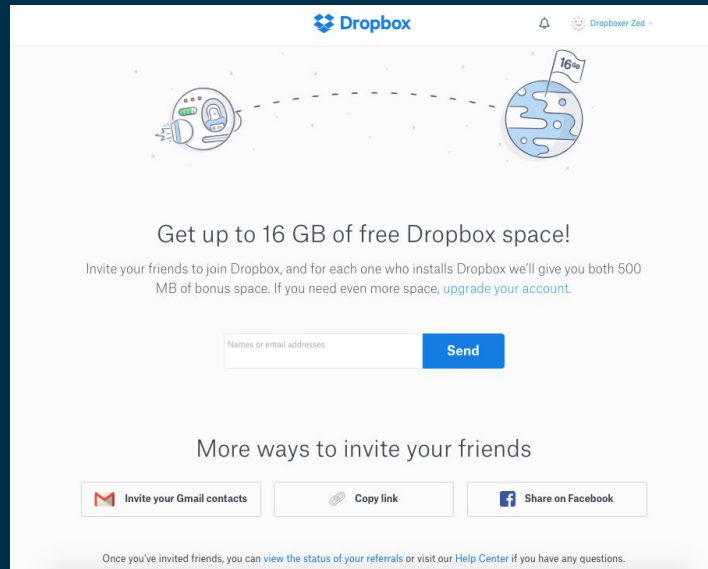
For each article they write 25 headlines. An editor narrows it down, then they AB test in 2 markets using Facebook and Bit.ly tracking links.



# Hacking Acquisition Through Engineering



# 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

The Facebook logo, consisting of the word "facebook" in a white, lowercase, sans-serif font, centered within a solid blue rectangular background.

“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

# Etsy

+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

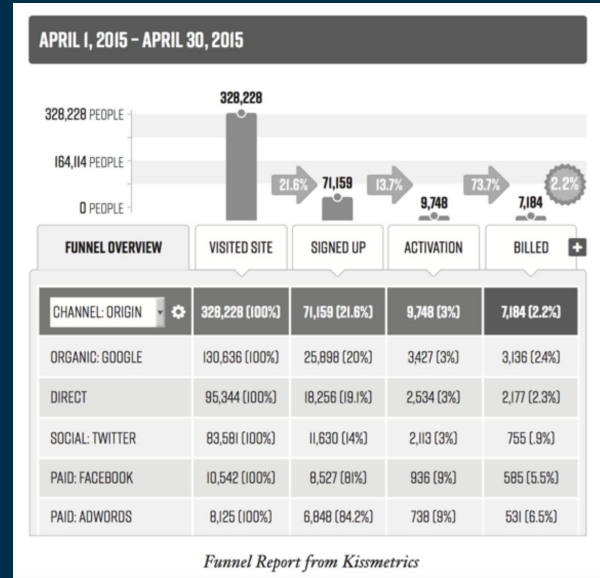
Track by channel, find friction / dropoff

### 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

The Facebook logo, consisting of the word "facebook" in a blue, lowercase, sans-serif font, is centered within a white rectangular box.

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

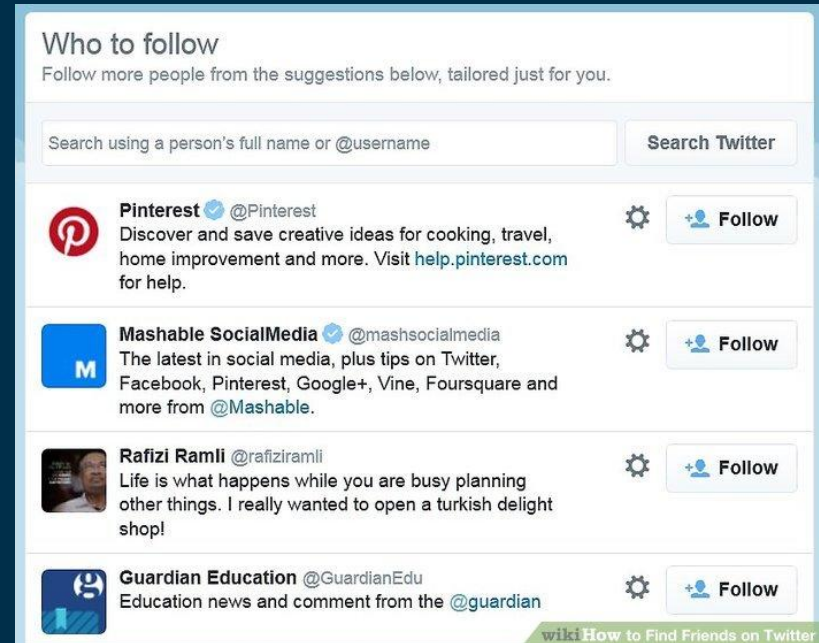


Twitter's growth stalled.

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.

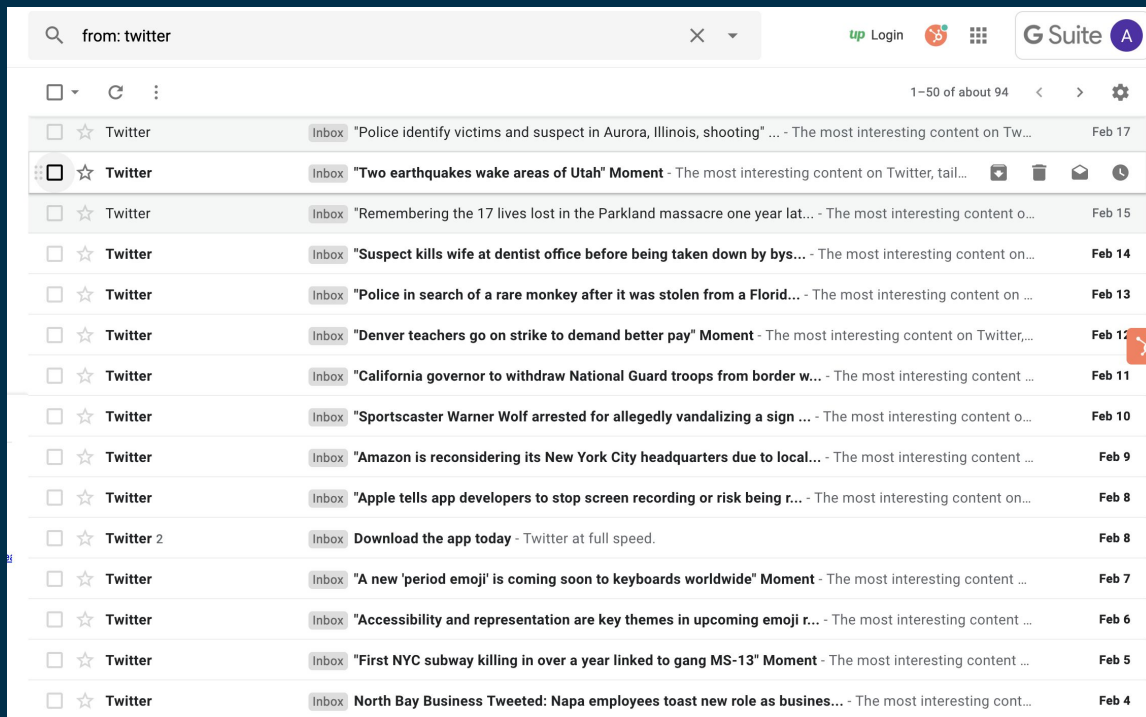
They also implemented a Learn Flow, which guides and educates new users.



# 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

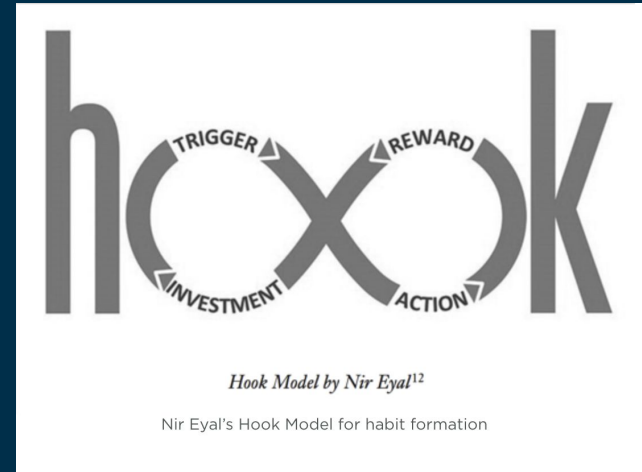
Brand Ambassador Programs (Elite Member, t5 Amex Black Card)

Recognition of Achievements

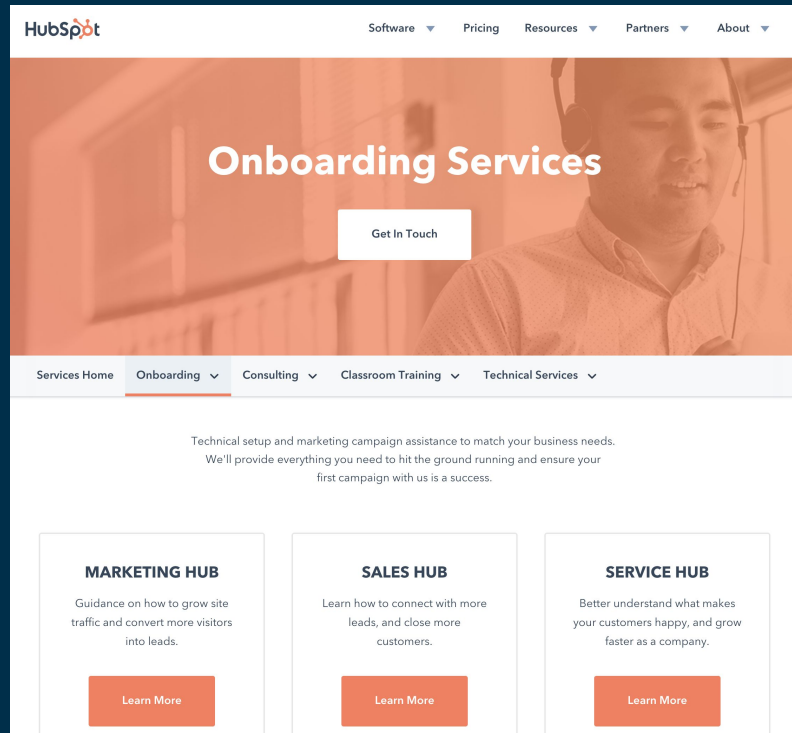
Customization of Relationship – 1:1 Experiences, Personalization

More Value Coming Soon

Ongoing Onboarding



# Hacking Retention



# Hacking Retention

## Membership Model

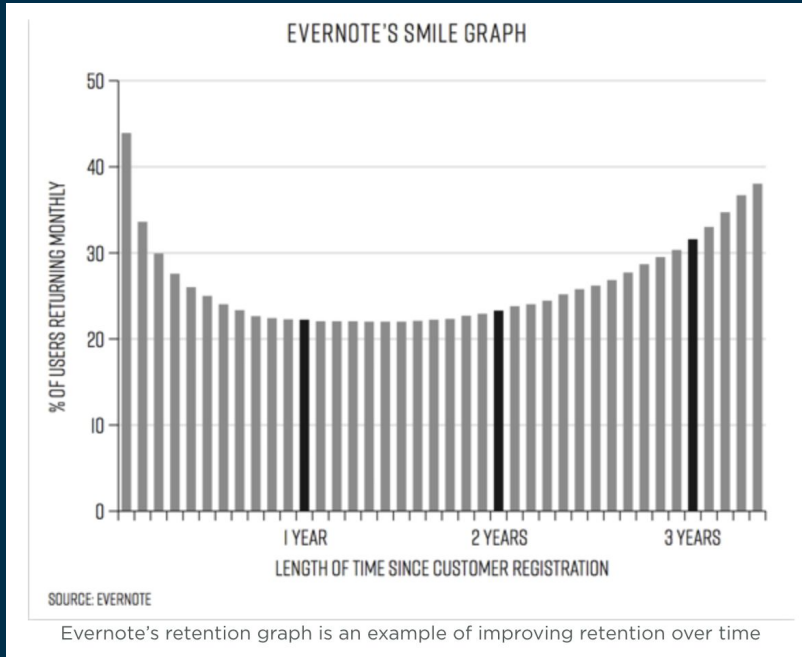
- Free 2 day shipping
- Video and music streaming
- Whole Foods

## Results

- 73% of trials convert to paid
- 91% of 1st year subscribers renew
- 96% of 3rd year subscribers renew



# Hacking Retention Stored Value



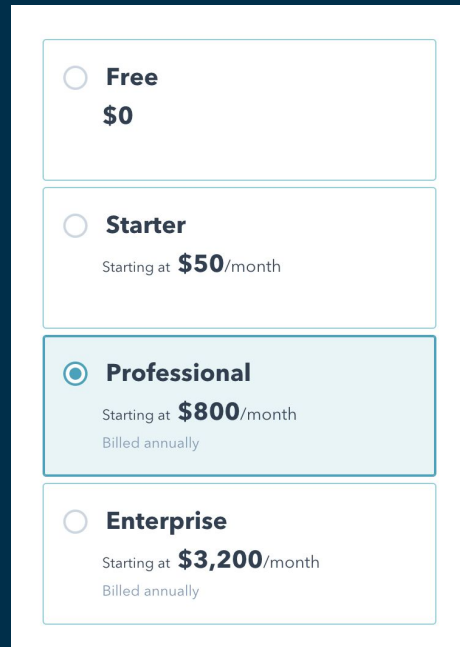


# Hacking Monetization

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



# Hacking Monetization



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



# Hacking Monetization



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 Monetization



# Hacking Monetization



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



# Hacking Monetization



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

Immediate 200% increase in signups.



Questions?

