

# Introduction

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Marketing is anything that gets and keeps customers.

Today, as a marketer, our task isn't necessarily to "build a brand" or even maintain a preexisting one. We're better off building an army of immensely loyal and passionate users. Which is easier to track, define, and grow? Which of these is real, and which is simply an idea? And when you get that right -- a brand will come naturally.

...Marketing has always been about the same thing—who your customers are and where they are. (From Jeff: And, where your customers' significant others are.)

Enormous services launched from tiny, but incredibly explosive, ideas. That's what we're going to study in this book.

Think viral products, not viral videos.

## Themes

*Integration of marketing and product development.* The old way of marketing -- where product development and marketing were two distinct and separate processes -- has been replaced. ... A growth hacker doesn't see marketing as something one does, but rather as something one builds into the product itself.

*Data, definability, measurability.*

*Growth hacking is more of a mindset than a toolkit.*

## What is growth hacking?

The goal is to build a self-perpetuating marketing machine.

A growth hacker is ...

*A growth hacker is someone who has thrown out the playbook of traditional marketing and replaced it with only what is testable, trackable, and scalable. Their tools are e-mails, pay-per-click ads, blogs, and platform APIs instead of commercials, publicity, and money.*

*While their marketing brethren chase vague notions like "branding" and "mind share," growth hackers relentlessly pursue users and growth—and when they do it right, those users beget more users, who beget more users. They are the*

*inventors, operators, and mechanics of their own self-sustaining and self-propagating growth machine that can take a startup from nothing to something.*

## Examples

*Gmail.* First Google built a superior product. Then it built excitement by making it invite only. And by steadily increasing the number of invites allowed to its existing user base, Gmail spread from person to person until it became the most popular, and in many ways the best, free e-mail service.

*Dropbox.*

- They made the video themselves and they made the right one for the right place. Knowing the outlets where they intended to post the video (Digg, Slashdot, and Reddit), they filled it with all sorts of allusions and references that those communities would love.

As a result, this homemade video was enormously popular with these potential users. It immediately made the respective front pages, it drove hundreds of thousands of new visitors to the special page Dropbox had set up for this purpose ([GetDropbox.com](http://GetDropbox.com)), and the waiting list went from 5,000 users to 75,000 users nearly overnight. It was all trackable, all visible, and highly effective.

- Dropbox rewarding users with 250 megabytes of extra storage if they take a tour of the basics of Dropbox.
- Free storage if you send 90 characters of feedback.

*Groupon* "Refer a friend" and you get \$10 when your friend makes his or her first purchase.

*LivingSocial.* "Get this deal for free" if you buy the deal and recommend it to three friends who buy it via a special link, it's free for you. No matter how much the deal costs.

*DogVacay.* We received an unexpected phone call. It was someone from the DogVacay team, wondering what had happened and if there was anything they could do.

*Uber.* Event organizers gave all the speakers a \$50 Uber gift card.

*Pinterest.* All new users automatically follow a selection of high-quality Pinterest users.

*AirBnB.* Offered free professional photography to hosts for all its listings.

# STEP 1: It Begins with Product Market Fit

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## Minimum viable product

...the best way to get to Product Market Fit is by starting with a “minimum viable product” and improving it based on feedback—as opposed to what most of us do, which is to try to launch with what we think is our final product.

Marketers need to participate in defining customers, figuring out their needs, and product design.

Marketers are like translators -- helping bridge producers and consumers so they are in alignment.

## How to get PMF

Test ideas. For example, blog and see if there's a response. Then iterate.

Keep asking. What is it that brought you to this product? What is holding you back from referring other people to it? What's missing? What's golden?

## STEP 2: Finding Your Growth Hack

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### Start small

Growth hacking still requires pulling your customers in, except you seek to do it in a cheap effective and usually unique and new way. Whereas all traditional marketing starts the same way -- with a news story or an ad campaign -- startups can launch in a multitude of ways.

The key metric is not awareness -- it's signups. Or similar.

### Examples

- Dropbox with a video and an invitation.
- Ebay with free in-flight wifi.
- Uber at SXSW.
- Instagram and Snapchat dominating the App Store.

### Stunts

- Create an aura of exclusivity with an invite-only feature.
- Create fake profiles.
- Piggyback off a single service or platform.
- Launch for just a small group, own that market, then move from host to host (like Facebook did at Harvard, then other colleges).
- Host events and drive people through manually.
- Be unique on the App Store.
- Bring in influential people as advisers and investors -- because of their fame, not their money.
- Donate to charity.
- Get something named after your client.

### Tips

1. Reach out to sites you know your potential customers (or their significant others) read with a pitch email: "This is who we are, this is what we're doing, and this is why you should write about us."
2. Upload a post to Hacker News, Quora, or Reddit.
3. Write posts about popular topics that get traffic and indirectly pimp your product.
4. Use Kickstarter and bribe your first users.
5. Use Help a Reporter Out.

6. Find customers one by one and invite them in.

Basically, do whatever you have to to pull a small initial group of customers in.

*Goal.* We're trying to hit a few hundred or a thousand key people—not millions.

*Audience.* Influencers.

*Build your product development for growth.* Build virality in.

In other words, launching does not need to be an enormous campaign we're expected (too often) to produce out of thin air so much as an initial boost or a shot in the arm. Not a blowout grand opening, but a strategic opening or a stunt that catches the attention of our core audience.

This means that our outward-facing marketing and PR efforts are needed simply to reach out to and capture, at the beginning, a group of highly interested, loyal, and fanatical users. Then we grow with and because of them.

Instead of spending millions on advertising or countless resources trying to reach these potential users in their respective cities, Uber just waited for the one week a year when they were all in one place and did something special.

A good idea is not enough. Your customers, in fact, have to be "acquired." But the way to do that isn't with a bombardment. It's with a targeted offensive in the right places aimed at the right people.

## STEP 3: Turn 1 into 2 and 2 into 4—Going Viral

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"We want to go viral"

You've heard it in a million meetings. And clients are so flip about it: "We want to go viral. Make people share this online." Everyone wants it. As though massive viral sharing is as simple as asking for it.

The growth hacker has a response: Well, why should customers do that? Have we actually made it easy for them to spread your product? Is the product even worth talking about?

...If you want to go viral, it must be baked into your product. There must be a reason to share it and the means to do so.

Referrals win.

## STEP 4: Close the Loop: Retention and Optimization

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### Focus on retention

The traditional marketer's job, as I learned in my time in fashion and publishing, is to get the leads—to bring in potential customers. It's someone else's job to figure out what to do with them. But does that really make sense anymore?

Forget the conventional wisdom that says if a company lacks growth, it should invest more in sales and marketing. Instead, it should invest in refining and improving the service itself until users are so happy that they can't stop using the service (and their friends come along with them).

### **5 percent increase in retention = 30 percent increase in profit**

According to Bain & Company, a 5 percent increase in customer retention can mean a 30 percent increase in profitability for the company.

...Retention trumps acquisition...

You're better off rolling out new features that get more out of your customer base, that turn potential users into active users, than going out and pounding the pavement for more potentials. You're better off teaching your customers how to use your product—spending time, as services like Facebook and Amazon do, to get users to supply more personal information and make them more engaged—than chasing some new person who doesn't really care.

With tools like Compete, Quantcast, and Alexa, it was easy to research potential sites we wanted to appear on, cross-check their traffic, and then reach out. And as I explained earlier, when your product is actually relevant and designed for a specific audience, bloggers love to write about you.

## My Conversion: Putting the Lessons into Practice

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Ads drive awareness . . . to drive sales. PR and publicity drive attention . . . to drive sales. Social media drives communication . . . to drive sales. Marketing, too many people forget, is not an end unto itself. It is simply getting customers. And by the transitive property, anything that gets customers is marketing.

...marketing" turned out to be the marketing steroids behind their business growth. For Hotmail, it was inserting an e-mail signature at the bottom that turned every e-mail sent by one of its users into a pitch for new users. For Airbnb it was craigslist infiltration, which allowed Airbnb hosts to use the site as a sales platform. For Groupon and LivingSocial it was their referral offers that paid users to share deals with their friends. And for Spotify, it was the free "advertising" it got from Facebook integration.

More important than any of their specific tactics was the mind-set they all shared. Each followed the process I've outlined in this book:

1. they merged marketing into their product development;
2. they kicked off growth with early adopters;
3. they added viral elements;
4. and then they relentlessly repeated these cycles, always guided by the data, with an eye toward optimization.

# FAQs

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## **1. If you were launching a start-up or new product, what questions would you ask your- self before launching?**

I'd ask myself:

- Who are my ideal early adopters?
- How can I make my platform particularly enticing to them right now?
- Why is this service indispensable? Or how do I make it indispensable to them?
- Once they come on board, does the service provide/encourage/facilitate them inviting or bringing more users with them?
- How willing and prepared am I to improve based on the feedback and behavior of these users?
- What kind of crazy/cool thing can I do to get attention—something that, ideally, no one has ever done before?

## **2. Isn't growth hacker marketing just an evolution of traditional marketing?**

It is not in the marketing industry's DNA to be any of the following things, which are critical to growth hacking:

- In-house
- Lean/efficient
- Trackable
- Internal (that is product development) over external (public facing/attention seeking)
- Traditional marketing strategies simply weren't used to build companies like Facebook, Airbnb, and Twitter, and they're some of the fastest-growing companies in the world. They also weren't built simply with direct marketing strategies like e-mail or standard mail. It was all of these things combined but used and deployed in a new way.

This presents a great opportunity for prospective growth hackers. They can dominate the marketing industry going forward as the giants grow less and less effective.

## **3. What are some key strategies to acquire your first 100K users with zero marketing budget?**

The best strategic marketing decision you can make is to have a product or business fulfill a real, compelling need for a real and defined group of people— no matter how

much tweaking and refining this takes. You don't get 100K users with zero marketing budget unless you've got an amazing product that fills a real and compelling need right now. Think: Snapchat, Instagram, or even Zappos. While these companies did something very different from one another, they really made people say wow. It's that reaction that does your marketing for you and drives word of mouth.

Rather than wait for this to magically happen, you need to contribute to this process.

Ask yourself: why would anyone sign up for a beta list for a new product or sign up the week it launches? The value proposition has to be overwhelming—as it was for Dropbox, for Mailbox, and for Gmail. These services blew up because the reaction they elicited was “Holy shit.” Same goes for most of the cool Kickstarter projects you see (in which case people are basically preordering a product they've never seen and that might never actually exist).

If your product does not do that—even on a small scale for a much smaller audience—you need to go back to the drawing board until it does. All the important things that follow, like getting press and influencer attention, are impossible until this is obtained.

Your outward-facing marketing and PR efforts are simply to reach out to and capture, at the beginning, a group of highly interested, loyal, and fanatical users. Then you grow with and because of them. Product market Fit is not some mythical status that happens accidentally. Companies work for it, they crawl toward it. They're ready to throw out weeks or months of work because the evidence supports that decision.

## **6. What are some good resources to use when doing market research for a start-up or industry?**

Aside from studying your competition and reading the blogs and thought leaders in your space? One of my favorite tricks: **Find a subreddit** (a topic-driven niche on the reddit site that addresses the market or space you plan to launch in), subscribe, and watch the articles (and the comments to those articles) for a few weeks. See what people say, what they react to, what they like and dislike, etc.

Unfortunately, when it comes to market research I feel it's less about the tools and more about the effort. how much time do you put in? how willing are you to actually listen to the feedback around you? are you falling prey to the confirmation bias? all those factors will ultimately matter more than whether you use a Wufoo forum to ask users some questions.

## **5. Do you feel building virality into the product should be done only after finding Product Market Fit?**

I don't think these are totally distinct things. Product market Fit is itself a viral component. You're making something that people want and need. That being said, using an example like Dropbox, clearly their "Get Free Space" referral program would not have worked if Product Market Fit wasn't there also. It's a chicken-and-egg problem—so don't think about the order necessarily, but make sure you have the framework for both.

**6. I've seen the writing on the wall as you have about traditional marketing strategies paling in comparison to growth hacking. I have traditional marketing experience but I want to transition into working as a growth hacker. How do I do it?**

Find a start-up that could use your skills and offers the opportunity to experiment with some of these newer strategies. Or better yet, find stuff you're passionate about, look for people who are doing the coolest stuff in that space, and find a way that you can bring something to the table that they want. You can get the mindset for growth hacking by reading. You learn the techniques by doing.

**7. I'm looking to build buzz around a physical product I'm working on and am considering making content to advertise to my target demographic. What do I need to think about?**

Put yourself in the viewers' shoes. Why would they watch your content? The proposition is: here, click this ad to watch a video about some product you've never heard of. Not that exciting, right? Try to change that up and you'll have more luck. How can you make the content good enough and valuable enough that you don't need ads to be the main driver of views? Honestly, the best way to build buzz around a physical product is probably in person, where the physical attributes can actually be experienced. But if you're going to make content and you want it to work, make sure it is compelling and emphasizes the attributes that separate your product from the herd.

**8. What are your thoughts on traditional advertising and PR agencies?**

If I were in PR, I'd quit because it sucks. It's a bunch of relationships with people who don't matter that much anymore (i. e., legacy media reporters).

As far as ad agencies go, I don't like their model. Why do you have to pay someone else to make/ produce the content that you use to speak directly to your potential customers? It makes no sense to me. That being said, I think there is a lot of value in learning what those guys do and then applying it on your own to a company where you actually work or control things.

As an alternative, I'd focus on helping people do really cool, interesting things and media attention will not only follow, it will pound down your door.

**9. Do I have to run a tech start-up to use growth hacking strategies, or will they work for other types of professions and businesses? For example, accountants, lawyers, or a physical product like a toaster? What about B2B?**

The growth hacker mindset still applies no matter what kind of business you're in: make your service indispensable, find some loophole or underexploited niche, encourage word of mouth, and finally, ruthlessly optimize based on data and feedback.

Growth hacking a social network to millions of users is impressive—but it's always going to be a little easier to acquire users for a free product than it is going to be to acquire customers and clients. But you can ultimately apply these tactics—likely on a smaller scale—to all sorts of businesses, be they physical products or restaurants or whatever.

This is precisely why I concluded the book with an example of growth hacking a book. I wanted to show that applying the process is what matters— not the product. After all, Aaron Ginn worked as a growth hacker for a presidential campaign in 2012. I think we can safely say that you ought to be able to apply it to your Indiegogo campaign or even a charity. As they say in AA, the steps work if you work them.