THE BEGINNER'S GUIDE TO GROWTH HACKING

A guide to growing your user base
and revenues with lean marketing

By Christopher Carfi & Frederik Hermann

WHAT TO EXPECT

Building a sustainable business and product is hard work. Growing your user base is even harder. Markets and opportunities are changing on a daily basis; you have to stay focused and constantly improve your tactics in a rapidly-changing world in order to succeed.

The tactics that worked even a few short years ago are now obsolete. Iterative sprints leveraging mobile, social and location-based approaches and powered by data and insights, are required in order to thrive. Through rapid experimentation, you can find yourself in a healthy loop of building, testing, measuring, learning, refining and improving.

On the following pages we want to share some insights with you that will help you grow your user base, keep them engaged and ultimately grow your revenues.
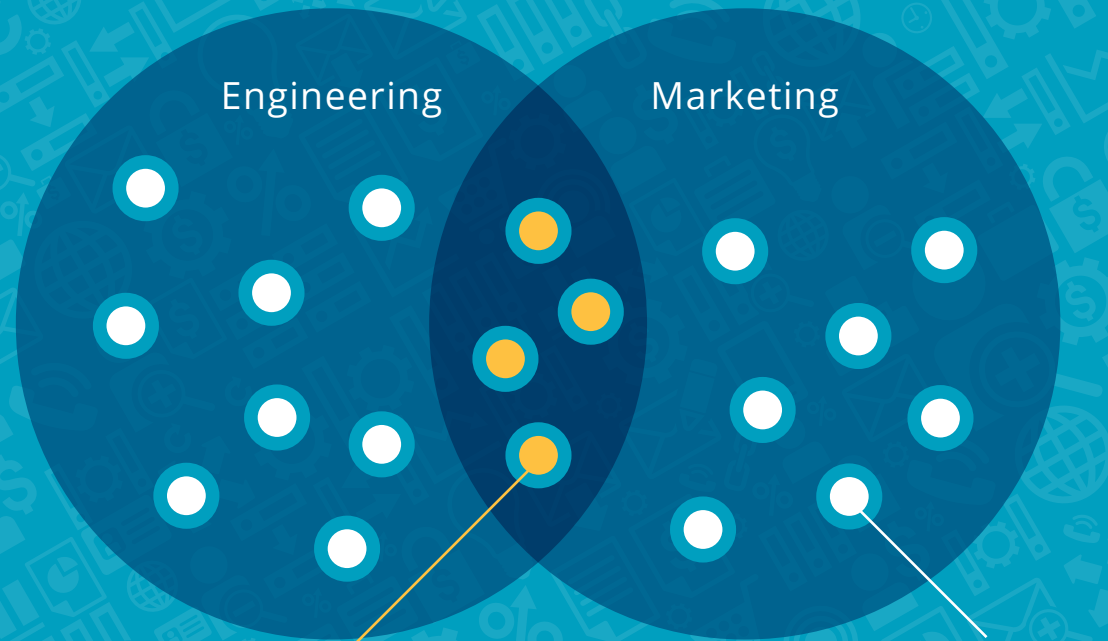
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GROWTH HACKING

Engineering   Marketing

SUCCESSES!

Experiments

what is growth hacking?

The term growth hacking describes a data driven test and measure approach to reaching, converting and retaining customers on a scalable basis.

Growth hacking is about the creative use of scalable and repeatable methods with the goal to optimize every digital touchpoint in order to get prospective customers to take action.

The term does not describe one specific method, but is rather a philosphy, an approach at the intersection of marketing tactics and product development, inspired by analytics and data – constantly testing, measuring and refining.

Growth hackers are often a hybrid of marketer and coder as the discipline of marketing is shifting from people-centric to API-centric activities. A growth hacker is a person whose true north is growth.

"Growth is not a one time gimmick. There is no silver bullet."

James Currier, Co-Founder at Ooga Labs

"The principal objective of growth hacking is to create a user acquisition coefficient that is higher than one. For example, a company should aim to have more people using their product over time than it loses from attrition. By experimenting with different growth hacking methods, companies can determine the optimal means to increase that coefficient dramatically."

– *Andy Johns*

the lean marketing funnel

The marketing process is often metaphorically described as a funnel illustrating the theoretical customer journey towards the purchase of a product or service. This results in one of the most critical questions:

How do you move users from one state to the next?

Your efforts need to be focused on optimizing the conversion from visitor to customer. Here we want to break up this user flow into five discrete stages *(inspired by Dave McClure's startup metrics for pirates, short AARRR, and Mattan Griffel's corresponding blog post)*:

Acquisition People come to your homepage or other landing pages from various channels (owned, earned, paid).

Activation This means converting visitors who are having a good first experience on your site through a call-to-action to sign up for your service or give you their email address for more information.

Retention Once people become active users of your product, coming back to use it multiple times and staying engaged each time will be crucial for the long-term success of your service and your revenue pipeline.

Referral Your goal is to achieve a viral coefficient greater than 1, meaning your customers referring your service and inviting their friends results in at least one of these referrals to sign up as well.

Revenue Growing your revenues as a company either through advertising, subscriptions, or by simply charging for your products and services.

Acquisition

Activation

Retention

Revenue

Referral

setting up your analytics

As growth hacking is a very data driven approach, it is essential that you have the analytics tools in place that allow you to measure the effectiveness of the experiments and tactics you are deploying. Google Analytics in combination with Google Webmaster Tools are a good way to start, but then there is a whole range of useful tools:

Like Optimizely and Unbounce for A/B testing, Mixpanel and KISSmetrics for funnel metric tracking, Qualaroo and SurveyMonkey for user feedback as well as Crazyegg and UserTesting.com just to name a few.

Before you get started with any experiments create a time stamp with Moz's www.opensiteexplorer.org and save some of the basic metrics (your page authority, domain authority, page mozrank, page moztrust) as well as your Google PageRank, Alexa rank, current traffic sources, etc simply to have a reference point in the future.

You are now aiming to measure user engagement throughout the funnel and user acquisition cycle, like what are your users clicking on, where did they come from (traffic source), where are they dropping off, how much time are they spending on your site, how much did it cost to acquire this user and much more.

Google Analytics Signing up is free and all you need to do is drop a few lines of code into all the pages you intend to track. I recommend event tracking on buttons and links and to create "goals" mapping paths through your website and their goals (eg. sign-up or download).

Facebook Insights Facebook has some good insights about your Facebook profile, demographics and usage at https://www.facebook.com/insights and I also recommend claiming your domain via the green "Insights for your Website" providing you further insight on actions where people have posted a link to your site, how often posts with a link to your site have been viewed and how many people have clicked through to your site from Facebook.

Twitter, App.net, Pinterest and others also allow you to claim your domain to receive more detailed analytics and insight on engagement and traffic generated through those platforms.

Google Webmaster Tools Make sure to add your website, blog and corresponding XML sitemaps to the webmaster tools for faster and more accurate site crawling and detailed search analytics. Search engine Bing provides a similar "webmaster tool" as well.

a/b and multivariate testing

A/B testing, also referred to as split testing, is a method of website optimization in which the engagement and conversion rates of two different versions of a page, A and B, are compared to one another by splitting live traffic onto both versions. A multivariate test uses the same core mechanism but compares a higher number of variables and how these variables interact with one another.

We often test more than just two versions and currently use Google Experiments as a great free A/B and multivariate testing tool (it is part of Google Analytics and you can find it under the "Behavior" tab on the left). Make sure you set up your "Goals" (e.g. "sign up") in advance and create the different pages you want to test against one another (6 different landing pages, for example, with different website copy, button colors or imagery). Then you provide the original/control page plus its variations to the tool and paste a few lines of Javascript code into the control page (standard landing page), Google Experiments will now route incoming traffic to all 7 pages (control + 6 variations) and allows you to measure which one converts better than others. Your goal is to optimize the conversion rate.

Highrise (37signals) is a popular example as they tested a lot of different landing pages against one another, gradually and successfully improving conversions. Make sure you run your changes/tests against a control group (A/B test) to measure the difference. Small changes in copy or design can drive huge differences in conversions. Don't be afraid to throw a drastic change into the mix (a super simplistic landing page with few words and a big button for instance), be creative and measure the results.

Layout 1

Layout 2
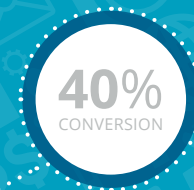
Layout 3

30% CONVERSION
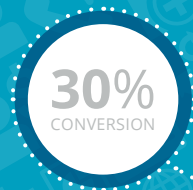
60% CONVERSION

40% CONVERSION

Layout 2

creating landing pages

A "landing page" is a purpose-built web page for lead capture or customer conversion. Typically, a landing page has a singular goal: to provide enough value to the visitor that they take the next step to becoming a customer or lead.

Focus – keep it simple and don't distract your visitors.

Create a headline that effectively gets your message across (be descriptive, you already got this visitors attention) and follow up with short and compelling copy describing your most important attributes (benefits, problem you're solving, features).

Create a clearly visible call-to-action, don't distract with lots of other requests – the best pages accentuate only one CTA.

Shine with visually clean and simple design; more white space keeps people trained on your call to action. Big fonts make it easy and compelling for them to read and understand what your site is all about. An additional video can summarize a lot of information into a small space and can increase conversions dramatically.

Make sure the most important information is displayed without having to scroll (above the fold), works in many different resolutions and systems as well as mobile screens!

Keep in mind that you don't need to know it all in advance, that's what A/B testing is for. You can test multiple different headlines and simply measure which one resonates the best with your visitors and yields the best conversion rate.

the many ways of inbound marketing

Inbound marketing is a highly effective way to generate awareness, convert customers and give advocates something to talk about. In a world where advertising is increasingly "tuned out," the creation and sharing of media and publishing content is paramount to achieving business goals.

Inbound marketing focuses on online channels and their usage. By providing value in the form of information and making that information findable via search (SEO) as well as distributing it through social channels, prospective customers learn about the brand driven by their interests, rather than as a result of interruption marketing or outbound cold calls.

Blog posts 1-3 times / week, with content useful to your customers

Social media distribution Share content to Facebook, Twitter, Google+, LinkedIn, Slideshare, Medium, Reddit, Quora, Tumblr, StumbleUpon, etc., based on which channels are most relevant to your prospects and customers

Other blogs Participate in conversations relevant to your brand and industry without being spammy

Email newsletters Twice a month, not too long, ONE call-to-action

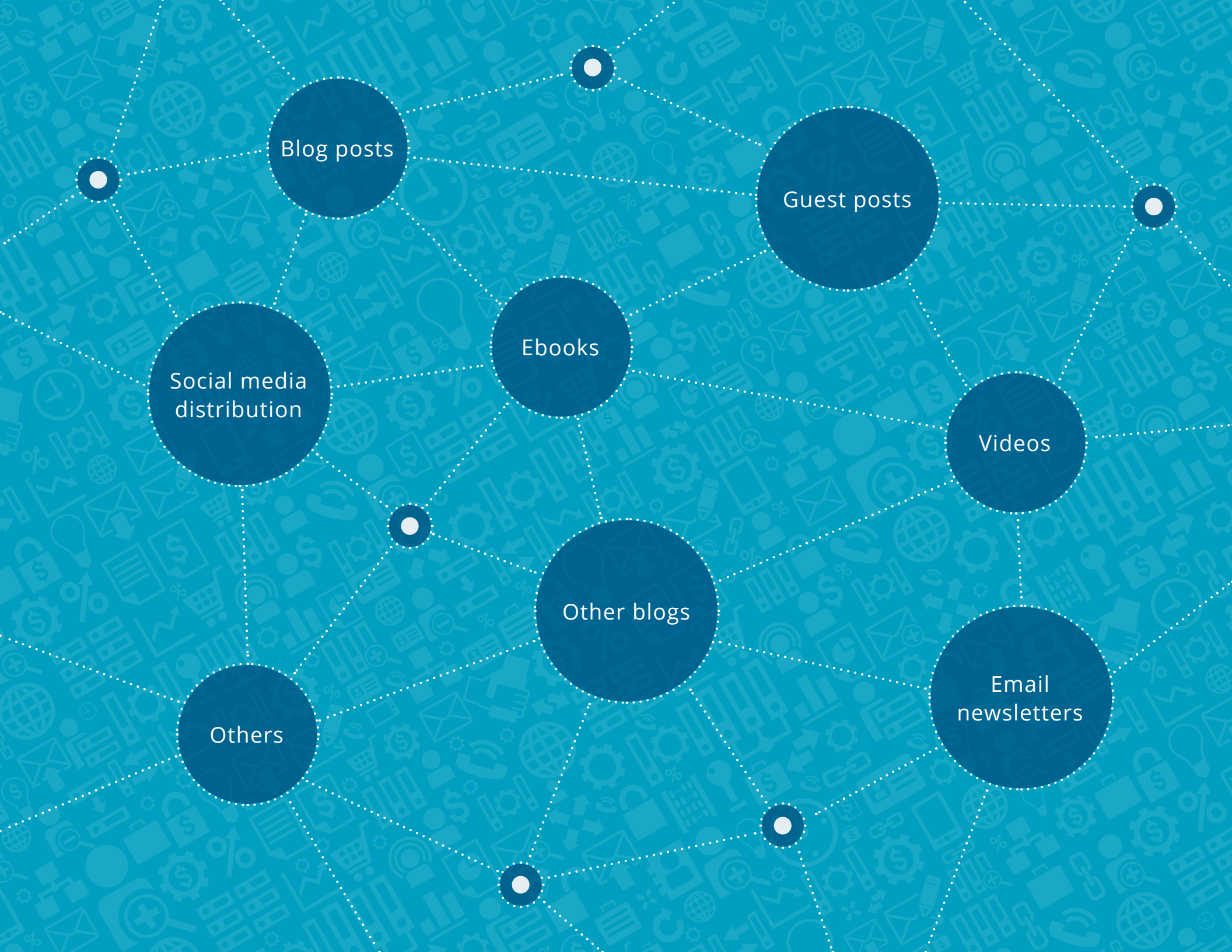**Guest posts** Write them first then offer to others

Ebooks Visually appealing, on-topic, with designated landing page for lead generation

Videos Short video (less than two minutes) almost always wins

Others Infographics, how-to guides, case studies, whitepapers

mastering email marketing

Although email has been much-maligned over the years, it is still one of the most effective channels for engaging with your customer community and nurturing your prospects. A few things to keep in mind:

Make it easy to get on your list Don't bury your subscription box in a sidebar. There are plenty of site and blog plugins that do a great job of asking folks to join your list and then getting out of the way. The best plugins will allow you to configure how often they are shown to visitors, which enables you to ask newcomers to join, while not overly inconveniencing your regular site and blog visitors.

Start the flywheel right away When someone joins your list, send them a welcome email. Include a short note of thanks, but also include a link to a bonus piece of content for subscribers of your list. They just went through the effort to sign up as a result of interest in your brand, reward them with another bit of insight that can help them achieve their goals.

Keep the drumbeat going Regular but not-too-frequent emails keep engagement up and keep your brand top of mind without beeing spammy or annoying. Twice-monthly is a good frequency to start with for newsletters, which can be scaled more-or-less frequently based on the information you can deliver and its timeliness and value to your readers.

Plan and execute Keep an editorial calendar for your emails, just like you do for your social channels. Know what items are going to be in which edition and get the writing done early, if you can.

Test relentlessly If you have the luxury of a large list, don't be afraid to A/B test different subject lines to small subsets of your list to see which ones get the best open rates. Once you have your message dialed in, then you can send the newsletter to the broader group. If your list isn't large enough to allow segmentation of the list to do this type of testing, make it a habit to write 15–25 possible subject lines before choosing one. (Little known fact: The Onion writes all of its headlines first, and then writes the articles for the best ones. You can do the same.)

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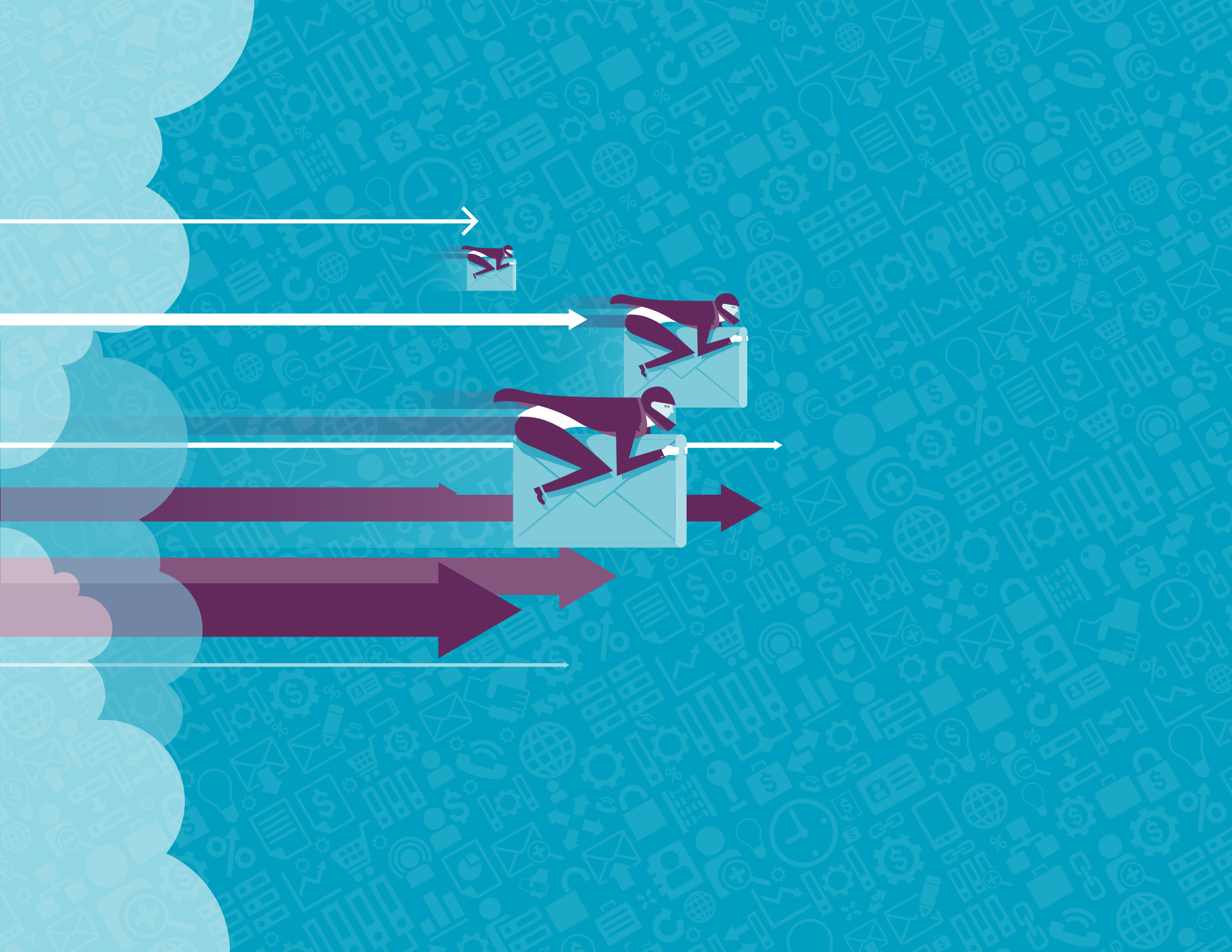
paid channels & remarketing

The available media channels are often divided into three main categories: earned, owned and paid. We have already covered many of the "owned" inbound marketing channels and will talk about the "earned" channels in the next chapter but an important catalyst can be efficiently deployed with "paid" media campaigns.

Paid channels are often referred to as "traditional advertising" like the various forms of online advertising (display ads, text ads, video ads, sponsored search, affiliate marketing, email advertising) but also sponsorships, print ads, television, radio, direct mail and retail.

With the resources and budget of a startup I recommend focusing on the online rather than any offline channels as they are usually much more cost effective and targeted.

Start off by testing different channels with a small budget (e.g. $100–$1000), measure the conversion rate and double down on the ones that perform well for you.

This is also a great way to test different messaging (how you describe yourself as a company and your services), creative (images and photos), regions (countries and languages) as you can measure what resonates best with your potential customers.

Popular channels are: Google AdWords, Facebook, Twitter, LinkedIn, Bing/Yahoo!, YouTube, StumbleUpon, BuySellAds, Flurry and Tapjoy (for mobile apps). Using a new platform earlier and more effectively than others can give you great competitive advantage (usually at lower cost too), so make sure you keep some of the newcomers in mind like Instagram, Tumblr, Twitter, Pinterest, Reddit and others. You can use AdStage to manage campaigns for multiple platforms within one dashboard.

If you are selling a product (software or hardware) you should think about retargeting. Retargeting means to re-market your services and products to users who have previously visited your website. Retargeting helps you bring back the visitors who haven't converted yet. A popular player in this category is AdRoll.

public relations

Public relations has changed a lot over the years, but can still play an important factor in getting your story in front of the right people. Nevertheless, at the early stages of your company I recommend focusing your efforts on your product and execution, measuring, learning and adapting instead of investing too much time and money into public relations or even hiring an agency. You will be better off being able to showcase market validation and traction than early promises you might fall short on.

If you have found product/market fit, identified your target audiences and want to invest into public relations you can start building a list of journalists, bloggers and influencers in the industries that align with your target audience. This can vary greatly depending on your product or service, eg. marketing and advertising outlets versus a lifestyle and entertainment audience.

1) To identify key reporters and influencers in a certain vertical you can use a Google search but also services like Little Bird, Klout, Kred, Traackr, Quora, WeFollow, Alltop, PeerIndex and others.

2) Build your own list of influencers in a Google spreadsheet with their name, outlet, contact details and social profiles. Rapportive is a great tool to find the right email address.

3) Read, listen and engage on social media first. Start building a relationship over time.

4) When you have something to say (like traction, funding, a large trend emerging, launch of something new, the disruption of a market or industry) make sure to start the conversation in advance (weeks ahead). Most journalists need some time to schedule an interview and some time to research and write their story.

5) Maintain the relationship and be a great contact. Maybe you have some news to share that are simply industry-related but are not necessarily about you.

6) You can also comment on stories or trends by signing up for HARO (Help a Reporter Out) as journalists are often keen to get industry insight (a quote attributed to you) for a specific story or topic.

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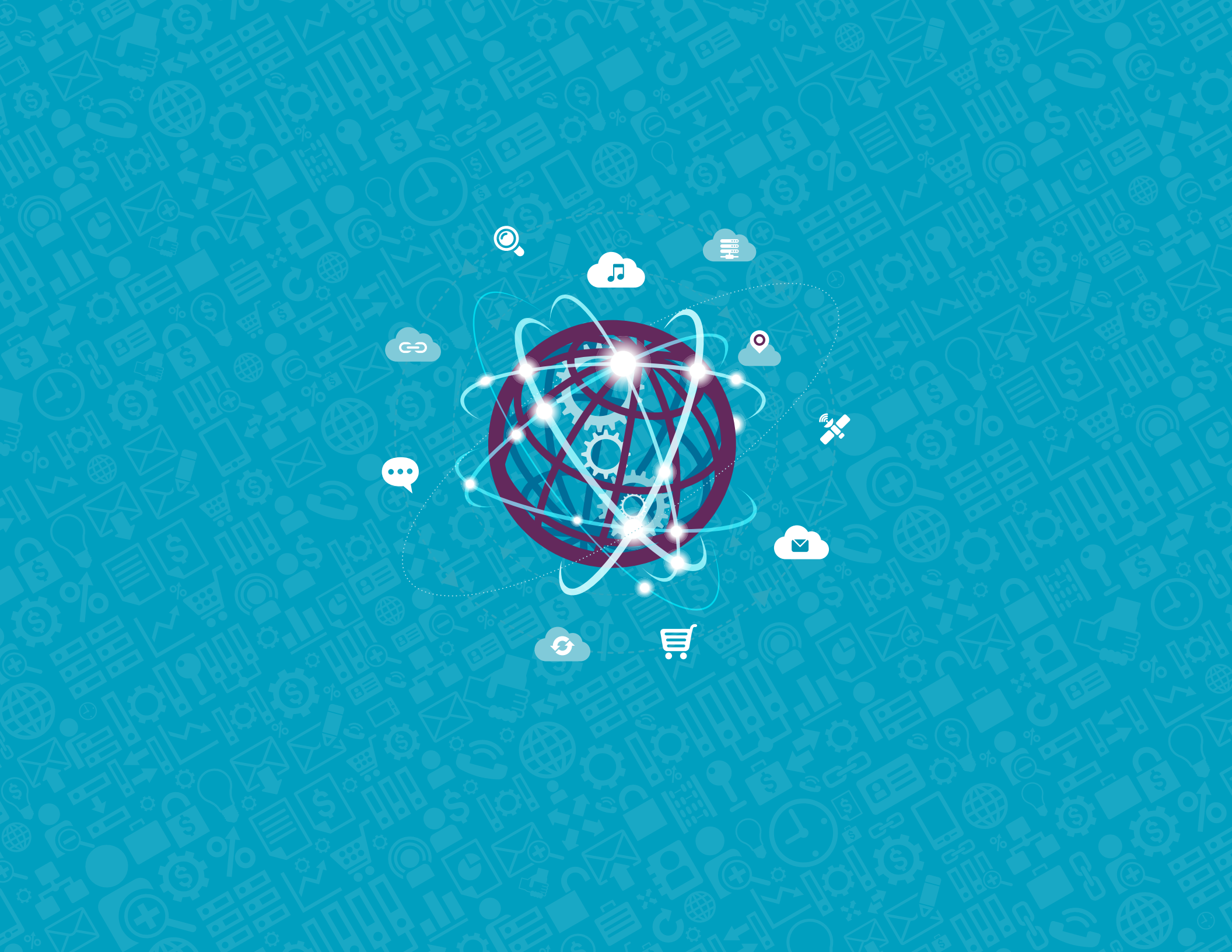
building viral mechanisms into your product

You might create the next great viral marketing video. You might not. However, the odds are stacked against you that your brand will create the next Gangnam Style. Instead, it's better to build viral mechanisms into your product and strategy itself instead of hoping that marketing lightning will strike.

The fact that people actively share is itself an area worthy of conversation. With all of the other demands on our time, why do people bother to actively share to Twitter or Facebook or Pinterest or a blog? Research from the New York Times indicates that the key reasons are:

» To bring valuable and entertaining content to others
» To define ourselves to others
» To grow and nourish our relationships
» Self-fulfilment
» To get the word out about causes and brands

Make sure your product or service addresses aspects of those five motivators.

There are actually two key types of viral components that can be considered as part of product design, according to Harvard researchers Sinan Aral and Dylan Walker. Both active and passive sharing can be built into a product.
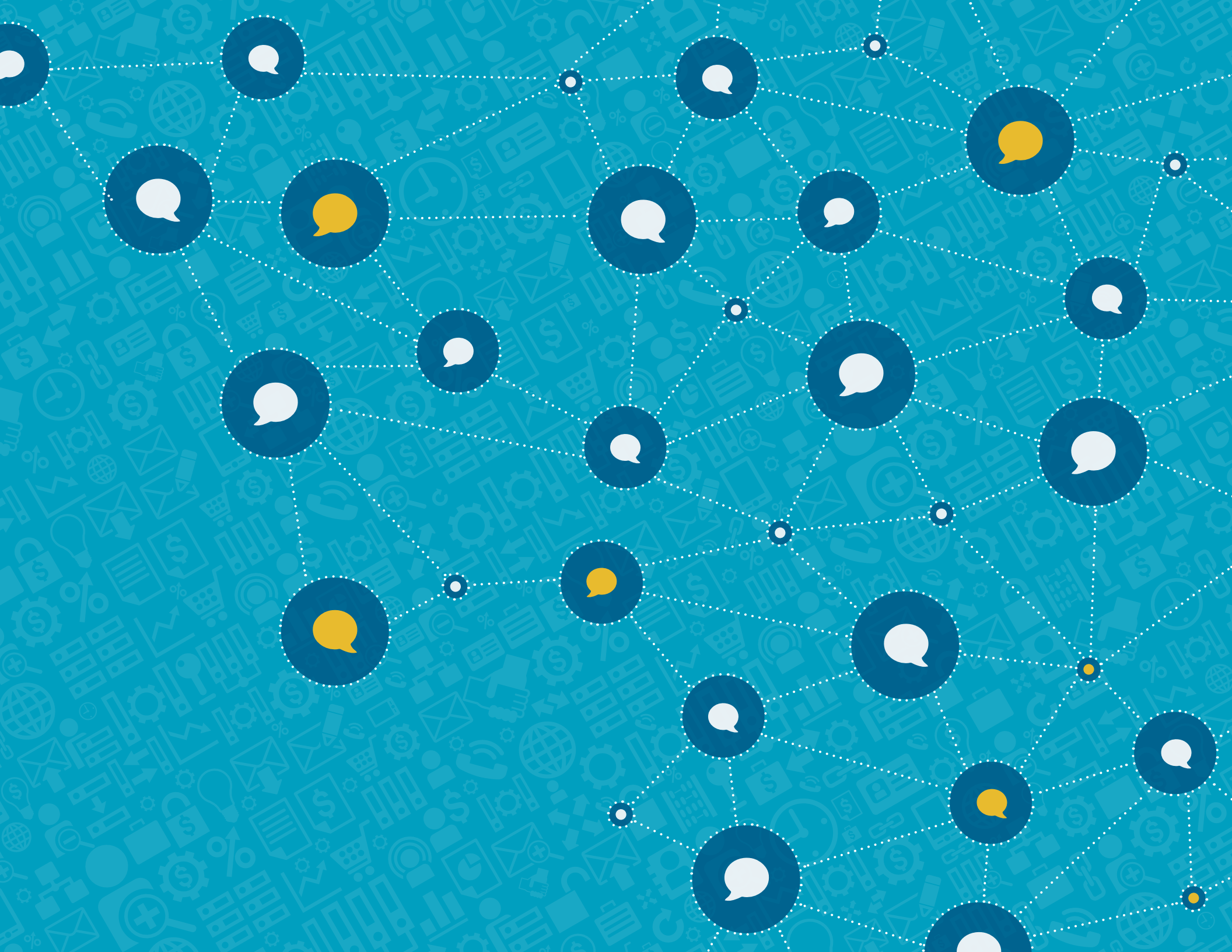
Active sharing Users of your service actively share the product or content with their networks (e.g. Facebook Likes, Twitter shares, etc.). Active sharing is more persuasive.

Passive sharing Your service automatically shares your activities on your behalf to your networks (e.g. Spotify "now listening to" type updates). Passive sharing generates more hits.

activating your audience

There are three ways your audience can take action:

» They can buy from you
» They can tell others about you
» They can be defenders of the brand

It's great when a prospect buys from you, obviously. As it's been noted, "nothing happens until a sale is made." That said, a truly engaged community member can become a key member of your organization's ecosystem in a number of ways in addition to simply handing over some cash.

The terms "influencer" and "advocate" get used quite often, sometimes interchangeably. However, they are quite different. An influencer is an individual who shares their opinions with their (large) networks. In contrast, an advocate is someone who feels so strongly about the brand that she chooses to participate in the public conversation about the brand, and will even defend the brand itself. Apple "fanboys," CrossFit enthusiasts and drivers of the iconic MINI who participate in cross-country road rallies are all examples of advocates. These individuals don't just talk about these brands, they make the brands part of their personal identity.

Activating the influencers can amplify and accelerate the spread of your message. Give your influencers sample posts that they can modify and share, ensure that they know about your offering and run awareness campaigns to keep them in the know.

There are a number of ways to activate your advocates.

» Give them advanced knowledge of new products and features –keep them in the know

» Give them ways to include the brand into their personal identity

» Involve them in product definition and give them access to company executives

» Perform actions that enable them to develop trust in your brand

» Give them a sense of belonging, make them part of the "club"

Engaging in these five advocate-building behaviors at an organizational level can reap huge rewards. While influencers can help spread the word, they can be fickle at times. Advocates, on the other hand, include the brand into their own identity. As such, an advocate who sees or hears someone degrading the brand in their day-to-day travels will be more likely to defend the brand, as the brand is part of them.

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retention – keeping your customers happy

Small improvements in retention have huge impacts on profit. (e.g. in a low-margin business, reducing defections by 5% can increase profits anywhere 25% – 125%). In other words, customer retention is critical.

One overlooked aspect of retention is to start with the right customers. Force-fitting customers into a solution that doesn't help them achieve their goals might help your sales team meet their initial quarterly revenue goal, but will come back to bite the business in later months as those customers churn out. Every customer lost needs to be replaced just to stay where you are. Ensure that the customers you are marketing to are a good fit for your business, and vice versa.

Once the customer has agreed to do business with you, aim for a stellar onboarding experience. Ensure the customer knows how to get the most value out of your product or service. Additionally, take a measured approach to training and the overall onboarding process. You may have a hundred great whiz-bang features, but learning to use a new product always involves some level of learning curve, even in this age of downloadable apps. Making sure your customers can walk before they can run will reduce their frustration as they ramp up their skills with your product, which will enable them to start seeing immediate value. Simplify.

Products, services and markets inevitably change. Minimize surprises with frequent communication with your customers through newsletters, social channels, surveys and regular check-ins. Transparency and dialogue are the watch words here.

No product is flawless, and neither is any customer experience. Ensure direct support, whether through call center, email support or chat, is timely and helpful. Strive to create a customer community, where customers are helping customers. (Not only does a robust community help your customers get service faster in many cases, they can often self-serve the solutions to their questions, actually driving your support costs down while improving retention. That's a win-win for everyone.) Last but not least, ensure that your social channels are monitored regularly. Listen and respond to customer issues and, where appropriate, direct customers who are having challenges to a higher-touch channel if necessary.

Develop a culture of inquiry. Take the time to survey your customers on a regular basis. Interview those who stay... and those who go. Both groups will provide insights that will help you to understand what factors are keeping customers around, as well as the factors that may be contributing to attrition.

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Customers are 40% more likely to tell others about a bad customer experience than a good one. An unhappy customer will tell 9 to 15 people about the negative experience.

organic search

Optimizing your website for organic search is an art and business of itself but there are a few easy things that you can do right away that will set you up in a good position. Try not to game the system (as Google might punish you for it), rather think about the ways potential customers might be looking for you or a service like yours and what words/keywords would they choose.

The key thing you should optimize is the page's content itself (headlines and copy), so avoid masking text within an image as a search engine won't be able to read and analyze it. Apart from the page's content, pay attention to the page title, URL and image names (give all images a descriptive title like paid_marketing_channels.jpg instead of IMG364.PNG).

Make sure all the pages you want to be crawled are linked to from within your website and linked to one another, search engines usually come in through a popular entry point and then follow all links within that page, ranking them accordingly. Choose relevant words for the anchor tag itself especially when linking to content within your blog's archives for instance.

Create an XML sitemap (most Wordpress SEO plugins do this automatically) and submit it to Google Webmaster Tools as well as Bing Webmaster Tools.

Use descriptive URLs, avoiding URLs lik yourdomain.com/11789/s201.htm and rather use something like yourdomain.com/resources/guides/email-marketing-field-guide/ instead.

Reduce the use of Flash and frames.

Your content needs to be fresh - updating regularly and often is crucial for increasing traffic. A blog is the perfect tool to do this.

Share links through social media channels and especially make sure your links are posted on Google+.

Backlinks are still majorly important for your Google PageRank, so start building relationships and linking to others in your blog. Media mentions with a link back to your website can be very helpful here.

conclusion

The new marketing is all about agility and experimentation, built on a foundation of the basics of branding, product and story. Analytics and testing are paramount — since customer abilities and expectations are changing on a monthly, or even daily basis, we must constantly be evolving and improving our abilities to connect with customers in an ever more complex marketplace.

While analytics and testing will tell us what is working, the means we use to obtain permission for even engaging in a conversation with a prospective customer has changed as well. No longer can we rely on the interruptive techniques of the Mad Men era. Instead, we must challenge ourselves every day to create content that helps our customers achieve their goals, and not just blow our own horn. While outbound marketing still has its place, especially early in the lifecycle of a new organization or product, the benefits of embracing inbound marketing are exceptional.

The ultimate goal, of course, is to obtain a deep understanding of product/market fit, and synthesize product design, marketing and engineering in such a way that, once the product achieves critical mass in the marketplace, self-reinforcing loops and customer-to-customer conversations propel the product forward.

We hope you have found at least one new thing, or one new insight in this e-book. As always, we would love to hear your feedback.

Thanks!

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