

A PENGUIN SPECIAL

# GROWTH HACKER MARKETING

RYAN  
HOLIDAY

BESTSELLING  
AUTHOR OF TRUST ME,  
I'M LYING



PORTFOLIO  
PENGUIN

# Contents

[Author Bio](#)

[Also by Ryan Holiday](#)

[Title Page](#)

[Copyright Page](#)

[Epigraph](#)

## **GROWTH HACKER MARKETING**

[An Introduction to Growth Hacking](#)

STEP 1

[\*\*It Begins with Product Market Fit\*\*](#)

STEP 2

[\*\*Finding Your Growth Hack\*\*](#)

STEP 3

[\*\*Turn 1 into 2 and 2 into 4—Going Viral\*\*](#)

STEP 4

[\*\*Close the Loop: Retention and Optimization\*\*](#)

[My Conversion: Putting the Lessons into Practice](#)

[Special Bonus](#)

[Being a Growth Hacker: The Next Steps](#)

## Endnotes

PORTFOLIO / PENGUIN

## GROWTH HACKER MARKETING

**Ryan Holiday** is a media strategist for notorious clients such as Tucker Max and Dov Charney. After dropping out of college at nineteen to apprentice under Robert Greene, author of *The 48 Laws of Power*, he went on to advise many bestselling authors, businesses, and multiplatinum musicians. He is currently the director of marketing at American Apparel, where his work is internationally known. His campaigns have been used as case studies by Twitter, YouTube, and Google and written about in *Ad Age*, *The New York Times*, *Gawker*, and *Fast Company*. He currently lives in New Orleans.

Visit [RyanHoliday.net](http://RyanHoliday.net).



Also by  
RYAN HOLIDAY

*Trust Me, I'm Lying: Confessions of a Media Manipulator*

# **GROWTH HACKER MARKETING**

A Primer on the Future of PR,  
Marketing, and Advertising

Ryan Holiday

A PENGUIN SPECIAL



PORTFOLIO / PENGUIN

Published by the Penguin Group  
Penguin Group (USA) LLC  
375 Hudson Street  
New York, New York 10014



USA | Canada | UK | Ireland | Australia | New Zealand | India | South Africa | China  
penguin.com  
A Penguin Random House Company

First published in the United States of America by Portfolio / Penguin, a member of Penguin Group (USA) LLC, 2013

Copyright © 2013 by Ryan Holiday

Penguin supports copyright. Copyright fuels creativity, encourages diverse voices, promotes free speech, and creates a vibrant culture. Thank you for buying an authorized edition of this book and for complying with copyright laws by not reproducing, scanning, or distributing any part of it in any form without permission. You are supporting writers and allowing Penguin to continue to publish books for every reader.

ISBN 978-0-698-13824-7 (ePub)

While the author has made every effort to provide accurate telephone numbers, Internet addresses, and other contact information at the time of publication, neither the publisher nor the author assumes any responsibility for errors, or for changes that occur after publication. Further, publisher does not have any control over and does not assume any responsibility for author or third-party Web sites or their content.

*I prefer the discipline of knowledge to the anarchy of ignorance.  
We pursue knowledge the way a pig pursues truffles.*

—David Ogilvy



# An Introduction to Growth Hacking

Nearly a year and a half ago, on what seemed like a normal day, I got in my car to leave my house, assuming it would be no different from any other workday. I had read the morning news, dealt with a few important employee issues over the phone, and confirmed lunch and drinks meetings for later in the day. I headed to the athletic club—a swanky, century-old private gym favored by downtown executives—and swam and ran and then sat in the steam room to think.

As I entered the office around ten, I nodded to my assistant and sat down at my big desk and reviewed some papers that required my signature. There were ad designs to approve, invoices to process, proposals to review. A new product was launching and I had a press release to write. A stack of magazines had arrived—I handed them to an employee to catalog and organize for the press library.

My job: director of marketing at American Apparel. I had a half dozen employees working under me in my office. Right across the hall from us thousands of sewing machines were humming away, manned by the world's most efficient garment workers. A few doors down was a photo studio where the very ads I would be placing were made.

Excepting the help of a few pieces of technology, like my computer and smartphone, my day had begun and would proceed exactly as it had for every other marketing executive for the last seventy-five years. Buy advertisements, plan events, pitch reporters, design “creatives,” approve promotions, and throw around terms like “brand,” “CPM,” “awareness,” “earned media,” “top of mind,” “added value,” and “share of voice.” That was the job; that's always been the job.

I'm not saying I'm Don Draper or Edward Bernays or anything, but the three of us could probably have swapped offices and routines with only a few adjustments. And I, along with everyone else in the business, found that to be pretty damn cool.

But that seemingly ordinary day was disrupted by an article. The headline stood out clearly amid the online noise, as though it had been lobbed directly at

me: “Growth Hacker Is the New VP [of] Marketing.”

*What?*

I was a VP of marketing. I quite liked my job. I was good at it, too. Self-taught, self-made, I was, at twenty-five, helping to lead the efforts of a publicly traded company with 250 stores in twenty countries and over \$600 million in revenue.

But the writer, Andrew Chen, an influential technologist and entrepreneur, didn’t care about any of that. According to him, my colleagues and I would soon be out of a job—someone was waiting in the wings to replace us.

The new job title of “Growth Hacker” is integrating itself into Silicon Valley’s culture, emphasizing that coding and technical chops are now an essential part of being a great marketer. Growth hackers are a hybrid of marketer and coder, one who looks at the traditional question of “How do I get customers for my product?” and answers with A/B tests, landing pages, viral factor, email deliverability, and Open Graph. . . .

. . . The entire marketing team is being disrupted. Rather than a VP of Marketing with a bunch of non-technical marketers reporting to them, instead growth hackers are engineers leading teams of engineers.<sup>1</sup>

What the hell is a growth hacker? I thought. How could an engineer ever do my job?

But then I added up the combined valuation of the few companies Chen mentioned as case studies—companies that barely existed a few years ago.

- Dropbox
- Zynga
- Groupon
- Instagram
- Pinterest

Now worth *billions and billions* of dollars.

As Micah Baldwin, founder of Graphicly and a start-up mentor at TechStars and 500 Startups, explains “In the absence of big budgets, start-ups learned how to hack the system to build their companies.”<sup>2</sup> Their hacking—which occurred right on my watch—had rethought marketing from the ground up, with none of the baggage or old assumptions. And now, their shortcuts, innovations, and backdoor solutions fly in the face of everything we’ve been taught.

We all want to do more with less. For marketers and entrepreneurs, that paradox is practically our job description. Well, in this book, we’re going to look at how growth hackers have helped companies like Dropbox, Mailbox, Twitter,

Facebook, Evernote, Instagram, Mint, AppSumo, and StumbleUpon do and did so much with essentially nothing.

What stunned me most about those companies was that none of them were built with any of the skills that traditional marketers like myself had always considered special and most were built without the resources I'd long considered essential. I couldn't name the "marketer"—and definitely not the agency—responsible for their success because there wasn't one. Growth hacking had made "marketing" irrelevant or at least completely rewritten its best practices.

Whether you're currently a marketing executive or a college grad about to enter the field—the first growth hackers have pioneered a new way. Some of their strategies are incredibly technical and complex—which is why I won't weigh you down in this short book with concepts like "cohort analysis" and "viral coefficients." Instead, we will focus on the mind-set.

I start and end with my own experiences in this book not because I am anyone special but because I think they illustrate a microcosm of the industry itself. The old way—where product development and marketing were two distinct and separate processes—has been replaced. We all find ourselves in the same position: needing to do more with less and finding, increasingly, that the old strategies no longer generate results.

So in this book, I am going to take you through a new cycle, a much more fluid and iterative process. A growth hacker doesn't see marketing as something one does, but rather as something one builds into the product itself. The product is then kick-started, shared, and optimized (with these steps repeated multiple times) on its way to massive and rapid growth. The chapters of this book follow that structure.

But first, let's make a clean break between the old and the new.

## What Is Growth Hacking?

*The end goal of every growth hacker is to build a self-perpetuating marketing machine that reaches millions by itself.*

—Aaron Ginn

There's no business like show business. Yet, when it comes right down to it, that's the industry every marketing team—no matter what business they're actually in—pretends to be in when they're launching something new. Deep down, I think anyone marketing or launching anything fantasizes that they are

premiering a blockbuster movie. And this illusion shapes and warps every marketing decision we make.

It feels good, but it's so very wrong.

Our first idea is a grand opening, a big launch, a press release, or major media coverage. We default to thinking we need an advertising budget. We want red carpet and celebrities. Most dangerously we assume we need to get as many customers as possible in a very short window of time—and if it doesn't work right away, we consider the whole thing a failure (which, of course, we cannot afford). Our delusion is that we should be *Transformers* and not *The Blair Witch Project*.

Needless to say, this is preposterous. Yet you and I have been taught, unquestionably, to follow it for years.

What's wrong with it? Well, for starters: *most movies fail*.

Despite the glamour and the history of movie marketing, even after investing millions—often more than the budget of the movie itself—studios regularly write off major releases as complete washes. And when they do succeed, no one has any idea why or which of the ingredients were responsible for it. As screenwriter William Goldman famously put it, *nobody knows anything*—even the people in charge. It's all a big gamble.

Which is fine, because their system is designed to absorb these losses. The hits pay for the mistakes many times over. But there is a big difference between them and everyone else in the world. You can't really afford for your start-up to fail; your friend has sunk everything into her new business; and I can't allow my book to flop. We don't have ten other projects coming down the pike. This is *it*.

It was only a matter of time before someone smart came along and said, "It doesn't have to be this way. The tools of the Internet and social media have made it possible to track, test, iterate, and improve marketing to the point where these enormous gambles are not only unnecessary, but insanely counterproductive."

That person was the first growth hacker.

## **A New Way**

If that old system is an outgrowth of one hundred years of marketing precedent—designed to fit the needs of twentieth-century corporations—then the new mind-set began at the turn of the millennium. It began and evolved to meet the new needs of a new type of marketer.

Flash back to 1996, before Hotmail had launched as the first free web mail service and became one of the first products to “go viral.” As Adam Penenberg describes the meeting in *Viral Loop*, Hotmail’s founders, Sabeer Bhatia and Jack Smith, sat across the table from Tim Draper, the famous venture capitalist. He told them that he thought the product—web-based e-mail—was great but wondered how they’d get the word out.

Bhatia’s first instinct was that industrial marketing approach we’ve been talking about: “We’ll put it up on billboards,” he said. Draper nixed such an expensive approach for what would be a *free* product. So they kicked around more ideas. Radio ads? Same problem. What about sending an e-mail to everyone on the Internet? Draper suggested. That was an equally old mind-set—spam doesn’t work.

Then Draper happened accidentally on growth hacking. “Could you,” he asked, “put a message at the bottom of everybody’s screen?”

“Oh, come on, we don’t want to do that!”

“But can you technically do it? . . . It can persist, right? You can put it on one message, and if he sends an e-mail to somebody else you can put it on that one, too, right?”

“Yeah, yeah,” they replied.

“So put ‘P.S.: I love you. Get your free e-mail at Hotmail’ at the bottom.”<sup>3</sup>

\*

This little feature changed everything. It meant every e-mail that Hotmail’s users sent would be an advertisement for the product. And that advertisement was effective not because it was cute or creative but because it showcased an amazing product that many people wanted and needed. Each user meant new users; each e-mail meant more e-mails and more happy customers. And most crucially, all this could be tracked and tweaked and improved to drive as many users as possible into the service.

You have to understand how revolutionary this was at the time. Consider that just a few years later, Pets.com would try to launch with a multicity television and outdoor advertising campaign that culminated in a \$1.2 million Super Bowl commercial and an appearance at the Macy’s Thanksgiving Day Parade. Or that Kozmo.com would blow through literally hundreds of millions with advertising campaigns featuring the Six Million Dollar Man before collapsing like Pets.com in the burst dot-com bubble.

But after adopting Draper’s suggestion—which the founders resisted for the

first few months because it seemed so simple—growth was exponential: 1 million members within six months. Five weeks after that, membership had doubled again. By December 1997, with nearly 10 million users, Hotmail was sold to Microsoft for \$400 million. It took just thirty months from launch for Hotmail to accumulate its thirty millionth user. And though it has now been renamed, Hotmail still exists, unlike the majority of its peers from that era.

This is the power of the new approach. A \$400 million brand was launched and built with just a \$300,000 investment—what a Hollywood studio or a Fortune 500 company might spend on a decent premiere party or single television commercial. Implemented and executed by people without the slightest bit of marketing experience.

And in case you think Hotmail was some fluke of the tech bubble, let me remind you that a few years later, Google launched Gmail—now the dominant free e-mail service—with essentially the same growth hacking strategies. 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.

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

## **The Rise of the Growth Hacker**

Since Hotmail, many others—particularly in the tech space—have begun to push and break through the limits of marketing. With a mind for data and a scrappy disregard for the “rules,” they have pioneered a new model of marketing designed to utilize the many new tools that the Internet has made available: E-mail. Data. Social media. Lean methodology.

Almost overnight, this breed has become the new rock stars of the Silicon Valley. You see them on the pages of *TechCrunch*, *Fast Company*, *Mashable*, *Entrepreneur*, and countless other publications. LinkedIn and Hacker News abound with job postings: Growth Hacker Needed.

Their job isn't to “do” marketing as I had always known it; it's to grow companies really fast—to take something from nothing and make it something enormous within an incredibly tight window. And it says something about what marketing has become that these are no longer considered synonymous tasks.

The term “growth hacker” has many different meanings for different people,

but I'll define it as I have come to understand it:

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 start-up from nothing to *something*.

But don't worry, I'm not going to belabor definitions in this book. What's important is we're all trying to grow our business, launch our website, sell tickets for our event, or fund our Kickstarter project. And the way we do it, today, is fundamentally different from how it used to be done.

Instead of launching products with multimillion-dollar marketing budgets, the growth hackers we will follow in this book began their work at start-ups with little to no resources. Forced to innovate and motivated to try new things, growth hackers like these have built some of these companies into billion-dollar brands. They did it not only outside the enormous edifice of the Hollywood-industrial-launch-complex but also *because* they ignored it and rejected its tactics. Instead of bludgeoning the public with ads or dominating the front page of newspapers to drive awareness—they used a scalpel, precise and targeted to a specific audience.

## The New Mind-Set

Deep down, traditional marketers have always considered themselves artists. That's fine—it's an image I aspired to myself. It's a sentiment responsible for spectacular and moving work. But this sentiment is also responsible for some appalling ignorance and waste. One *Harvard Business Review* study found that 80 percent of marketers are unhappy with their ability to measure marketing return on investment (ROI). Not because the tools aren't good enough, but because they're *too* good, and marketers are seeing for the first time that their marketing strategies are “often flawed and their spending is inefficient.”<sup>4</sup>

Noah Kagan, a growth hacker at Facebook and personal finance service Mint (which sold to Intuit for nearly \$200 million) and the daily deal site AppSumo (which has more than 800,000 users), explains it simply: “Marketing has always been about the same thing—who your customers are and where they are.”<sup>5</sup>

What growth hackers do is focus on the “who” and “where” more scientifically, in a more measurable way. Whereas marketing was once brand based, with growth hacking it becomes metric and ROI driven. Suddenly, finding customers and getting attention for your product become no longer a guessing game. But this is more than just marketing with better metrics.

Growth hackers trace their roots back to programmers—and that’s how they see themselves. They are data scientists meets design fiends meets marketers. They welcome this information, process it and utilize it differently, and see it as desperately needed clarity in a world that has been dominated by gut instincts and artistic preference for too long.

Ultimately that’s why this new approach is better suited to the future. With the collapse or crumbling of some of the behemoth companies and the rapid rise of start-ups, apps, and websites, marketing will need to get smaller—it will need to change its priorities. When you get right down to it, the real skill for marketers today isn’t going to be helping some big boring company grow 1 percent a year but to create a totally new brand from nothing using next to no resources. Whether that’s a Kickstarter project you’re trying to fund or a new app, the thinking is the same: how do you get, maintain, and multiply attention in a scalable and efficient way?

Thankfully, growth hacking isn’t some proprietary technical process shrouded in secrecy. In fact, it has grown and developed in the course of very public conversations. There are no trade secrets to guard. Aaron Ginn, the growth hacker tasked with rapidly updating the technology behind Mitt Romney’s presidential campaign and now director of growth at StumbleUpon, put it best: *growth hacking is more of a mind-set than a tool kit.*

The good news: it’s as simple as changing your mind-set. (Or if you’re just starting out in marketing, it means you’ve been spared the baggage of the old guard.) Growth hacking is not a 1-2-3 sequence, but instead a fluid process. Growth hacking at its core means putting aside the notion that marketing is a self-contained act that begins toward the end of a company’s or a product’s development life cycle. It is, instead, a way of thinking and looking at your business.

The tools will vary from job to job—it’s the mind-set that will be the killer advantage, and I promise that when you finish reading this book you will fully grasp the growth hacker’s way of thinking. The chapters in this book are organized to guide you through the process of taking something from one user to a million and possibly to a hundred times that. I am compressing everything I’ve learned in the last two years studying, researching, and interviewing the world’s best growth hackers.



I want to show you the growth hacker's way and why it is the future. How it's infiltrating the next generation of companies; how it's reshaping marketing, PR, and advertising from top to bottom; how even authors are using the principles in their book launches.

And that process starts far earlier than you think. The new marketing mind-set begins not a few weeks before launch but, in fact, during the development and design phase. So we will begin there, with the most important marketing decision you will likely ever make.

## STEP 1

# It Begins with Product Market Fit

*Make stuff people want.*

—Paul Graham

You know what the single worst marketing decision you can make is? Starting with a product nobody wants or nobody needs.

Yet for years, this was a scenario that marketers tolerated and accepted as part of the job. We all told ourselves that “you go to market with the product you have, not the one you want.” And then we wondered why our strategies failed—and why those failures were so expensive.

What attracted me to growth hacking from the very start was that it rejects this obviously flawed approach completely. Growth hackers believe that products—even whole businesses and business models—can and should be changed until they are primed to generate explosive reactions from the first people who see them. In other words, the best marketing decision you can make is to have a product or business that fulfills a real and compelling need for a real and defined group of people—no matter how much tweaking and refining this takes.

Take Airbnb, a start-up now valued at some \$2.5 billion. Today we know it as a site where, as founder Brian Chesky put it, “you can book space anywhere. It can be anything, and it really is anything from a tent to a castle.”<sup>6</sup> But in 2007, the business started as a way for the founders to turn the living room of their loft apartment into a little bed and breakfast. The founders named it *Airbedandbreakfast.com* and put out air mattresses on their floor and offered free homemade breakfast to guests. But the founders wanted more.

Going back to the drawing board and hoping to capitalize on popular technology and design conferences, the founders repositioned the service as a networking alternative for attendees when hotels were booked up. This was

clearly a better market, but the founders sensed they could improve the idea further, so they pivoted slightly to target the type of traveler who didn't want to crash on couches or in hostels but was looking to avoid hotels. This did better still. Finally, based on feedback and usage patterns, they shortened the name to Airbnb, abandoned the breakfast and networking parts of the business, and redefined the service as a place for people to rent or book any kind of lodging imaginable (from rooms to apartments to trains, boats, castles, penthouses, and private islands). This was explosive—to the tune of millions of bookings a year in locations all over the world.

Airbnb had a good idea in 2007. The founders could have spent all their time and energy trying to force the “let people crash on your floor and feed them breakfast” angle and created a small business around it. Instead, they treated their product and service as something malleable and were able to change and improve it until they found its best iteration. They went from a good idea to an explosive idea and, soon, a billion-dollar valuation. It was undoubtedly the best marketing decision they ever could have made.

As a traditional marketer I can think of precisely zero times when we went back to the drawing board after seeing a less-than-stellar response. Our only move was to put more muscle behind bad products and companies.

It was a wake-up call to me to learn that Airbnb was by no means unique: Instagram started as a location-based social network called Burbn (which had an *optional* photo feature). It attracted a core group of users and more than \$500,000 in funding. And yet the founders realized that its users were flocking to only one part of the app—the photos and filters. They had a meeting, which one of the founders recounts like this: “We sat down and said, ‘What are we going to work on next? How are we going to evolve this product into something millions of people will want to use? What is the one thing that makes this product unique and interesting?’”<sup>7</sup>

The service soon retooled to become Instagram as we know it: a mobile app for posting photos with filters. The result? One hundred thousand users within a week of relaunching. Within eighteen months, the founders sold Instagram for \$1 billion.

Both of these companies spent a long time trying new iterations until they had achieved what growth hackers call Product Market Fit (PMF). That is, the product and its customers are in perfect sync with each other. Eric Ries, author of *The Lean Startup*, explains that 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.

Today, it is the marketer's job as much as anyone else's to make sure Product Market Fit happens.

Rather than waiting for it to happen magically, marketers need to contribute to this process. Isolating who your customers are, figuring out their needs, designing a product that will blow their minds—these are marketing decisions, not just development and design choices.

The imperative is clear: stop sitting on your hands and start getting them dirty. At Amazon, for instance, it's company policy that before developing a new product the product manager must submit a press release to their supervisor for that item before the team even starts working on it. The exercise forces the team to focus on exactly what its potential new product is and what's special about it. Someone with a mind that bends toward growth hacking put this policy into place, I guarantee it.

No longer content to let the development happen as it happens, we can influence it with input, with rules and guidelines, and with feedback. The growth hacker helps with iterations, advises, and analyzes every facet of the business. In other words, Product Market Fit is a feeling backed with *data and information*.

## How Do You Get PMF?

Because Product Market Fit can be overwhelming as a technical business concept, allow me to explain it by dropping the jargon and presenting an analogy. As it turns out, I was familiar with Product Market Fit long before I read Andrew Chen's article.

Much of the marketing I do is with authors and books. I've worked with dozens of bestsellers in the last five years—and, of course, many that weren't successful. In my experience, the books that tend to flop upon release are those where the author goes into a cave for a year to write it, then hands it off to the publisher for release. They hope for a hit that rarely comes.

On the other hand, I have clients who blog extensively before publishing. They develop their book ideas based on the themes that they naturally gravitate toward but that also get the greatest response from readers (one client sold a book proposal using a screenshot of Google queries to his site). They test the ideas they're writing about in the book on their blog and when they speak in front of groups. They ask readers what they'd like to see in the book. They judge topic ideas by how many comments a given post generates, by how many Facebook "shares" an article gets. They put potential title and cover ideas up

online to test and receive feedback. They look to see what hot topics other influential bloggers are riding and find ways of addressing them in their book.

The latter achieves PMF; the former never does. One is growth hacking; the other, simply guessing.

One is easy for me to market. The other is often a lost cause. One needs only a small shove to get going. The other has a strong headwind every step of the way.

Perhaps you get there in one aha! moment like Instagram, or it may be incremental 1 percent improvements. As Marc Andreessen, the entrepreneur behind Netscape, Opsware, and Ning, who in addition to running a major venture capital fund happens to be on the board of directors for Facebook, eBay, and HP, explains it, companies need to “do whatever is required to get to product/market fit. Including changing out people, rewriting your product, moving into a different market, telling customers no when you don’t want to, telling customers yes when you don’t want to, raising that fourth round of highly dilutive venture capital—whatever is required.”<sup>8</sup>

In other words: everything is now on the table.

## **Open Up to Feedback**

Part of this new approach is having the humility to accept that marketers are not necessarily the most critical members of the team. It’s true. Sometimes the best thing marketers can do is to not let people get distracted by “marketing” for a minute. Sometimes the outward-facing part of the job is exactly the least important part.

Take Evernote, a start-up that offers productivity and organization software, which made the companywide decision to delay spending even a penny on marketing for the first several years of its growth. As Evernote’s founder, Phil Libin, told a group of entrepreneurs in a now-classic talk “people [who are] thinking about things other than making the best product, never make the best product.” So Evernote took “marketing” off the table and instead poured that budget into product development. This undoubtedly slowed brand building at first—but it paid off. Why? Because Evernote is far and away the most superior productivity and note-taking application on the planet. Today, it practically markets itself.

(That’s not to say Evernote hasn’t come up with some clever tricks to get people to see its products. After hearing customers complain that their bosses

were suspicious of employees using their laptops in meetings, the Evernote team produced stickers that said, “I’m not being rude. I’m taking notes in Evernote.” Thus, their most loyal customers were turning into billboards that went from meeting to meeting.)

Once we stop thinking of the products we market as static—that our job as marketers is to simply work with what we’ve got instead of working *on* and improving what we’ve got—the whole game changes. Now we are not helpless, repeatedly pitching a product to reporters and users that is not resonating. Instead, we use this information to improve the product, with the idea of ultimately refining our idea into something that can in many ways sell itself.

The race has changed. The prize and spoils no longer go to the person who makes it to market first. They go to the person who makes it to Product Market Fit first. Because once you get there, your marketing efforts become like a spark applied to a bed of kindling soaked in kerosene. The old way? It’s striking a match . . . and hoping it starts a fire somewhere.

The point is: marketing as we know it is a waste of time without PMF.

Of course, there are many tools to help get you there.

From Google to Optimizely to KISSmetrics, there are great services that allow you to see what your users are actually doing and responding to on your site. This insight will get you closer to a fit than gut instincts ever will.

But the most effective method is simply the Socratic method. We must simply and repeatedly question every assumption. Who is this product for? Why would they use it? Why do *I* use it?

Ask your customers questions, too: 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? Don’t ask random people or your friends—be scientific about it. Use tools like SurveyMonkey, Wufoo, or even Google Docs, which make it very easy to offer surveys to some or all of your customers.

Not to say that you must use *all* the data that comes back, but you should have it. The black-box approach is no longer necessary. Change is possible—which means you need to make yourself available and open to it.

For the first time we can ask these questions because we intend to *do* something about it. No more privately complaining to friends, coworkers, and spouses that we’re stuck with a product nobody wants.

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. The services as their customers know them now are fundamentally different from what they were at launch—before they had Product Market Fit.

But once these companies get PMF, they don't just wait and hope that success will come along on its own. The next step is to bring the customers in.

## STEP 2

# Finding Your Growth Hack

*To be successful and grow your business and revenues, you must match the way you market your products with the way your prospects learn about and shop for your products.*

—Brian Halligan, founder of Hubspot

With growth hacking, we begin by testing until we can be confident we have a product worth marketing. Only then do we chase the big bang that kick-starts our growth engine. Without this jump, even the best-designed products and greatest ideas go nowhere.

For instance, many people don't know that the late Aaron Swartz, the genius hacker responsible for Reddit, also invented two other services. In 1999, he started a collaborative encyclopedia before Wikipedia. He started another site called Watchdog.net that was very similar to the wildly popular Change.org. Both were clearly fantastic ideas, predating the actual services we all use today. But Aaron's services never attracted their initial group of users and thus failed.

As Larissa Macfarquhar wrote in her *New Yorker* profile of him, “[Aaron] had previously believed that if you came up with a great idea people would use it. But he realized now that you couldn't expect people to come to you; you had to pull them in.”<sup>9</sup>

The growth hacker's job—like we marketers have always done—is to do that pulling.

But how? Certainly not with the inefficient and expensive methods of old.

With product market fit, we don't need to hit the front page of the *New York Times* to announce our launch. We need only to hit the *New York Times* of our scene. We're trying to hit a few hundred or a thousand key people—not millions. That's a relief, right? Better still, it actually works.

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.

So, yes, like the old model, 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 advertising campaign—start-ups can launch in a multitude of ways.

Take Dropbox. Today it has more than 100 million users, but when the file-sharing service began it was not even open to the public. New users had to sign up to a waiting list to be invited to join. In an effort to drive these sign-ups, the founders crafted a demo video that walked potential users through the service.

They didn't hire some production company to produce an expensive or elaborate video that they jammed down people's throats through widespread ads. 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), and the waiting list went from 5,000 users to 75,000 users nearly overnight. It was all trackable, all visible, and highly effective.

This was all Dropbox really needed. After sending a highly targeted burst of traffic to the site, the team didn't turn around and say: "Okay, how can we get on the news for this tonight?" They didn't need it. Within just a short amount of time, those initial 75,000 users became nearly 4 million, which, in turn, grew to the more than 100 million people they have today.

A few years later, the e-mail app Mailbox launched with a similar strategy. An incredibly compelling demo video racked up 100,000 views in less than four hours. This one-minute video, combined with a very cool interface that showed users how many other users were in front of them on the app's waiting list, created a spectacle that drove an enormous amount of social chatter and blog attention. Within six weeks, Mailbox had a million users signed up and eagerly waiting for the service.

Would it work again for another company? Maybe; or maybe that growth hack is now played out. The point is, you've got to find something new and exciting and channel that energy toward exploding on the market with your

product.

## Not All People—the *Right* People

The old mind-set says go out and get everyone you conceivably can—like a movie that opens at the number-one spot. This pressure comes from our clients, and many marketers have internalized these self-destructively ambitious goals. I know the feeling: *I want to be everywhere. I want millions of video views. I want to become a trending Twitter topic.* They try to go everywhere and end up going nowhere.

What’s the point? Most of those people never become your customers.

Growth hackers resist this temptation (or, more appropriately, this delusion). They opt, deliberately, to attract only the early adopters who make or break new tech services and seek to do it as cheaply as possible. In fact, part of the reason the scrappy start-ups, services, and apps in this book might not always be well-known or topics of daily conversation is because their founders have focused their energies on product development with an eye toward growth—they’re now millions of members strong without any superfluous “buzz.” They got to mass market by ignoring the urge to appeal to the mass market, at least to start with.

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.

If they are geeks, they are at *TechCrunch* or Hacker News or Reddit or attending a handful of conferences every year.

If they are fashionistas, they are regularly checking a handful of fashion blogs like *Lookbook.nu* or *Hypebeast*.

If they are \_\_\_\_\_, like you and your founders are, they are reading and doing the same things you do every day.

Catch their attention and pull them in. It’s as simple as that.

Uber, a car service start-up founded by Travis Kalanick and Garrett Camp, has been giving out free rides during Austin’s SXSW Conference for several years. During a single week, thousands of potential Uber customers—tech-obsessed, high-income young adults who cannot find a cab—are motivated to try out this service. One year Uber offered free rides. Another year, it offered BBQ delivery. 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.

That's thinking like a growth hacker—it's how you get the most bang for your buck and how you get it from the *right* people.

(A very common question: Where do I find the right people? If this isn't immediately obvious to you, then you don't know your own industry well enough to even consider launching a product yet. Period.)

To kick off and reach your first group of users, you have many options:

1. You can reach out to the sites you know your potential customers read with a pitch e-mail: “This is who we are, this is what we're doing, and this is why you should write about us.”<sup>\*</sup>
2. You can upload a post to Hacker News, Quora, or Reddit yourself.
3. You can start writing blog posts about popular topics that get traffic and indirectly pimp your product.
4. You can use the Kickstarter platform for exposure and bribe your first users with cool prizes (and get some online chatter at the same time).
5. You can use a service like Help a Reporter Out ([www.helpareporter.com](http://www.helpareporter.com)) to find reporters who are *looking* for people to include in stories they are already writing about your space.
6. You can literally find your potential customers one by one and invite them to your service for free or with some special incentive (that's how small we're talking).

Getting on one or two of these outlets is as simple as sending them a quick e-mail—after all, if your product really is specially designed for these people, they *want* to feature it.

The point is: do whatever it takes to pull in a small contingent of initial users from your particular space.

Sometimes “stunts” are a great way to do that. It's often about exploiting systems or platforms that others have not yet fully appreciated.

Patrick Vlaskovits, who was part of the initial conversation that the term “growth hacker” came out of, put it well: “The more innovative your product is, the more likely you will have to find new and novel ways to get at your customers.”<sup>10</sup>

For example:

1. You can create the aura of exclusivity with an invite-only feature (as Mailbox did).
2. You can create hundreds of fake profiles to make your service look more

- popular and active than it actually is—nothing draws a crowd like a crowd (as Reddit did in its early days).
3. You can target a single service or platform and cater to it exclusively—essentially piggybacking off or even stealing someone else’s growth (as PayPal did with eBay).
  4. You can host cool events and drive your first users through the system manually (as Myspace, Yelp, and Udemy all did).
  5. You can bring on influential advisers and investors for their valuable audience and fame rather than their money (as About.me and Trippy did—a move that many startups have emulated).
  6. You can try to name a Planned Parenthood clinic after your client or pay D-list celebrities to say offensive things about themselves to promote your book (OK, those two were me).

All of these types of outreach are done with a very specific mind-set, with a very specific goal. We are not “spreading the word”; we’re not throwing up a billboard in Times Square and hoping in six months someone will spot our product in a grocery store and decide to pick it up. Instead, we are intensely focused on driving an initial set of new user sign-ups and customers, right now.

It doesn’t matter how many people know about you or how they find out about you. It matters how many sign up. If handing out flyers on the street corner accomplishes that, then consider it growth hacking.

## Let’s Get Technical

The movie marketing paradigm says throw an expensive premiere and *hope* that translates into ticket sales come opening weekend. A growth hacker says it’s 2013 and we can be a lot more technical about how we acquire and capture new customers.

The start-up world is full of companies taking clever hacks to drive their first set of customers into their funnel. The necessity of that jolt—needing to get it any way they can—has made start-ups get very creative.

Let’s look at Airbnb again. The company’s most effective marketing tactic (besides making a great product) would never have been conceived or attempted by a pure marketing team. Instead, the engineers coded a set of tools that made it possible for every member to seamlessly cross-post his or her Airbnb listing on craigslist (because craigslist does not technically “allow” this, it was a fairly

ingenious work-around). As a result, Airbnb—a tiny site—suddenly had free distribution on one of the most popular websites in the world.

As Andrew Chen wrote in a case study of this tactic:

Let's be honest, a traditional marketer would not even be close to imagining the integration above—there's too many technical details needed for it to happen. As a result, it could only have come out of the mind of an engineer tasked with the problem of acquiring more users from Craigslist.<sup>11</sup>

It's a different approach. Today, as a marketer, our task isn't necessarily to "build a brand" or even to maintain a pre-existing 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.

As Sean Ellis, one of the first growth hackers—he coined the term with Patrick Vlaskovits—puts it: "Focusing on customer acquisition over 'awareness' takes discipline. . . . At a certain scale, awareness/brand building makes sense. But for the first year or two it's a total waste of money."<sup>12</sup>

The most insidious part of the traditional marketing model is that "big blowout launch" mythology. Of course, equally seductive is the "build it and they will come" assumption that too many people associate with the web. Both are too simple and rarely effective.

Remember what Aaron Swartz realized. Users have to be pulled in. 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.

Your start-up is designed to be a growth engine—and at some point early on that engine has to be kick-started. The good news is that we only have to do that once. Because the next step isn't about getting more attention or publicity. The endless promotional cycle of traditional marketing is not our destiny. Because once we bring our first customers in, our next move is to set about turning them into an army.

---

\* As I wrote in my first book, *Trust Me, I'm Lying*, the economics of the media have fundamentally changed. Instead of being an environment of scarcity, like a newspaper, where the editors can publish only a limited amount of stories, the inventory online is infinite. Meaning: bloggers are happy to write about anything that will appeal to their audience.

## STEP 3

# Turn 1 into 2 and 2 into 4—Going Viral

*Virality isn't luck. It's not magic. And it's not random. There's a science behind why people talk and share. A recipe. A formula, even.*

—Jonah Berger

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?

It's stunning how rarely people venture to answer this question, myself included. They assume that "going viral"—benefiting from a rapid, contagious, person-to-person spread—is something that can magically happen to any product. But virality is not some accident.

Even when it seems accidental, it really isn't. Take something like the Holstee Manifesto, an inspiring mission statement about following your dreams and living your passion, written by a small apparel company in Brooklyn. Because it was so much more than self-promotion, the short video graphic the owners designed went on to be seen more than 60 million times and was translated into dozens of languages.

Did the founders expect it to go viral and launch their company in front of many new customers? No, but because it was inspiring, moving, directed at a specific audience, and concise, it had a far better chance of doing so than the countless boring and meaningless mission statements written by other companies each and every day.

Only a specific type of product or business or piece of content will go viral—

it not only has to be worth spreading, it has to provoke a desire in people to spread it. Until you have accomplished that, or until your client is doing something truly remarkable, it just isn't going to happen.

Look, virality at its core is asking someone spend their social capital recommending or linking or posting about you for *free*. You're saying: Post about me on Facebook. Tell your friends to watch my video. Invite your business contacts to use this service. The best way to get people to do this enormous favor for you? Make it seem like it isn't a favor. Make it the kind of thing that is worth spreading and, of course, conducive to spreading.

It goes without saying why viral spread is critical to the growth hacker approach. Once you have decided that you will not be paying to get in front of every potential customer (via paid advertisements or publicity), then you've accepted you must reach them some other way. That means you're relying on your users themselves to spread the word.

The crucial difference is that a growth hacker understands that this can't be left to chance; we can't wait and be pleasantly surprised like Holstee. Virality isn't something that comes *after* the fact. Instead, the product must be inherently worth sharing—and then on top of that, you must facilitate and encourage the spreading you'd like to see by adding tools and campaigns that enable virality.

One of the simplest and most straightforward examples of this is Groupon and LivingSocial, the daily deal pioneers. Each and every deal on these sites—which at the time of launch felt a lot more exciting than they do now—is accompanied by an additional offer. For Groupon, it's "Refer a friend" and you get \$10 when your friend makes his or her first purchase. For LivingSocial, it says, "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.

This is drastically different from throwing some "Like this on Facebook" or "Post this on Twitter" buttons on the bottom of a blog post and expecting it to suddenly spread. Think about how much less Groupon and LivingSocial had to spend on advertising because every offer had advertising built into it—they were paying their users to do it for them.

## **Public-ity**

Jonah Berger, a social scientist well-known for his studies of virality, explains that publicness is one of the most crucial factors in driving something's spread. As he writes in his book *Contagious*, "Making things more observable makes

them easier to imitate, which makes them more likely to become popular. . . . We need to design products and initiatives that advertise themselves and create behavioral residue that sticks around even after people have bought the product or espoused the idea.”<sup>13</sup>

This is why many start-ups owe their now-massive user bases to thoughtful integration with big platforms.

When the average Facebook user has over 150 friends, it’s incredibly powerful if they cross-post their Twitter posts on Facebook, say, or syndicate their Instagram photos.

Without question the massive growth and spread of Spotify, a music streaming service launched in the United States in 2011, was largely driven by its integration into Facebook. How many of us saw that our friends were listening to it and thought, “Hey, maybe I should try it, too”?

Now, Spotify had a secret weapon in the fact that Sean Parker was an investor in both Spotify and Facebook and was able to get a sweetheart deal. Most of us don’t have that kind of juice. But that doesn’t mean we can’t make our products more public and get free advertising out of it. We can use other people’s networks to our advantage.

Dropbox, for instance, offered its customers a 150 megabyte storage bonus if they linked their Dropbox account to their Facebook or Twitter account.

Think of Hotmail, whose early attempts at growth hacking we looked at earlier. It turned every e-mail its users sent into a pitch to new customers. Think of Apple and BlackBerry, which turned their devices into advertising engines by adding “Sent from my iPhone” or “Sent from my BlackBerry” to every message sent. (Apple’s best and most compelling public move, of course, was the decision to make its headphones white instead of black. Now the millions of people who’ve bought devices from Apple advertise them everywhere.)

Now start-ups are following this lead. Mailbox, an in-box organizer, adds a “Sent from Mailbox” line to the end of its users’ e-mails. When I filed my taxes this year with TurboTax, it asked me if I wanted to send out a prewritten tweet that said I’d gotten a refund by using its service. All of this is free branding—and that’s immensely powerful.

Remember, a growth hacker doesn’t think branding is worthless, just that it’s not worth the premium that traditional marketers pay for it. A growth hacker isn’t going to try to create brand awareness by buying product placement on national television or by paying a celebrity to be associated with your product. Instead, a growth hacker will look for ways to get this social currency for free.



## Growth Hacking Your Virality

Dropbox's founders, after pulling in their first set of users with their awesome demo video and social media strategy, had a choice. They could try to continue growing with the same tactics—more videos, more social media—or they could use advertising to boost their brand, because it was the conventional marketing wisdom. They tried the latter only to find that it cost between \$233 and \$388 in ad spend for every paying subscriber they brought in.<sup>14</sup> After more than fourteen months of struggling to find a growth engine, the Dropbox team had what they call their “epiphany.” Using an idea brought on by talks with the famous growth hacker Sean Ellis, Dropbox built one of the most effective and most viral referral programs of the start-up world.

It was as simple as placing a little “Get free space button” on the front page of the service. The offer was that users would get 500 megabytes of free space for every friend they invited and got to sign up. Almost immediately, sign-ups increased by roughly 60 percent and stayed at level for months. With more than 2.8 million direct invites a month because of the program, it's not hard to see why.

And remember, the alternative was paying upwards of \$400 per person via advertising. You and I might not have studied math or computer science in school but we can do the math there. Referrals versus paid advertising is the kind of A/B test whose results are obvious to everyone. Referrals win. And today, 35 percent of Dropbox's customers come to it via referral.

All of which is to say a simple truth that we try to deny too often: 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.

This is not easy. But once you begin to look at the world this way you can start to spot the opportunities. You'll understand that you can't just make a YouTube video about whatever you want and expect it to get 10 million views. There has to be a compelling reason for a community to take hold of it and pass it around. You can't just expect your users to become evangelists of your product—you've got to provide the incentives and the platform for them to do so.

Virality is not an accident. It is *engineered*.

But we don't simply set up viral features and hope they work. Keeping our growth engine going is a step unto itself. We must dive deeply into the analytics available to us and refine, refine, refine until we get maximum results.

## STEP 4

# Close the Loop: Retention and Optimization

*You need the kind of objectivity that makes you forget everything you've heard, clear the table, and do a factual study like a scientist would.*

—Steve Wozniak

If the growth hacking process begins with something I would have previously considered to be outside the marketer's domain (product development), then I suppose it is only natural that it conclude with another.

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?

First off, in a small company, there *is* no one else. Your job is not just to bring in potential customers but to create lifelong users. And, as it turns out, dedicated and happy users are marketing tools in and of themselves.

What's the point of driving a bunch of new customers through marketing channels if they immediately leak out through a hole in the bottom? What's the use of building up a certain perception of your product in the media and via marketing if the moment people try it they find out the hype isn't true?

Marketing doesn't have to be this Sisyphean job of driving people through the door or to a website. Today, analytics make it clear whether new users from your marketing initiatives actually stick. It's called "conversion rate." Know what it is and use it!

In its early days, Twitter experienced this exact issue. And its marketing team was wise enough to realize that the company's best marketing move had nothing to do with attracting more customers. Even though they could have bought ads, sent out e-mails, gotten more PR—that is, marketed—it wasn't what they

needed. They needed to make the prospective users they were already getting *stick*.

Because the service was the subject of a lot of buzz online and in the media, new users were signing up for Twitter in droves. Yet most of them created an account and never really used it. That's where a growth hacker named Josh Elman came in. Poring over the stats, he and his team noticed that when users manually selected five to ten accounts to "follow" or "friend" on the first day, the user was significantly more likely to stick around.

As Elman explained it to me:

When I first joined the company, the suggested user list had 20 random people who were default selected to follow. Given this data insight, we reset the new user flow to encourage people to follow their first ~10 people and offer them a lot of choices, but no default selection. Then we later built a feature that continually suggested new users to follow on the sidebar of the website. These two changes helped people get started following, and more importantly understand that following was important to get the most out of Twitter. So over time more people did just this and became more and more likely to be retained.<sup>15</sup>

This doesn't seem like marketing at all. How could a feature inside the service—the Twitter suggested user list—be considered marketing? But if it drives better user adoption it is. (Remember, if you've built in viral features, the more your users stick, the more it will spread.)

## **Always Be Tweaking**

At the end of the day, we are all just trying to grow our businesses. If growth comes from internal optimization rather than external lead generation, what does it matter? And this is what growth hackers have realized.

Aaron Ginn explained to me that even the best growth hacker cannot "grow a broken product."<sup>16</sup> Just because you've achieved product market fit doesn't mean that your idea is flawless, that there aren't huge areas that still need to be tweaked and improved.

Sean Beausoleil, the engineering lead at Mailbox, put it more bluntly in an interview with *ReadWrite*: "Whatever your current state is, it can be better."<sup>17</sup> Growth hackers know this and that is why they are trying new iterations constantly.

Perhaps the front page of your site doesn't convert users as well as it should. Perhaps you're not generating enough e-mail addresses or users make it 99

percent of the way through your shopping cart and then too many of them quit at the last second. Everything can be improved—that’s what we’ve got to remind ourselves. The reality is that your product is probably broken in at least one way. And we must avail ourselves of the data and other information that tell us where those problems are.

The role of the growth hacker is to ruthlessly optimize incoming traffic for success. As Eric Ries explains in *The Lean Startup*, “the focus needs to be on improving customer retention.” 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).

This should come as a major relief—I know it did for me. It means that the marketer doesn’t have to do all the heavy lifting. Instead, we can lean on and work with other facets of the company to make sure that lead generation is actually leading to sales.

Doing this can be incredibly low-tech, as I personally experienced when I signed up for a new service called DogVacay. Like Airbnb for dogs, it helps pet owners find neighbors and nearby animal lovers willing to be pet sitters—instead of having to send your dog to the kennel while on a trip.

My girlfriend and I excitedly signed up one day after reading about DogVacay on a blog and then promptly forgot all about it. About three days later, 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. The caller walked us through the service again, helped us complete our profile, and got us set up with our first host. It wasn’t exactly a scalable strategy—if they had a million users they couldn’t call each one—but it did, in my case, turn a looky-loo into an active user. And that meant one less new customer that had to be acquired via other means. (Of course I also told everyone I knew about this customer service experience.)

For the same reason, I love the idea of Dropbox rewarding users with 250 megabytes of extra storage if they take a tour of the basics of Dropbox. The idea is to teach members how to use the service and motivate them to get past potential hurdles. It’s also why the site offers a 125 megabyte bonus to users who send Dropbox just ninety characters of feedback about the service—now you’re involved and participating. (Personally, I’ve earned something like 625 megabytes of free space, which makes me a happier user, more likely to refer friends, and keeps me “stuck” to the service. It’s the kind of marketing that, just a year ago, I’d never have considered marketing.)

In the course of the millions of ad impressions I generated over my traditional

marketing career, I never followed up with anyone who converted and I spent only a few seconds thinking about the people who didn't convert at all. I—along with everyone in my industry—was obsessed with more, more, more instead of getting the most out of the leads we were already generating. It makes me shudder to think of the wasted effort inherent in that approach.

## Scaling Retention and Optimization

Of course, retaining and improving the experience of your incoming customers does not need to involve individually calling each potential customer.

I'll give you another example. In 2011 or 2012, I was invited to be an early user of Uber in Los Angeles. I signed up, but for some reason never ended up actually using it to ride anywhere. To use the technical term, I “bounced” out of the service. So I knew of the service, but I was not a user.

Flash forward to a year later, when I was traveling internationally to attend a conference and the event organizers gave all the speakers a \$50 Uber gift card. (In other words, a viral referral feature.) I couldn't find a cab so I ended up logging into the app for the first time in many, many months and hailed a black car. As it turned out, the service had been significantly improved. Using it was seamless and enjoyable. After my ride, Uber kept me engaged by asking me to rate my driver, and then it sent me a coupon via e-mail.

Back in the United States a few days later and stranded in Brooklyn, my first thought was: “Let's pull up Uber.” I had officially been transformed from a lost customer to an active user.

*That* is retention and optimization. It is marketing to someone who is a lot more likely to convert than some busy stranger you might otherwise try flashing an online banner ad to.

None of this is outside your grasp—and it's definitely now part of your job. We all have e-mail lists; we have customer databases. We have plenty of people we have marketed to over the years and—due to problems on *our* end, not theirs—we didn't convert or make the best use of. Yes, it's more seductive to chase new marketing initiatives. Yes, it would be more fun to get some press. But it's better for business to retain and optimize what we already have.

According to Bain & Company, a 5 percent increase in customer retention can mean a 30 percent increase in profitability for the company. And according to Market Metrics, the probability of selling to an existing customer is 60–70 percent, while to a new prospect it's just 5–20 percent.<sup>18</sup> Bronson Taylor, host of

Growth Hacker TV, puts it in a phrase: “Retention trumps acquisition.”<sup>19</sup>

Growth hacking is about maximizing ROI—about expending our energies and efforts where they will be most effective. Well, the facts are in. 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.

And of course, the logic here should sound familiar. It goes way back to before growth hacking. It’s an eternal truth of the human experience. A bird in the hand, remember, is worth two in the bush.

## My Conversion: Putting the Lessons into Practice

*“We might not have marketing budgets, or a massive fan base. . . . [But] we can build books for sharing. We can sample at scale. We can give readers a stake in distribution. We can open up exchange between artist and fan, beyond the sales transaction. And we can do this in a way that drives creative profitability.”*

—Matt Mason, VP of Marketing, BitTorrent

My fascination with growth hacking began with a wake-up call. I read Andrew Chen’s article and it pierced the bubble I was living in. My job—in fact, the job of all VPs of marketing—was under siege. It made it clear to me that the industry was changing, that a group of thinkers and entrepreneurs was disrupting my field from the outside and I ought to monitor the situation closely.

By late 2012, it was an awakening I was very glad I’d had. Because I found myself in a situation not unlike that of many start-ups. One of the authors I had the privilege of working with, bestseller Tim Ferriss, was suddenly deprived of many of the most effective channels of book marketing. We (along with his publisher) were caught by surprise when nearly every retail outlet, from Barnes & Noble to your corner bookstore, refused to carry his third book, *The 4-Hour Chef*—or any other book published by Amazon. We were faced with what should have been an impossible task: promoting a book when all of the traditional avenues were closed. (Oh, and we had less than sixty days to do it all.)

My job was to help make it a bestseller. This was, in many ways, the perfect opportunity for me to try many of the things I had only been able to read about.

We had to be creative. We had to be analytical. We had to think outside the box. We had to use our relatively limited resources extremely carefully. We treated the book as a start-up and growth hacked accordingly.

It was a far cry from the old model: get reviewed in the *New York Times*, pay for shelf space at the front of Barnes & Noble or Books-A-Million, and wait for success (that may never come).

But thanks to the new mind-set, I was calm. Out of this seemingly negative situation came one of the most successful launches I have ever been a part of. The book debuted on every bestseller list from the *New York Times* to *USA Today* and hit the #1 spot on the *Wall Street Journal*. Even without a presence in retail outlets, *The 4-Hour Chef* sold more than sixty thousand *physical* copies in its first week. It was an astounding success.

From my reading and interviews, I had seen that growth hacking could be powerful. Seeing it in action was something else entirely.

Here are some of the things we did.

## **Product Market Fit**

Instead of making a big, general book that appealed to no one, Tim took Product Market Fit to the next level—designing each chapter to stand alone on its own merits and made specifically for a defined community and group of readers. Even within the chapters, he wanted bite-size pieces of content that would immediately provide value to the reader—if you picked up the book and opened it to a random page, he wanted you to be able to get something out of it.

Even Tim's editing was data driven. Though the final book was roughly six hundred pages long, the early drafts were much closer to eight hundred. Those cuts weren't made by gut instinct, but methodically. Tim used tools like SurveyMonkey and Wufoo to ask friends and colleagues about the sections they responded to most. We tested the back cover and subtitle repeatedly. Before a section was cut or added, multiple readers of the manuscript had to agree.

The result was a book perfectly crafted for its prospective readers, one that we knew would spread and generate reactions because this had been built into the writing itself. The product and the market were in sync.

## **Growth and Attention**

Instead of pushing for TV and radio coverage, we worked with bloggers—because blogs are trackable and work fast. Knowing the type of reach we needed, we set a limit: the blogs had to have more than 100,000 unique visitors a month. 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.

The result was big online media mentions we scheduled to go live the day of release in a well-timed barrage: *Lifehacker*. *The Art of Manliness*. *AskMen*. *Epic Meal Time*. These hits drove real sales that we tracked with affiliate links.

Blogs were just one part. We partnered with start-ups, with apps, with anyone who had an audience.

Of course, a major benefit to promoting this book was that Tim had already built a platform. How much easier would it be for anyone to launch a new product if they spent the time developing and building an audience beforehand? For Tim, blogging weekly for five years meant he had a captive audience to launch to. Before you say that's unfair, ask yourself, what's stopping you from developing your own?

## **Virality**

The virality aspect is the part of the launch we're the most proud of. Forced to innovate, we reached out to BitTorrent, where a friend of mine, Matt Mason, had recently taken a job. The team's proposal was audacious: creating a bundle of content from the book to be given away to BitTorrent's 170 million members.

With BitTorrent we produced a slick 700 megabyte bundle—more than 250 pages of material, interviews, extras, videos, and photos—and it was totally free and could be downloaded by anyone. It was the ultimate “try it before you buy it” marketing mechanism. The sales prompt inside of it? A link to buy the book for up to 40 percent off at Amazon.

The results stunned even us:

- 2,000,000 downloads
- 1,261,152 page visits
- 880,009 Amazon impressions
- 327,555 Tim Ferriss website impressions
- 293,936 book trailer impressions

A lot of books get good publicity and then slam these leads into the brick wall of a \$20 price point. It's tough for a book to go viral. This collaboration changed that. People could take a chance on the book, and they could send a link to their friends, who could in turn download the bundle for free.

The BitTorrent promo was undoubtedly the most effective part of the launch; by our estimates, it was responsible for selling nearly 250,000 copies of the book. Whether you're selling books or acquiring users, any source that drives a quarter of a million new leads is a big success.

## Optimization and Retention

Naturally it's a little bit harder to "optimize" a book. Once it's written and printed—at least in 2013—you can't exactly change it. A book is "done" in the way that an app or a website needn't be. But even so, the optimization and retention approach of growth hacking was influential in this launch.

In most launches I've been a part of, the mind-set is simple: get as much publicity and attention as you can, and afterward hope or assume it was all a success. Tim's data-driven approach, however, meant we actually looked at what worked and what didn't. We weren't chasing vanity metrics. If the BitTorrent promotion hadn't driven sales, I wouldn't have told you about it.

In fact, based on the success of that collaboration, I worked with BitTorrent again with another client, the musician Alex Day. His results were equally stunning: 2,765,023 downloads, 276,409 page visits, 166,638 iTunes impressions, 52,151 Alex Day website impressions, and 5,000 new e-mail sign-ups for Alex's mailing list.

And we know what worked and what didn't because we pored over the analytics. We looked at which blog posts worked and which didn't, which drove traffic and which didn't, what drove spikes in Amazon rank and what didn't. This information will be crucial in subsequent launches and, of course, with my other clients.

## The Future of Marketing

*If you know the Way broadly you will see it in everything.*

—Musashi

If something as old-school as publishing can be invigorated by the growth hacker approach, what else can? If you can treat a book like a start-up, anything is game.

The rest of us, whether we're marketing a car or a movie or a small restaurant, have the ability to put these tactics into practice. We're no longer dependent on the guessing game. We don't have to pay outsiders to represent our product—we don't have to buy their relationships with the media.

Instead, we can grow our businesses by iterating, by tracking success, by doing whatever we can to bring people into our funnel. And then we understand that it's up to us to optimize our product around these customers and their needs. We can change on the fly. We can spend our budgets on product improvements instead of additional advertising.

You will find, as I did, that the definition of *marketing* is in desperate need of expansion. In fact, anything and everything can be considered marketing—so long as it grows the business.

Before he became the most brilliant and famous man in the ad business, David Ogilvy sold ovens door-to-door. Because of that, he never forgot that advertising is just a slightly more scalable form of creating demand than door-to-door sales.

But the rest of us, decades away from a world of traveling salesmen and mail-order catalogs, have lost sight of this fundamental reality. We forget the function behind the form and miss out on new opportunities because we can't see what's in front of us. At the core, marketing is lead generation. 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*.

That is what growth hackers have taught us.

Run down the list of the start-ups we've talked about in this book, from Hotmail to Airbnb to Groupon to Spotify, and see the startling fact: tactics that no one would have previously described as "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: they merged marketing into their product development; they kicked off growth with early adopters; they added viral elements; and then they relentlessly repeated these cycles, always guided by the data, with an eye toward optimization.

Their innovative approaches to growth were possible because they came from start-ups, businesses typically averse to traditional marketing for two reasons: they don't have the money and they don't have the experience. Because these companies didn't have access to the "luxuries" of an ad budget or the burden of proper training, they were able to be creative enough to broaden the definition of *marketing* to immense advantage. Meanwhile, companies with the ability to spend millions a year (or month) chug along with poorer results and poorer ROI.

The thing about marketers—and, well, everyone—is that we're wrong *all the time*. We think we make good gut decisions, but we don't. The old model makes being wrong incredibly expensive. Who can afford to learn that the product isn't resonating *after* they've spent months planning a campaign? Growth hacking fundamentally reduces the costs of being wrong, giving us freedom to experiment and try new things.

We're no longer going to tolerate being part of the former category.

As I interviewed and read about the dozens of growth hackers whose many insights contributed to this short e-book, I noticed that each one had used an almost entirely different set of tactics than the others. Some had relied on viral features; others leaned more heavily on product and optimization. Some were expert e-mail marketers, while others knew how to use platforms and APIs to reach equally large amounts of people.

For all the tactical differences, the strategic goal was the same: to reach people in an effective, scalable, and data-driven way. Granted, it didn't always look or feel cool and *Mad Men*-esque, like retaining a creative agency, seeing your billboards around town, or pulling in celebrity endorsements does. But the difference is that those things don't guarantee success anymore. And they cost fifty to a hundred times more.

Growth hacking really is a mind-set rather than a tool kit. And if you leave this book with one thing, it should be that mind-set.

Once you break out of the shackles of antiquated notions of what is or isn't marketing, the whole field becomes cheaper, easier, and much more scalable. The game changes forever.

It gets exponentially better.

## Special Bonus

If you would like the raw transcripts of the interviews I did for this book, along with the research and articles I gathered, I'd like to send them to you.

All you need to do is send an e-mail here:

[Growthhackermarketing@gmail.com](mailto:Growthhackermarketing@gmail.com)

I will also send you a chapter from my first book, *Trust Me, I'm Lying: Confessions of a Media Manipulator*, which shows you how to get free publicity and press. As a bonus I'll give you a redemption code for two free months' membership to Growth Hacker TV (a \$58 value).

# Becoming a Growth Hacker: The Next Steps

This book was designed to be an introduction—to convey to you a mind-set and a new approach rather than teaching the specific tactics at a granular level. The best way to accomplish that next step is to go directly to the source. By that, I mean train under a real growth hacker. No marketer, traditional or otherwise, learned how to do what they *really* do in school. They learned on the job. Thankfully, there are thousands of start-ups and growth companies out there building growth teams right now. And you could get paid to learn and study there.

But if you don't have the time or the access, below are some amazing resources that pick up where this book leaves off.

## **Blogs and Personalities:**

Andrew Chen's essays  
<http://andrewchen.co>

Noah Kagan's blog  
<http://okdork.com>

Patrick Vlaskovits  
<http://vlaskovits.com/blog>  
[twitter.com/pv](https://twitter.com/pv)

Jesse Farmer  
<http://20bits.com>

Sean Ellis  
<http://www.startup-marketing.com>

Paul Graham's essays  
<http://www.paulgraham.com/articles.html>

Aaron Ginn  
<http://www.aginnt.com>

Josh Elman  
<https://medium.com/@joshelman>

Or just follow most of these guys as they answer questions at:  
<http://www.quora.com/Growth-Hacking>

## **Books:**

*The Lean Startup* by Eric Ries

*The Lean Entrepreneur* by Brant Cooper and Patrick Vlaskovits

*Founders at Work* by Jessica Livingston

*Viral Loop* by Adam L. Penenberg

*Contagious* by Jonah Berger

*Lean Startup Marketing* by Sean Ellis

## **Presentations, Shows, and Classes:**

<http://www.creativelive.com/courses/smart-pr-artists-entrepreneurs-and-small-business-ryan-holiday> (a ten-hour course I made with creativeLIVE on marketing, attention, and free publicity)

<http://www.slideshare.net/mattangriffel/growth-hacking>

<http://quibb.com/links/growth-hackers-conference-all-the-lessons-from-every-presentation>

<http://www.slideshare.net/yongfook/growth-hacking-101-your-first-500000-users>

<http://www.slideshare.net/gueste94e4c/dropbox-startup-lessons-learned-3836587>

<https://www.growthhacker.tv>

<http://www.slideshare.net/yongfook/actionable-growth-hacking-tactics>

<https://generalassemb.ly/education/user-acquisition-growth-hacking-for-startups>

<https://www.udemy.com/growth-hacking-lean-marketing-for-startups>  
<http://www.slideshare.net/vlaskovits/growthhacker-live-pres0-by-patrick-vlaskovits-pv>  
<http://www.slideshare.net/timhomuth/think-like-a-growth-hacker>  
<http://www.fourhourworkweek.com/blog/2011/09/24/how-to-create-a-million-dollar-business-this-weekend-examples-appsumo-mint-chihuahuas>  
<http://www.growthack.com/case-studies>

## **There Is Even a Growth Hackers' Conference:**

<http://growthhackersconference.com>



# Endnotes

- [1](http://andrewchen.co/2012/04/27/how-to-be-a-growth-hacker-an-airbnb-craigslist-case-study) <http://andrewchen.co/2012/04/27/how-to-be-a-growth-hacker-an-airbnb-craigslist-case-study>.
- [2](#) E-mail to author, April 18, 2013.
- [3](#) Dialogue from Viral Loop by Adam L. Penenberg (New York: Hyperion, 2009), page 96.
- [4](http://hbr.org/2005/06/dont-blame-the-metrics/ar/1) <http://hbr.org/2005/06/dont-blame-the-metrics/ar/1>.
- [5](#) E-mail to author, March 18, 2013.
- [6](http://www.inc.com/30under30/2010/profile-brian-chesky-joe-gebbia-nathan-blecharczyk-airbnb.html) <http://www.inc.com/30under30/2010/profile-brian-chesky-joe-gebbia-nathan-blecharczyk-airbnb.html>.
- [7](http://money.cnn.com/2011/09/13/technology/startups/instagram_burbn/index.htm) [http://money.cnn.com/2011/09/13/technology/startups/instagram\\_burbn/index.htm](http://money.cnn.com/2011/09/13/technology/startups/instagram_burbn/index.htm).
- [8](http://www.stanford.edu/class/ee204/ProductMarketFit.html) <http://www.stanford.edu/class/ee204/ProductMarketFit.html>.
- [9](http://www.newyorker.com/reporting/2013/03/11/130311fa_fact_macfarquhar?currentPage=all) [http://www.newyorker.com/reporting/2013/03/11/130311fa\\_fact\\_macfarquhar?currentPage=all](http://www.newyorker.com/reporting/2013/03/11/130311fa_fact_macfarquhar?currentPage=all)
- [10](#) Interview with author, May 24, 2013.
- [11](http://andrewchen.co/2012/04/27/how-to-be-a-growth-hacker-an-airbnb-craigslist-case-study) <http://andrewchen.co/2012/04/27/how-to-be-a-growth-hacker-an-airbnb-craigslist-case-study>.
- [12](http://www.startup-marketing.com/awareness-building-is-a-waste-of-startup-resources/) <http://www.startup-marketing.com/awareness-building-is-a-waste-of-startup-resources/>.
- [13](#) Jonah Berger, *Contagious* (New York: Simon and Schuster, 2013), page 24.
- [14](http://venturebeat.com/2010/10/27/dropbox-drew-houston-adwords/) <http://venturebeat.com/2010/10/27/dropbox-drew-houston-adwords/>  
<http://www.slideshare.net/gueste94e4c/dropbox-startup-lessons-learned-3836587>.
- [15](#) E-mail to author, March 28, 2013.
- [16](#) E-mail to author, March 28, 2013.
- [17](http://readwrite.com/2013/06/05/from-0-to-1-million-users-in-six-weeks-how-mailbox-planned-for-scale#awesm=~oa92pdwfg5ExS) <http://readwrite.com/2013/06/05/from-0-to-1-million-users-in-six-weeks-how-mailbox-planned-for-scale#awesm=~oa92pdwfg5ExS>.
- [18](http://www.rocketwatcher.com/blog/2010/05/top-5-customer-retention-marketing-tactics.html) <http://www.rocketwatcher.com/blog/2010/05/top-5-customer-retention-marketing-tactics.html>.
- [19](#) Interview with author, April 24, 2013.

VISIT PENGUIN.COM

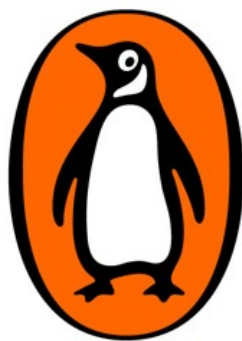
Looking for more about  
the book you just read?

Need help finding your  
next great read?

Visit

[PENGUIN.COM/WELCOME](https://www.penguin.com/welcome)

for book recommendations,  
reading group guides, videos,  
author interviews and more.



[PENGUIN.COM/WELCOME](https://www.penguin.com/welcome)