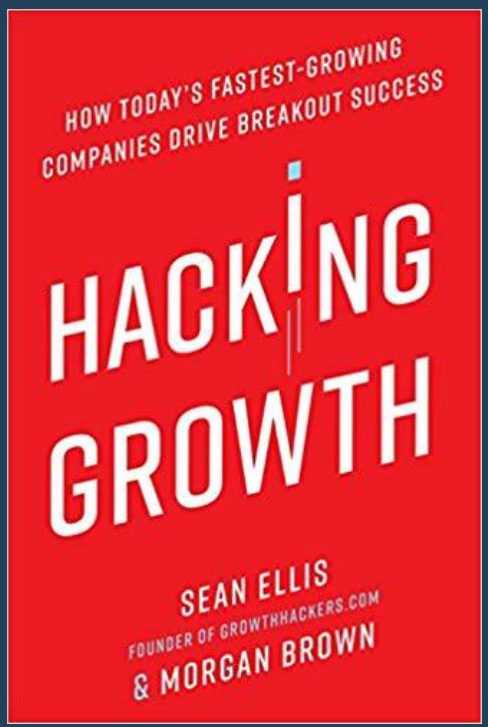

Hacking Growth

Hacking Growth: A Estratégia de Marketing Inovadora das Empresas de Crescimento Mais Rápido
Year of publication: 2017
Author: Sean Ellis e Morgan Brown
320 pages
Link for purchase: https://amzn.to/37BHkgP

Originally published in 2018, "Hacking Growth" is an innovative book.
Presenting this new idea that is the Growth Hacking, the authors were able to share their knowledge in a didactic way, detailing concepts, presenting definitions and the best of all: presenting practical examples.
The book is divided into two parts: "the method" and "the growth hacking guide", where first are presented the premises and basic concepts of the methodology and then there is an explanation of its stages.

Score

9

9 Aplicability
8 Inspiration
9 Innovation
10 Impact on results
9 Structure

Main ideias of the book

- Analysis and experimentation are key to growth;
- A qualified team is essential;
- Create products that will cause the "AHA!" moment and will be "must-have" for your consumers;
- Analyzing and knowing your customers in depth is essential.

For whom is this book suitable?

Ellis and Brown say in the book that Growth Hacking is applicable to all companies, from small individual entrepreneurs and small start-ups to large companies.
There are no boundaries for Growth Hacking! As we will see in the next topics, this strategy is the result of a joint effort between different areas of the company, combining forces in order to promote growth.
So, if you want to get your business into a growth path, you've come to the right place!

Overview of the book

After all, what is Growth Hacking?

"It's a philosophy of growth based on data and experimentation."

Before we know how to apply Growth Hacking in your company, we need to know what Growth Hacking is, don't we?
We can say that Growth Hacking can be summarized in two terms: data analysis and experimentation.
Basically, the objective is to have ideas and test them, to know which ones are valid and will generate results.
Following this thought, this methodology works as a cycle, where analyzed data generate ideas, which are tested. These ideas are analyzed and generate new ideas, forming this "infinite" cycle of analysis, experiments and, consequently, growth.

Basically, the objective is to have ideas and test them, to know which ones are valid and will generate results.

Later, we will show you how this cycle works, but we will give you a spoiler now, showing the 4 stages of the cycle, which works as follows:

Analysis > Idea > Prioritization > Testing

Let's look at the example of PayPal, which has grown dramatically just by integrating its product with a very popular digital platform: eBay.
The idea of PayPal was simple: realizing that some sellers were using its product as a simple way to pay, the company had an idea. This idea was to insert AutoLink, a tool that inserted the PayPal logo and link for sellers, appearing as a new payment option.
This simple idea tripled the number of sellers using PayPal and initiated the exponential growth of the platform.
In short, Growth Hacking is a philosophy that will unite the company, the areas of technology, engineering and marketing, to "hack" the company's processes and leverage the growth of the company, through detailed analysis and rapid experiments that will provide relevant information. And best of all: at a low cost!

Understanding the method

Okay, okay, okay, okay, okay. We already know the concept of Growth Hacking!
We have taken the first step, but the journey still requires other understandings before we can run towards growth. Therefore, in this overview, we will discuss the Growth Hacking method and the concepts that complement it.

Build your team

Great results are made by great people. And for your growth strategy to work, qualified people are essential.
So, it is necessary to assemble a team full of marketing professionals, right?

Wrong!
One of the fundamental premises of Growth Hacking is that there should be no barriers between the departments and that all should together contribute to the growth of the company, analyzing, planning and experimenting.
In this new methodology, it is important to unite marketing with engineers, managers and designers, forming a multidisciplinary team focused on Growth Hacking strategies.
Do you want to know who needs to be in your growth team? So here are some members you will need for your team:

- Growth leader/Growth Lead: responsible for managing the team, will be the "commander of the troop". This leader leads the process, defines the directions to be followed, sets goals and analyzes results. And we can't forget that he also puts his hands to the ground, participating in the generation of ideas and in the experimentation process;
- Product manager: will be the person who will supervise the product design and its respective resources. He is the one who has experience in contacting customers - through questionnaires and interviews - using this information to optimize the development of experiments and data analysis;
- Software engineers: important pieces for the development of applications, websites and, in the case of digital products, product codes. They are important parts of the team because of the analytical ability to solve problems;
- Marketing specialists: we must not forget the marketing professionals! They will attack the strategies for product dissemination, using tools such as e-mail marketing, SEO (search optimization engines);
- Data Analyst: is the analyst who will "know how to gather, organize and perform sophisticated analyses of customer data to gain insights that lead to ideas for further testing".
- Product designer: having someone responsible for product layout and specifications, working on advertising and promotions is essential to having a unique design. And an experienced professional allows you to speed up the execution of tests.

With your team assembled, you need to get your hands on it. For this reason, we highlight some points that should be considered so that this team can achieve the best results:

- Be aware of the process: plan everything that will be done and have a well-developed division of tasks;
- Knowledge management: document the results found, share what has been done. This is fundamental so that mistakes do not occur again and triumphs are perpetuated;
- Look for improvements: allied to knowledge management, always look for improvements for the next experiments;
- Growth meetings: Growth Hacking requires constant meetings for project progress updates and brainstorming for new ideas. These are called growth meetings and are central to the alignment of the team and the monitoring of results.

Finally, it is important to point out that each reality requires different actions, i.e., the structure of your team will depend on your reality, which may need a marketing specialist rather than software engineers.
It is necessary to evaluate your situation and build your growth team according to it, seeking to maximize results.

> *What would your customers think if your product didn't exist?*

Define your "Must-Have"

What would your customers think if your product didn't exist?
That's the crucial question you should ask. The book suggests a questionnaire to understand customers' perceptions of your brand, where the following question should be asked (where "product X" is your product):

"If product X was no longer produced, how would you feel?

a) Very disappointed
b) A little disappointed
(c) would not be disappointed (this product is not useful)
(d) N/A (I have never used this product)

If 40% or more respondents are disappointed, it means that you have found your must-have and that it is worth investing in its dissemination.

Allied to this, you need to develop your product so that, when you present it to the customer, the "AHA Moment" happens.
This is the moment when the consumer realizes the importance of the product in his life and creates a bond with it. And having the moment "AHA!" makes the product become "must-have".
In other words, they are concepts that work together in favor of customer satisfaction and the growth of the company.

The Growth Hacking Cycle

Growth Hacking, as we have already said, is essentially made up of analysis and experimentation. And to develop your best ideas and test if they will be effective, there are 4 steps to follow, which form the Growth Hacking Cycle.

- Analysis;
- Ideation;
- Prioritization;
- Test.

Briefly, this cycle begins by analyzing data and searching for information, to give the initial basis and definition of a problem to be attacked. From this, there will be the generation of ideas, where the team will conduct brainstorming and discussions to have good ideas for the problem chosen. These ideas will be translated into experiments that should be prioritized and thus executed. In the end, the results are analyzed and this cycle begins again.
Shall we better understand this process?
The first step to be taken is to prepare for takeoff. So, it's up to the growth leader - remember him? - The first step is to get the team together, explain the steps and assign the roles of each team member.
At this point, the analysis is done, which will generate the initial data for a good understanding of the project. It is the duty of the data analyst to present the necessary information and present the answers to questions such as these:

- How do the best customers behave? (What do they buy? When do they buy? How much do they spend?)
- What are the characteristics of these customers? (What is their profile? Where do they live? Do they use the competitors' product?
- What leads the customer not to use the product (it can be applications and websites too)? (Where is the highest dropout rate? Is there anything preventing user interaction? What is the relationship between customers who buy and those who give up?)

With the data in hand and analyzed, we go to the ideation phase. In this phase, it is very important that the team has a list with several ideas, to generate a continuous flow of experiments.
Of course there will be good ideas and bad ideas, but the book cites exactly one sentence from Linus Pauling that says: "to have a good idea, you need to have many".
For example, let's say that the goal of increasing the revenue of your company's app was defined. After the first meeting and the analysis of the initial data, the team members need to develop as many ideas as they can that can contribute to achieving this goal.
Important note: At this point, there can be no censorship. Every idea is valid.
When defining ideas, some data is important:

- Name of the idea;
- Description;
- Hypotheses: What will this idea provide for the recipe of the application?
- Metrics to be surveyed: what will be monitored to identify the success of the idea?

Subsequently, these ideas will be prioritized in the next step: prioritization.
As already mentioned, the number of ideas mapped will be large and between them there will be those that are good and those that are bad. Therefore, prioritization is necessary.
Thus, 3 prioritization factors will be evaluated:

- Impact: it will be the positive impact that the idea will have on the defined metrics;
- Trust: the team should ask themselves how much they believe that the idea can generate the imagined impact, that is, how much they trust it;
- Facility: the time and resources required for this idea should be analyzed.

Once the ideas have been characterized according to the above criteria, they can be compared and thus prioritized. For example, ideas that have a higher impact should be prioritized over those that have a lower impact, while those that have a higher impact will have a higher priority.
Grades should be given for each of the criteria and the average should be given among them. The idea with the highest average should be prioritized over the others.
After the ideas have been chosen, it is time for the test. Here is the practical part of the methodology, where the ideas are carried out and will generate data for the next stage.
Once the tests are performed, it is time to return to the beginning, analyze the data from the previous test, absorb the lessons learned and restart the cycle.
Thus, the learning and experimentation cycle continues, new ideas are being applied and growth comes as a consequence.

How to use Growth Hacking

We have arrived at a crucial moment in our journey. We have already assembled our team, we understand our product, our must-have, we know what will leverage our growth and the Growth Hacking cycle.
So, from now on, we will understand how to use growth hacks for the following topics:

- Acquisition;
- Activation;
- Retention;
- Monetization.

Acquisition

"Getting more customers is undoubtedly important for any company. However, if for that the company spends more than it expects to earn, we would say that there is a problem."

The starting point of the relationship between the company and the customer is to attract them to your brand and convince them to buy.
Acquiring customers is a challenge. And acquiring customers without making excessive investments is even more challenging. Many companies spend fortunes on marketing and advertising and do not have the expected return on customer acquisition.
Thus, seeking to help you win new customers, the author presents techniques to acquire new users and take them to the next stage.

- Choose the correct language to use according to your target audience;
- Communication channels are also essential;
- Create a convincing message: your company needs to send a message to the client, give an impression that will delight him, pass information and create a connection.

Activation

"98% of a site's traffic does not lead to activation, and most mobile devices lose up to 80% of their users three days after download."

Now that you've attracted the consumer, you need to turn them into your customer.
But how?

Through a good experience with your product. As we saw in the sentence above, many of the attracted users are not converted into customers. Therefore, a good experience is fundamental.
The first step is to map your sales funnel, that is, all the way that leads the customer to the "AHA!" moment.
Research is fundamental! With this mapped path, analyze its stages, segment the customers, identify which of them have the highest rate of adhesion and evasion of customers, and outline plans to improve them. See now some points to be analyzed:

- Trajectory in the funnel;
- Customer adhesion and evasion at each stage of the funnel;
- How many have reached the "AHA!" moment?
- Through which channels did customers arrive?

Once you identify the causes of evasion, you can design a solution to delight consumers and turn them into customers by increasing their conversion rate.

Retention

"The high retention is usually the decisive factor for the company to get high profitability, [...] a much cited research shows that a 5% increase on the retention rate produces a high of 25% to 95% of the profit."

There is no point in conquering clients if we don't get to retain them. That's why it's essential to strengthen the client's connection with the company.
A great example of customer retention and engagement is Amazon. Its subscription service, Amazon Prime, offers a number of benefits to subscribers, such as free short-term delivery and streaming of movies and music.
The data presented in the book shows that among the people who take the free trial, 73% become subscribers, 91% renew for the second year and 96% for the third year.
To achieve customer retention at this level, your company can test reward-based engagement strategies, where the customer receives benefits in return for engagement, such as these:

- Recognition based on engagement: The more engaged the customer, the greater their recognition by the brand, for example, users who are elected "superfans" when they interact a lot with a Facebook page;
- Rewarding engagement: Like Amazon's example, it is offering benefits to customers who become subscribers;
- Rewards and Recognition Based on Achievements: It's about recognizing or rewarding customers who achieve goals. For example, Fitbit, the exercise platform, recognizes its customers when they reach 10,000 steps.

Monetization

"The ideal is that, as time goes by, each customer brings more revenue - in other words, that their lifetime value increases. In this chapter, we specifically address the mission of earning more from the base and customers the organization already has."

The last step, the monetization, comes as a consequence of the previous steps, because if they are successful, they generate the financial return for your company.
I would like to make one last recommendation: get to know your client. Know what their characteristics are, what they want and, thus, it will be possible to have the best ideas to complete the previous stages and generate greater financial return for your company.

What other authors say about it?

In the book "Marketing 4.0", by Philip Kotler, Hermawan Kartajaya and Iwan Setiawan, the authors bring the importance of always being attentive to changes in the digital world and how this affects marketing. And in the world of Growth Hacking is no different, because the changes in the digital world will provide new forms of experimentation and new data to be analyzed.

Jay Conrad Levinson, in his work "Guerrilla Marketing", presents a way to generate more impact in marketing with lower costs. For this, he suggests the digital media as essential in the promotion of the brand and the product, using tools such as email marketing, for example.

Okay, but how can I apply this in my life?

Finally, we need to be always on the lookout for more and more growth. So, to apply Growth Hacking to your company, pay attention to the following topics.

- Don't just create a team, create "The Team", or as they would say in the world of basketball, create your Dream Team;
- Keep the innovation going. New ideas can't stop!
- Encourage the ideation;
- Unlock new channels: Get away from the basics;
- Go deep! Look for new data to analyze and deepen the studies;
- Raise the stakes: don't be afraid to dream louder and look for bigger flights.

We must also highlight some important points of the Growth Hacking methodology:

- Understand that each reality is different. What worked with company X will not necessarily work with you and vice versa;
- The implementation of Growth Hacking does not happen overnight. Start with smaller experiments and increase over time, as you gain experience;
- Focus on specific metrics, with simpler objectives and, as you achieve success, set more challenging goals.

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