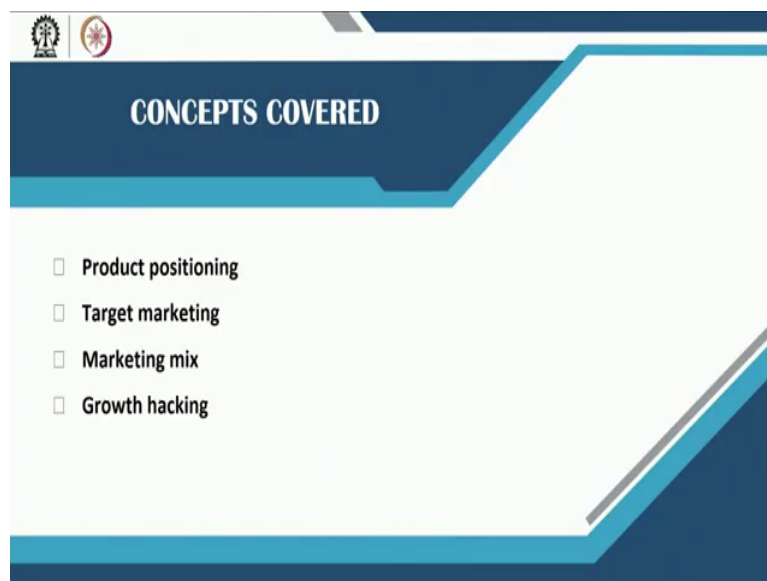


Entrepreneurship Essentials
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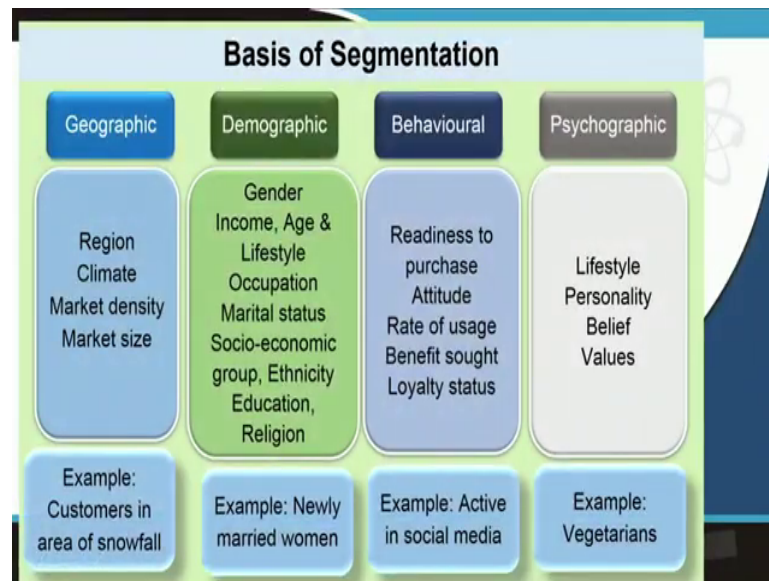
Module - 03
Lecture – 13
Marketing for Startups- III

Hello and welcome we concluded our previous session or the discussion of market segmentation. This session we will revisit briefly the segmentation and then we will move forward with positioning target marketing. We will talk about growth hacking or marketing mix as well. And let us move forward.

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So, these are the topics to be discussed ok. Market segmentation is done based on several parameters, several characteristic feature of our customers. So, these are primarily done based on geographic characteristic, demographic characteristics, behavioural psychographic characteristics. So, geographic means, there are products which are specific to certain areas. To given an good example would be IBM actually came up with data or they keep on coming up with data for marketing for helping marketers.

So, one data was pertaining to online book selling and they found out that the kind of books that are being sold in eastern part of the country are not really the same as it is sold in other parts of the country. So, they could identify that a very specific kind of books are sold in different parts of the country. And then, that actually helps the planners or the marketers to

maintain the depot book depot, where from where books will be distributed. So, they keep certain type of books at one place and another kind of books in another place.

So, otherwise if we do not have this kind of a geographical pattern, well understood. Then we will be hoarding all kinds of books in all the places and eventually there will be oversupply of certain kind of books in one place another kind of books in another place. So, now, that we know what kind of books are sold in a particular geography. We can stock only those kind of books in the warehouse and then distribute it from there so, our logistic cost is reduced. And more importantly, the cost of inventory also is reduced because we do not have to maintain inventory of all kinds of books at all places and then, distribution also becomes very easy.

So, we can quickly deliver it to the customers; because the books the exact books are maintained at nearby depot. So, that is how geographical segmentation helps. So, there will be many many kinds of geographical parameters like say you want to sell winter clothes. So, one particular part will be more intense; cold another part will perhaps not require that kind of dresses. Then there is demographic classification. So, demography indicates many many things. It indicates income pattern, then gender, age, lifestyle, occupation marital status, social, economic group, ethnicity, education, religion and there may be many more.

So, depending on what kind of products you are selling and if there is any connectivity any correlation with a particular occupation, particular age group, particular demographic to be specific. Then, it helps us to reach out to them, to maintain stock send the goods in time. So, channel deciding about the channel most importantly creating awareness; to some media where this kind of people are accessible. So, that becomes easy for us for marketers to reach out and then if eventually to convert them into customer.

Third is behavioural. So, behavioural is kind of ready to purchase some attitude rate of uses benefits sought loyalty status etcetera etcetera. Like say you are holly means there are people who would like to go for holidaying. So, during say a new year or say during Christmas or say it some other occasion when most of the people normally roam around. So, you can identify

that season and then those kind of people who normally like say Christmas is not for holidaying; but for religious purposes or maybe for gift donation and all that.

So, if there is a company who are more interested in marketing goods, that are popular for you know exchanging during Christmas. So, those kind of companies will identify this people and then, then accordingly they will promote their products. So, then psychographic. Psychographic another this is related to personality belief values, sense of values like this is more about the Maslow's hierarchy. So, depending on at whatever level your customers are you can design them accordingly and then, you can actually make those products available.

So, there are some examples given at the bottom, you can have a look and understand it even better ok.

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Now, about segmentation a very related article is about TAM, SAM, SOM and this is to be understood very thoroughly. It actually helps in several issues, like it gives you a fair idea as to what your market is what the size of the market. And then, it helps you to make valuation of your company it helps you to tell your audience the investors how you are going to create value for them as well.

So, let us discuss what they what do they mean. Total available market is the entire market; meaning suppose you are selling a particular goods say motorcycle. So, and you are selling it in India, suppose Indian market is your market. So, as many motorcycles are selling in the country in a year so much is the market size. So, you know how normally this data is available.

So, that is the TAM Total Available Market. Then, suppose you think that you are going to manufacture an entry level bike meaning that at a low price, but efficient, fuel efficient and etcetera etcetera. So, you have to understand what is the size of that kind of a bike number 1. Number 2, what should be your geographical area within which you are going to you will be able to reach out. Suppose your capacity is to reach out to maybe 3 states, you will have to set up all logistic distributor, then dealers, etcetera. So, you may actually think that within a year or within 2 years some within some period you may actually acquire maybe 3 states.

So, whatever number of entry level bikes that are sold in all these three states is your SAM; that means, Serviceable Available Market. This is the market that is available before you can service to them. So, but then the chances are very high that, if there are say not you are not the only player; obviously, there are other players. So, whatever is the capacity of this say 3 states, is your immediate target maybe within 2 years. So, 3 states say x number of entry level bikes are being sold. Now, you are going to acquire maybe you may actually think that ok, we will achieve something like 10 percent of the market share within the next 2 years.

So, that gives you data about what will be your sales in 2 years; in the second year first year and second year if you can really gather. This this data are these are secondary data there are several databases available, where this data will be available. So, once you are understand

your TAM, SAM, SOM you have a you have a clear idea about the possibility of your turn over moving forward.

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Use of TAM, SAM, SOM

- Make fair assessment of the market size to be targeted.
- Making meaningful sales projection.
- Valuation of startups.
- Estimate investors' returns.

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And if you understand the turn over and if you if you know the average EBITDA Earning Before Interest Tax Depreciation and Amortization. Then, you can actually make a profit projection, a valuation projection and you can give a fair idea to your investors as to what will be your valuation; may be in the second year third year fourth year moving forward.

So, with the knowledge of TAM, SAM, SOM you actually know all of that. Discussion about EBITDA will be done in future, but for the time being. Suppose, you are preparing a project report and, you are you have no clue as to what should be your sales projection in the next year, year after next year. Now, this is this is where actually your TAM, SAM, SOM will be

helpful particularly SOM Serviceable Obtainable Market. Meaning how much how much of the market you are going to obtain or acquire. So, that is the market you are going to service.

So, if you if you have some data about SAM and you make some kind of a reasonable projection say 20 percent of that or 10 percent of that then you can make a meaningful sales projection. And then, if you can make a meaningful sales projection and if your investors agree that ok. And then, second year your turnover is going to be like this, in the fifth year your turnover is likely to be something like they say. In the second year your turnover is say 100, 100 million or whatever 100. Let us work without an without any unit.

And, in the fifth year suppose your sales will be 500 whatever that is. Now, if suppose you are EBITDA margin is say 20 percent. So, in the second year your sales is 100, EBITDA is 20 percent meaning 20. In the fifth year your sales is 500 EBITDA margin remains 20 20 percent. So, it is 100 EBITDA is 100 in the fifth year. Now you will have a multiplier of EBITDA; a normally for valuation there is always some kind of a multiplier. So, if you have a multiplier say you know that multiplier is say 40; meaning that whatever is the EBITDA 40 times that is the value of the company.

So, if your EBITDA in the fifth year is 100 multiplied by 40; that means, 400 is the value of your enterprise. Now, if you have raised money and if you have given 20 percent or something to your investors, now investor will calculate that 400 is the value in the fifth year. Now, I have 20 present share there. So, I have 800 is my value. Now, if he is investing he or she or they are investing say 20 for 20 percent stake.

So, they are going to gain a value of 800 out of investment 20. So, they will estimate the multiplier multiplication. How many times they are getting they are return they are being returned; means what is the return on their investment. And then they will make a kind of investment this is ok, it makes sense or it does not make sense whatever is their expectation out of based on the risk and this return. Based on the inherent risk and this return they will make a decision make a call whether to invest or not to invest.

So, this gives clarity to your investors to as well because while negotiating whether you give them 20 percent or you give them 10 percent or 50 percent. You may have a fair idea and you can make a bargain that look your return is going to be say 20 times or something whatever that is 40 times. So, if that is 40 times, you can always say that this is too much you should expect 10 times return. So, in exchange for what money say you are giving me said whatever 50 or 40 whatever you should get only 10 percent or 5 percent.

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Market Segment and Target Market: Example

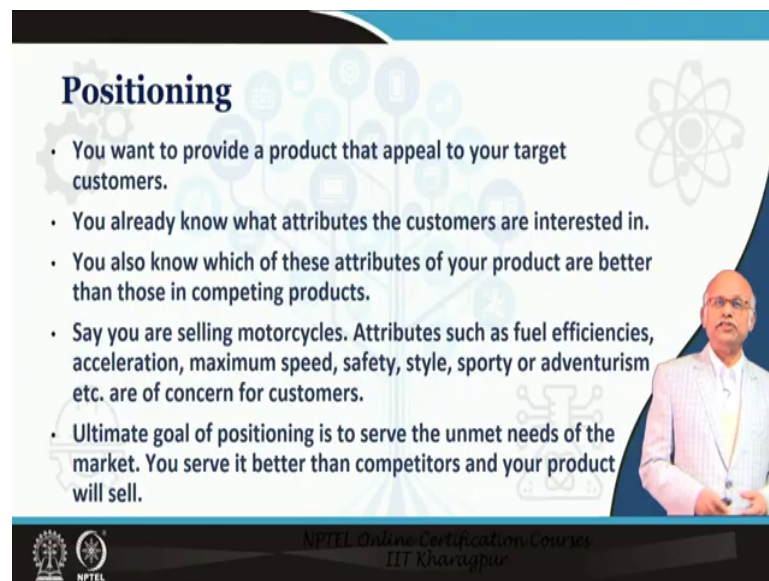
- TAM**
 - Total Addressable Market (TAM)
 - Middle income household jewellery market in India : Say ₹1,00,000 Crore
- SAM**
 - Serviceable Available Market (SAM): Target market
 - Middle income household jewellery market in the target village: ₹10 cr
- SOM**
 - Serviceable Obtainable Market (SOM)
 - 10% of the jewellery market of middle income household in the village: ₹1 cr

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So, that is how TAM, SAM, SOM helps. To understand is better, let us give that example suppose in the whole of country. The 10 carat jewellery or low quality middle kind of jewellery market should be say 100,000 crore rupees in an in a year. Now in the village that you are targeting this 10, 10 carat gold jewellery market should be about 10 crore. So, this is your SAM. Now, you suppose decide is to ok, will target 10 percent of this market share.

So, 10 percent of 10 crore becomes 1 crore. So, 1 crore is your SOM. Now, you tell anybody that ok, our target it sell in the first year is 1 crore there is a basis for that there is its not coming from thin air. Everybody is going to trust your data they may question your basic premise or hypothesis, but then if your if your data is logical and if you are basing all these based on secondary available data.

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Positioning

- You want to provide a product that appeal to your target customers.
- You already know what attributes the customers are interested in.
- You also know which of these attributes of your product are better than those in competing products.
- Say you are selling motorcycles. Attributes such as fuel efficiencies, acceleration, maximum speed, safety, style, sporty or adventurism etc. are of concern for customers.
- Ultimate goal of positioning is to serve the unmet needs of the market. You serve it better than competitors and your product will sell.

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Then there is no question that this is reasonable. Next item is positioning will go fast because time is short. You want to provide a product that appealed to your target customers say 10 carat jewellery. Meaning it is cheap it is it glitters as good as 22 carat gold and it gives the same esteem because you know gold jewellery has both the features of branding one is emotional another is rational. So, rational because they look beautiful.

So, the purpose of gold is to glitter and then people wearing that should look beautiful. So, they will they are going to look beautiful number 1. Number 2 esteem the sense that I am wearing something valuable they hold it as investment in their. So, there are there are three aspects actually, other than other than the main two aspects there may be three whatever. So, you are actually offering all the values to the particular audience that you are targeting.

So, you position your jewellery to the middle income group with women of middle ages maybe something like from say 15 to maybe 50 and then you know that they can afford number 1. And so, you virtually identify this people for your products. So, there is a wonderful product market fit. Now, you just tell your own story have the narrative that this is going to give you the feeling of real gold jewellery. And you are going to going to fill the same kind of esteem and esteem and value and there will be recycle value as well. So, this is going to actually attract the actual customer. And then there is there is a connection there is a brand loyalty. So, there are customers repeat customers.

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Positioning/ Brand positioning

What customers want

What you have to offer

What competition has to give

Examples of Brand Positioning

- Colgate is positioned as protective.
- Patanjali can be trusted as it is fully organic.
- Woodland is tough and perfect for outdoors.
- Coca-Cola brings happiness.
- Axe deodorants have a sexual appeal.

The slide includes a Venn diagram with three overlapping circles. The top-left circle is blue and labeled 'What customers want'. The top-right circle is grey and labeled 'What you have to offer'. The bottom circle is light blue and labeled 'What competition has to give'. The intersection of the top two circles is labeled 'Ideal Positioning'. The intersection of the top-left and bottom circles is labeled 'Competition positioning'. The intersection of the top-right and bottom circles is labeled 'Risky'. The area where all three circles overlap is labeled 'No go zone'. A small inset image of a man in a white suit is visible on the right side of the slide.

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So, that is how you position your product. Now a positioning to give some examples see toothpaste; all the toothpastes are all most similar in terms of quality in terms of efficacy in terms of the functionalities that they are expected to function. But, then you take any toothpaste and look at their advertisement you will find that they try to send across a different kind of message. Some toothpaste will say our toothpaste contains salt, some will say our toothpaste contains clove, clove is essential for any toothpaste.

So, all toothpaste have clove in that clove oil particularly, but then some company try to focus customers attention to a particular feature. So, customers who are more interested about those feature will be interested to buy. So, they position their product with the customers of that particular need. So, you have to identify what differentiator you are trying to put in your

product and you are going to focus on that particular feature on the customers. And then you are going to target those customers that is how you are position your product.

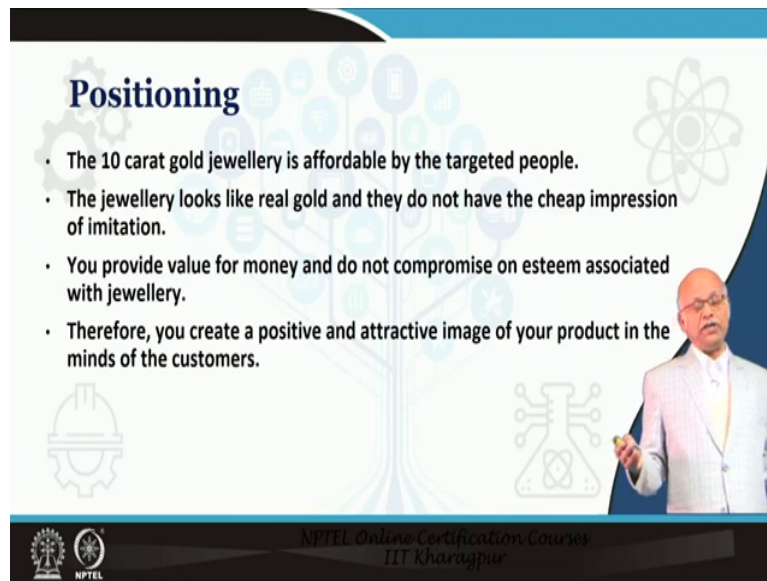
So, Colgate position as protective, it protects your gum it protects your teeth outer layer etcetera. But then, all toothpastes do that, but Colgate is positioning to those people who are more interested about protection. Patanjali normally try to focus that we can be trusted; because we are fully organic. So, there is no chemical in this they are all organic material.

So, they are trying to position their product among people who are health conscious, who are anti chemical or something. They have some phobia about chemicals chemicals are not good. But then, Patanjali is trying to position them as a naturalistic kind of a company natural product with products with natural ingredient. Coke the brings happiness. So, every drink every beverage is a beverage, but then coke says it brings happiness etcetera.

So, in a metrics, where there are three components; one is the customer another is you, another is competitors. So, you try to try to attract customer attention and there is the competitors who try to drive customers attention towards them. So, if there is a marketplace where, your competitors match customers requirement, but you do not that is not a right market.

Where you actually serves the customers, but competitors do not serve in that particular domain. Maybe with in regards to features efficacy or something that is the right place to be.

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Positioning

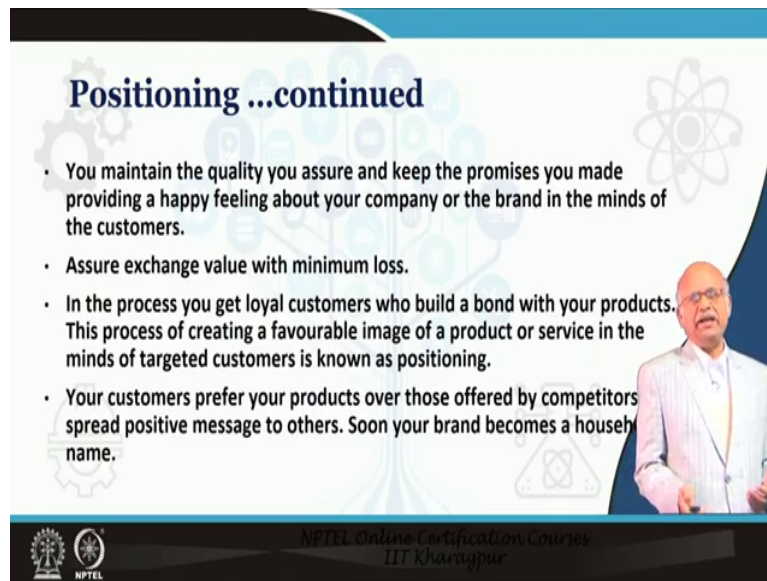
- The 10 carat gold jewellery is affordable by the targeted people.
- The jewellery looks like real gold and they do not have the cheap impression of imitation.
- You provide value for money and do not compromise on esteem associated with jewellery.
- Therefore, you create a positive and attractive image of your product in the minds of the customers.

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But there are other places where customer where competitors are strong you have not. No nothing to do is or that is the no go, no go area meaning that you should never venture into that. Considering the 10 carat gold jewellery, I will not waste time its all understandable that you are perfectly positioning your product. Among the middle income group of the of the village who with women of a particular age group.

And then you are trying to trying to the come up with the right narrative that will resonate with their aspirations. And there is a perfect product market fit and people are going to buy that.

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Positioning ...continued

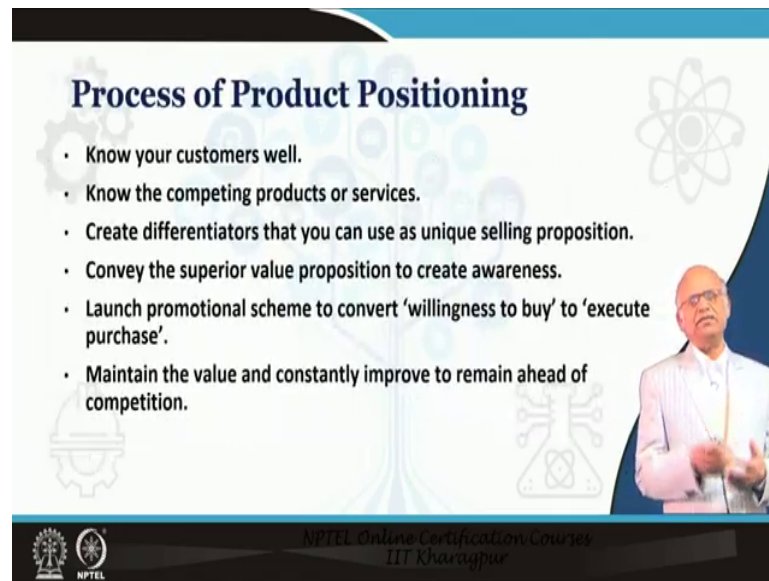
- You maintain the quality you assure and keep the promises you made providing a happy feeling about your company or the brand in the minds of the customers.
- Assure exchange value with minimum loss.
- In the process you get loyal customers who build a bond with your products. This process of creating a favourable image of a product or service in the minds of targeted customers is known as positioning.
- Your customers prefer your products over those offered by competitors spread positive message to others. Soon your brand becomes a household name.

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We will continue. Particularly one more point that I forgot to mention you, assure excess value with minimum loss. So, people will think that there is no risk. So, you eliminate risk also from the whole thing because, gold actually when you buy and then when you try to sell it at the second in as a second item then there is huge amount of loss.

Of course, hallmark prevents that situation. But then, if you are selling 10 carat gold and you say that you come back and we are going to return you say 90 percent of the golds value, then there is the risk is aborted and you do better.

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Process of Product Positioning

- Know your customers well.
- Know the competing products or services.
- Create differentiators that you can use as unique selling proposition.
- Convey the superior value proposition to create awareness.
- Launch promotional scheme to convert 'willingness to buy' to 'execute purchase'.
- Maintain the value and constantly improve to remain ahead of competition.

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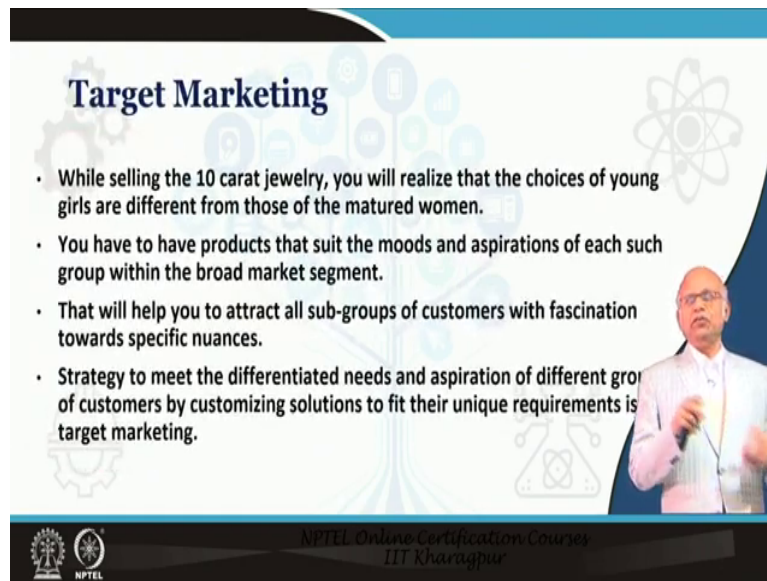
So, know your customer well know the competing products service meaning what your competitors are trying to offer or where they are trying to you know convince the customers to buy. Create differentiators; obviously, convey the superior value proposition to create awareness and then, launch some promotion to call them into action. So, that they make the final decision to buy.

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Next is target. So, we are trying we have everything in place, we have identified the segments we have the right product positioning strategies. Now we have to target them. So, that eventually we can call them into action.

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Target Marketing

- While selling the 10 carat jewelry, you will realize that the choices of young girls are different from those of the matured women.
- You have to have products that suit the moods and aspirations of each such group within the broad market segment.
- That will help you to attract all sub-groups of customers with fascination towards specific nuances.
- Strategy to meet the differentiated needs and aspiration of different groups of customers by customizing solutions to fit their unique requirements is target marketing.

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So, targeting means while selling the 10 carat gold jewellery, you will realize that choices of young girls are different from those of the matured women. So, in the same segment, actually you can make certain people with very specific interest. Like the modern generation will have interest in modern kinds of jewellery. Whereas, women of older age will be interested in classical kind of jewellery; kind of handmade will be preferred by them whereas, machine made will be preferred by young women.

So, you can actually have a separate kind of jewellery, that looks like handmade and then you can target the older women. Whereas, the machine made jewellery which is modern and perhaps today's models and all are using those that that is much sought after by the young generation. So, you make small small sacs sub segment in the in the broader segment and

then target them with special offering of their choice; you give some features that they are interested in. So, you are trying to target a very niche segment with your product.

So, they become enamoured that this is the product that actually is meant for us. So, you target your niche market with the right elements or right features right values that the value.

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Target Marketing Steps

- **Segment The Market:** Segment your business's serviceable market according to any of the demographics, geographic, psychographics, and behavioural patterns.
- **Analyze the Unique Needs of your Customers:** Know what the customers value most and what the competitors lack.
- **Analyze Competition Landscape:** What are their value proposition, how are they attracting, acquiring and retaining customers?
- **Identify Your Differentiators:** Your superior value proposition differentiates you from the competitors. It is why the customers will prefer your product over others.
- **Promote:** Introduce promotional schemes that is viewed as attractive by the target customers.

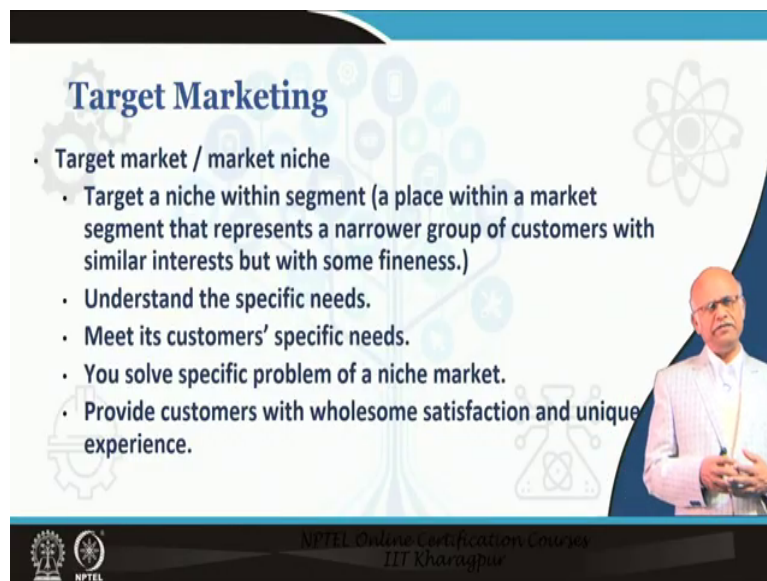
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So, that is what is targeting; meaning you are directly targeting these guys what are the steps we are targeting? First of all is, segment the market then analyze unique needs of your customers. Third should be actually you analyze the specific needs of small group of people among the segments.

So, that you can match perfectly with them. You can have a generic product for your entire segment. So, that that is meant for everybody in the in the segment overall segment. But you

can have a niche definition of a small group and try to tweak your product with some features or absence of some feature and then reduce the price and then target them. So, analyze competition whatever differentiator the competitors are trying you can always supersede them you can have a better differentiator than, what they are offering and then go to market identify your differentiator.

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Target Marketing

- Target market / market niche
 - Target a niche within segment (a place within a market segment that represents a narrower group of customers with similar interests but with some fineness.)
 - Understand the specific needs.
 - Meet its customers' specific needs.
 - You solve specific problem of a niche market.
 - Provide customers with wholesome satisfaction and unique experience.

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And then come up with some kind of promotion promotional activities; because most of the people who are positively disposed they would like to buy your product will daily for some event to come or something. Then you come up with a discount or something and then they will immediately act and buy. So, they become customer and then that is when you earn money.

So, that is the objective that is the event that you have been waiting for, target marketing. Target a niche within a segment understand the specific needs meet its customers a specific needs. You solve a specific problem of a niche market provide customers with a wholesome satisfaction and unique experience. Having said all that you have done everything.

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Now, you have many other strategic actions to be taken to really ask people to call to action or call people into action. So, that they buy there are many other possibilities. Particularly there are constructs or say strategic actions that you can take, to really entice people into buying your product. You can give some convenience to them other than qualities and etcetera; of course, this is what is marketing mix marketing mix includes product also.

So, whatever differentiator you are giving in the product that includes in marketing mix. Marketing mix actually they are consists of four piece; one is the product and second is the

price at which you sell the product. Third is the place; meaning how you send the products from where you want your customers to buy the product. Fourth is promotion. So, you call into action.

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So, product means you try to make a differentiation you have a unique value proposition. So, you want to make a perfect product market fit meaning whatever the customers are asking for you try to match that and you try to do something better than your competitors. So, you have a differentiation that is the product. Price, you try to show that you are a price leader or cost leader meaning that, you try to cut corners here and there and then reduce your cost and price it competitively. We say v quality if it is a top quality products not necessary that you have to sell it at a bottom price.

But then if you are selling a top quality product perhaps you can sell that product at a slightly lesser price compared to similar kind of competing products. So, you will remain even a price leader with the same similar kind of quality. So, price is another marketing mix. So, that is another motivating factor for your customers to buy. So, the market mix actually is to send your customer through the marketing funnel or sales funnel that we have seen in the previous session. We will see at the end of this session as well.

Marketing mix is to send your customer or facilitate your customer walk through the sales funnel. So, that eventually they become buyer. Place, from where customer will buy is it online or are there brick mortar store nearby. So, depending on the type of your customer suppose they are all are rural people then; obviously, having brick mortar store in rural India is going to be so, very difficult.

But if they are kind of a predominantly r 1 population perhaps you can have 1, 2, 3, 4 retail stores and then you reach out to the to the market segment. Alternately, you have online presence and then you can even send it from anywhere. Maybe you have a centralized location and then you can send them promotion. So, having everything in place everything rightly in place. Now, as I said people actually delete daily their purchase decision. So, come up with something so, that they are forced to kind of take action and by that is what is promotion same thing told in a different way.

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Marketing Mix

- The marketing mix is a business tool used in marketing and by marketers.
- The marketing mix is often crucial when determining a product or brand's offer, and is often associated with the four Ps: product, price, place, and promotion.
- The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market.



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So, marketing makes product price promotion place will not waste time here.

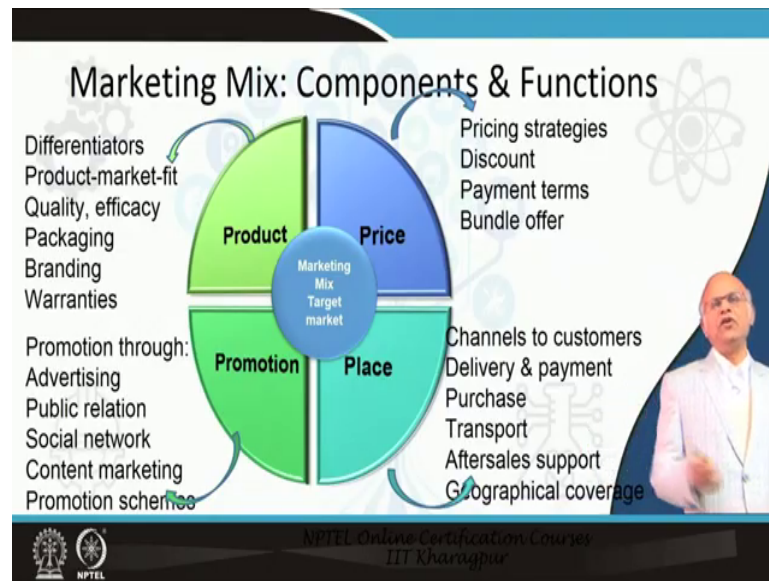
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This is very important actually. Product means a solution of the customers pain. So, when you view marketing makes as product price place promotion, from customers perspective it is customers solution. Price is customers cost, place is customers communication and delivery promotion is customers convenience; meaning your product will solve or alleviate or overcome customers to customers paying. Your price will be paid by customer and that becomes their cost.

So, every all these four C's are something that customers would like to optimize something they want to minimize something they want to maximize convenience maximization. Communication many is the convenience to buy convenience to know about your valid proposition convenience to get delivered etcetera.

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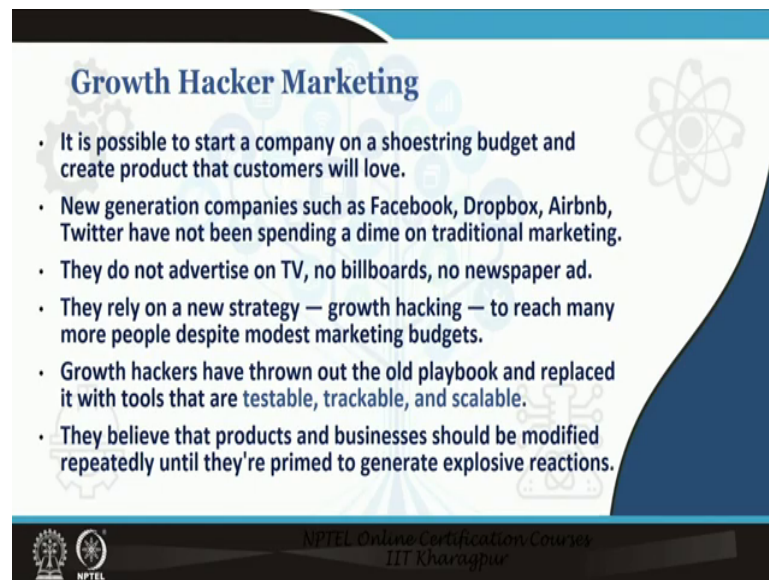


So, this marketing mix can be expressed in four C's as well. Here are some elements of the different marketing mix. Say for product market fit quality, efficacy, packaging, branding, warranties there may be many more things. There may be esteem build into that there may be experience build into that. As I said experience is a new things that most of the customers preferred all products are good nowadays they are all competitive. But there are some products with which customer gets a new experience, they gets a new meaning in the product.

Like Nintendo game console that gives new meaning because people can use that console for playing cricket in the drawing room. And they can do exercise at the same time a grandparents can play cricket with a grand children in the same room. And they can enjoy both can enjoy at the same time at the same place and there is no lethargy or anything in built

like other game console. Pricing strategy discount payment terms bundle offer so, many other issues.

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Growth Hacker Marketing

- It is possible to start a company on a shoestring budget and create product that customers will love.
- New generation companies such as Facebook, Dropbox, Airbnb, Twitter have not been spending a dime on traditional marketing.
- They do not advertise on TV, no billboards, no newspaper ad.
- They rely on a new strategy — growth hacking — to reach many more people despite modest marketing budgets.
- Growth hackers have thrown out the old playbook and replaced it with tools that are testable, trackable, and scalable.
- They believe that products and businesses should be modified repeatedly until they're primed to generate explosive reactions.

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So, I can I can look into the other issues as well let in move forward faster. Growth hackers marketing a very important aspect into this world. The examples that I gave about say about Warby Parker about dollar shaving club about dropbox and many others. Everything was possible say in the first day itself they got thousands of thousands of registration. So, that makes that is something like getting your product reaching to a larger audience in a very short time, spending almost no money at all; that is part of growth hacking.

So, you the it is possible to actually start. Start a company with a big bang on a shoestring budget and create product that customer not only will like not only will love, but they will buy. So, that is what growth hacking may facilitate. New generation companies such as

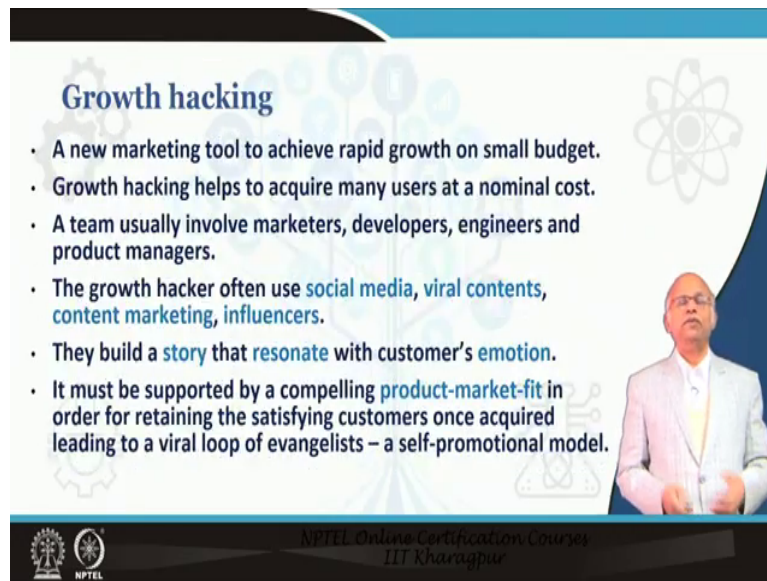
Facebook, Dropbox, Airbnb, Twitter they do not spend a dime on traditional marketing; they all do social marketing, they all do content marketing. They give customers some kind of experience that customer become evangelists and then they start talking about them to their friends and then friends come to know they become customer.

So, without spending a dime they are facility they are creating customer acquiring customers and they are giving wonderful experience beyond their expectation that is how customers are remaining loyal. And, then they just you know growing loyal customer base they do not advertise on TV billboard or newspaper. They rely on new strategies of growth hacking to reach many more people despite modest marketing budget. Growth hackers have thrown out the old playbook of marketing or creating awareness.

And replaced it with tools that are testable you can test what is the impact of an impact influencer or some social marketing initiative. Say public relation initiative it is trackable you can track down your performance and how customers are behaving reaching out; means responding to your initiative stimulation and it is scalable. They believe that products and businesses, should be modified repeatedly until they are prime to generate explosive reaction from the customers.

So, eventually it takes off like a rocket and you reach to a point of no return point of say scheme velocity and then, there is no looking behind looking backward.

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Growth hacking

- A new marketing tool to achieve rapid growth on small budget.
- Growth hacking helps to acquire many users at a nominal cost.
- A team usually involve marketers, developers, engineers and product managers.
- The growth hacker often use **social media, viral contents, content marketing, influencers.**
- They build a **story** that **resonate** with customer's **emotion.**
- It must be supported by a compelling **product-market-fit** in order for retaining the satisfying customers once acquired leading to a viral loop of evangelists – a self-promotional model.

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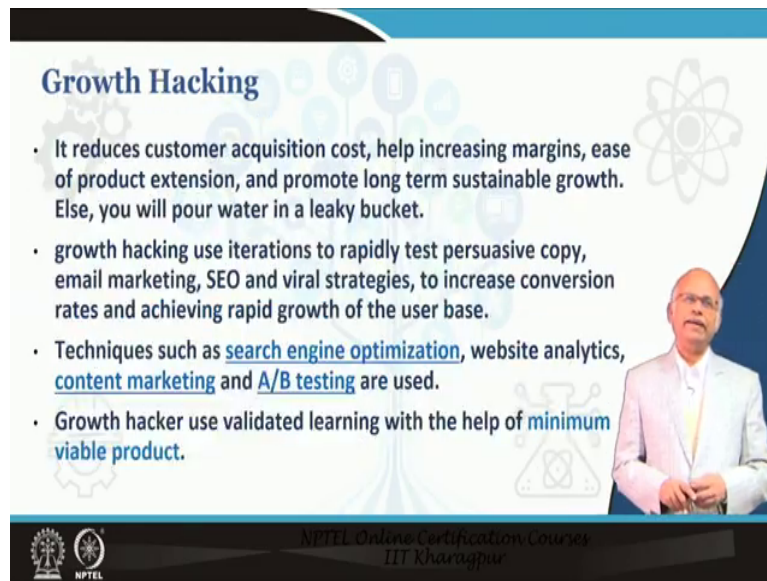
Now, we look forward, you think of more growth this is a new these are new marketing tools to achieve rapid growth on a small budget. Growth hacking helps to acquire many users at a nominal cost. A team usually involved marketers, developers, engineers and product managers; because growth hacking is not merely sending across the message, but you have to match this euphoria with product market fit.

So, that as you acquire new customer as new customers log in on your on your scheme they become your registered users. They should get that happiness that that sense of excitement that your product makes them happy. So, only then it will remain as a sustainable model otherwise it will crush on its own wet. Because you acquire more customer like say Dropbox or say dollar shaving club.

So, in the first night or first day first 48 hours you have 10,000 12,000 log registration. Now if they are not happy they will go away new customers may come, but then anybody coming here not satisfied with your product will go away; its almost like a leaky bucket you are keeping on pouring water and ordering passing away from the other end. So, that does not help. So, growth hacking supported by product market fit will only help; otherwise growth hacking will remain as kind of a of vanity matrix.

Meaning you have a wonderful data to talk about you tell people that look there are something like 50 percent growth in my registered users. But then they are not translating into customer because they become customer they do not come back for as a repeat customer that is kind of a leaky bucket. So, that does not lead you anywhere suddenly we will realize there is no new registration and all the old registered users are gone. So, you kind of fall over the precipice.

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Growth Hacking

- It reduces customer acquisition cost, help increasing margins, ease of product extension, and promote long term sustainable growth. Else, you will pour water in a leaky bucket.
- growth hacking use iterations to rapidly test persuasive copy, email marketing, SEO and viral strategies, to increase conversion rates and achieving rapid growth of the user base.
- Techniques such as [search engine optimization](#), website analytics, [content marketing](#) and [A/B testing](#) are used.
- Growth hacker use validated learning with the help of [minimum viable product](#).

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So, one has to be very careful about growth hacking. Growth hacking reduces customer acquisition cost because you would do hardly anything to do this kind of marketing. And then there are huge number of like say dollar shaving club there is hardly any cost, but then you get huge number of customers. So, per customer acquisition cost is hardly anything. Help increasing margin ease of product extension meaning that once you develop this kind of a connectivity you introduce another product under the same brand or maybe slight extension people will buy that product as well people.

Now, have some kind of a trust on the brand. So, other products also will sell and promote long term sustainable growth; else you will pour water in a leaky bucket. Growth hacking use iterations to rapidly test persuasive copy email marketing, SEO and viral strategies, to increase conversion rate and achieving rapid growth of the user base. Meaning you have to

really go through that validated learning process. Develop minimum viable prototype send it to the customer or bring the customer on board get their evaluation.

And then refine the product accordingly have a viral video. And then more and more people will come get immediate feedback; whenever you are selling get immediate feedback continue to change rapidly to meet changing needs not even changing needs. Some as you enlarge the customer base newer and newer requirement will arrive; because some customers will complain about something, try to match all the customers requirement or at least optimize the satisfaction level.

Techniques such as search engine optimization, web analytics, content marketing AB testing are used for this purpose will not go at length they have already discussed. Growth hackers use validated learning as I said.

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Growth Hacking

- Growth appears like a magic wand: as if growth is the end (success).
- This can be one of the greatest of mistakes in startup marketing.
- The product-market-fit, positioning the product to the target customers and meeting their exact needs better than competitors, vibrant sales funnel are indispensable.
- Premature growth may ruin your business and waste your resources.
- While you celebrate the growth, you may suddenly fall over the precipice.

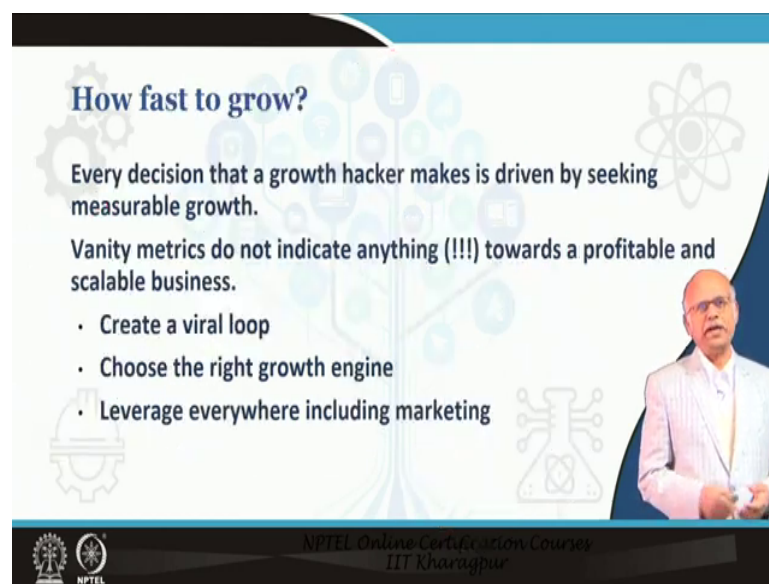
The slide features a stick figure falling over a precipice, with a red dashed line indicating a path from the top left towards the figure. A small image of a man in a suit is visible on the right side of the slide.

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So, otherwise as I said if you are focusing only on growth and not really matching the product market fit you are going to fall over the precipice. The product market fit positioning the product or the target customers and meeting their exact needs better than competitors vibrant sale funnel are indispensable.

So, what about we have discussed during this marketing for a start up sessions, these are all important every element is important; only then growth hacking is going to help you retain customer. And then help you to grow your organisation your start up otherwise you will be surprised.

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How fast to grow?

Every decision that a growth hacker makes is driven by seeking measurable growth.

Vanity metrics do not indicate anything (!!!) towards a profitable and scalable business.

- Create a viral loop
- Choose the right growth engine
- Leverage everywhere including marketing

The slide features a speaker in a white suit on the right side. The background is light blue with various icons like gears, a tree, and a beaker. The NPTEL logo is in the bottom left corner, and the text 'NPTEL Online Certification Courses IIT Kharagpur' is at the bottom center.

How fast to grow? So, same message given differently every decision that a growth hacker makes is driven by seeking measurable growth. They should be able to measure how much growth and then they should be able to measure what is the retention rate what is the attrition

rate. If the retention rate is not really something appreciable, there is no point doing this hacking.

Even if you are trying to acquire new market you are enlarging into different geography, maybe you are going abroad and then different countries you should know how much you can manage. How much you can manage with your production, not only production how much; because every geography the customers may be different their aspirations may be different.

So, if you start burning cash in some geography it may not be unsustainable, it will it will suck all the resources from the geographies where you were actually making positive cash flow. So, it should be should be very careful, while expanding your market expanding your customer base everything. Create a viral loop choose the right.

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Viral Loop

- You must be able to make your customers do the advertisement of your products to their friends (word-of-mouth advertisement or referral)

The slide includes a tree diagram with various icons (gears, smartphone, atom, helmet, flask) and a speaker in the bottom right corner. The footer contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Growth engine leverage everything including marketing. Viral loop you must be able to make your customers do the advertisement, if you have if you are capable of having a viral loop. So, customers are going to talk about it and then they are going to convert their friends into customers.

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Growth Hack, Vanity Metrics, and Strategies

- 01
 - Constantly review your sales funnel
 - Upgrade the sales funnel to create a viral loop so customers spread your message
- 02
 - Be cautious and do not follow vanity metrics. Check if it is leading to long-term value.
 - Check the customer acquisition cost and how quickly the cost is recoverable.
- 03
 - Define sales funnel metrics.
 - Are the increasing number of foot-fall getting translated into profitable sales?
- 04
 - Estimate possible virality effect
 - Plan, execute and measure virality to achieve real growth.
- 05
 - Update marketing plan
 - Put appropriate information system to collect and process data to monitor the metrics

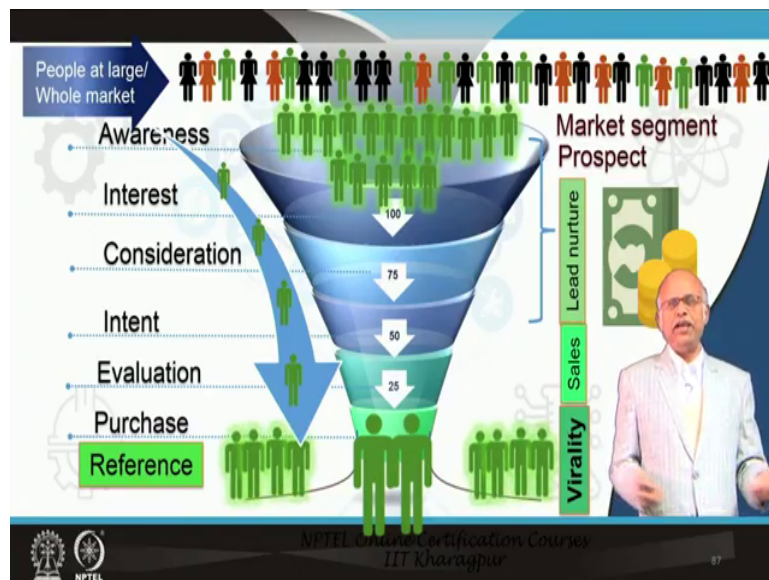
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Through referral through word of mouth and thing is done. Should be careful about vanity metrics. Perhaps we will discuss again some other time, but there are many many data like how many employees are working in my company, what is my turnover, what is the growth in in footfall. These are all vanity metrics you should be careful about that. These unless these metrics are converting into revenue into cash flow positive cash flow, these may not be useless.

So, you may remain in the real mop some kind of a dream that we are doing wonderful, but suddenly you will find that there is no cash flow and there is a negative cash flow and you have to shut down. Many companies shut down suddenly because of this because they are happy with the vanity metrics. And they are not really focusing on how this metrics are converting into the bottom line; meaning the profit.

So, all these points should be or should always remain the back of your mind, when you try to grow. And what the metrics actually mean.

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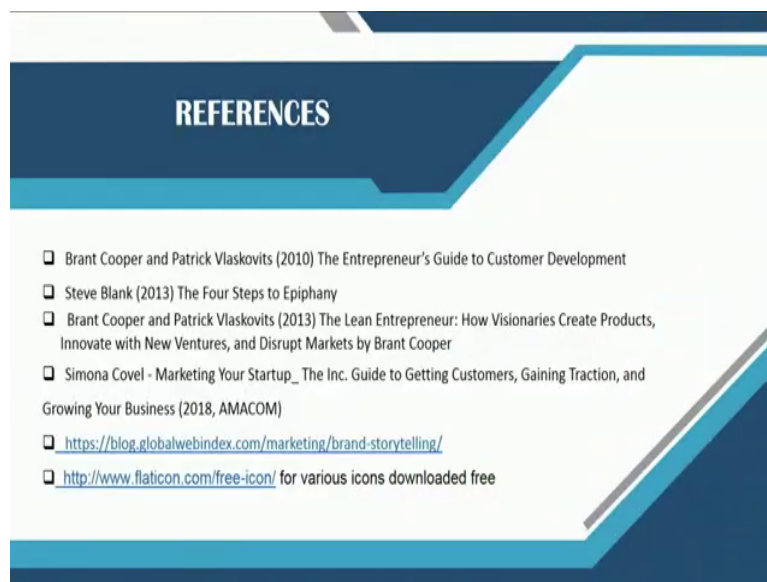


And what its strategy you should be adopting this is a self sales funnel that we started with. So, following all the models and tools that are available for converting for public at large into prospect into converting them or identifying the right segment what we are going to target. And then take them walk them through the sales funnel till they become buyer not only that,

our objective is that there should be satisfied customers. So, that they come back again and again not only that, they become evangelists for us they spread the word of mouth they tell their friends about our story and that their friends become our customers.

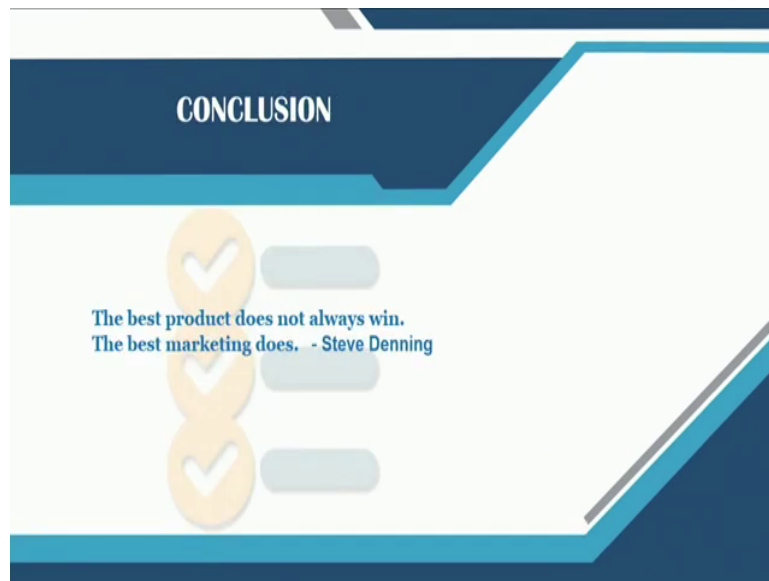
So, that is the objective of the sales funnel, that is the objective of our marketing initiative whatever we see. So, we identify our segment that is the that that gives us the TAM, then the SAM. And eventually SAM people are actually our customer to whom we cater to that is our SOM. And, we have if we really can manage all that.

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We have a wonderful business this much is from for today.

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This is the reference and the first word and the last word, the best product may not always sale, but you do best marketing perhaps, you will be successful.

Thank you so much.