

Entrepreneurship Essentials
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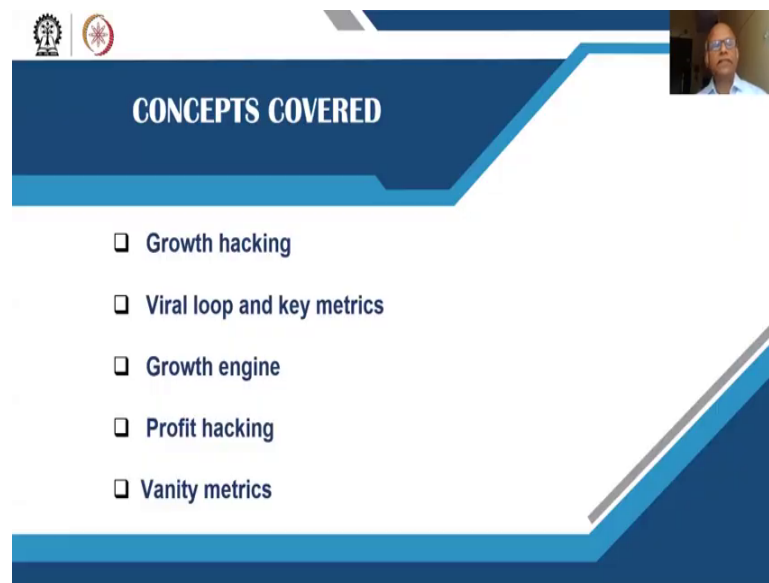
Module - 12
Lecture - 60
Growth Strategies

Welcome, today is the final lecture I wanted to finish it with a bang, but due to Corona virus I am shooting it from home. So, quality will be compromised greatly just bear with me number 1, number 2 since this is the final lecture I would like to request you to send all your queries or your questions or your complaint in one single mail to me.

So, that I can take it up with the administration or I can review the entire thing realistically and then take actions. I am assuring you that all your complain will be taken care of there are technical mistakes if there are mistakes in the assignment question, then I will eliminate them from contention. So, rest assured justice will be done.

Number 2 is about question paper in the final the exam has enough spawned with unspecified schedule. So, we never know when the exams will be happening, but know that question papers, question paper will be exactly similar to the assignments. Whatever assignments questions you have seen the level of hard, hardness will be similar meaning that it will be as strong or as simple as the assignments; it will not be more difficult and it will it may not be even easier either. So, as you having said that I would like to go into the this is the 60th lecture of module number 12.

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The slide features a dark blue header with the text "CONCEPTS COVERED" in white. Below the header is a list of five items, each preceded by a square checkbox icon. In the top right corner, there is a small video inset showing a man with glasses speaking. The slide has a decorative blue and white geometric design on the right side.

- Growth hacking
- Viral loop and key metrics
- Growth engine
- Profit hacking
- Vanity metrics

And these are the topics growth hacking, viral loop and key metrics, growth engine, profit hacking, vanity metrics these are topic that we are going to discuss. Growth is very very important for a startup and for established companies, it is more important for startup because as you start your business if you do not grow. If you take too much time to achieve growth, then there will be too many forces trying to pull you down.

Particularly if some people notice you that you have a wonderful business proposition or you have some strategies that can be emulated they are going to emulate they may have more money more manpower or something more. So, that it will be easy for them to move ahead of you with limited whatever means without much knowledge because they are going to get the experience from you they will make a shortcut. So, if you grow fast enough then it will be very

difficult for anybody to catch up and by the time they catch up you are going to change your business modelism.

You are going to change you selling sales funnel marketing funnel meaning you are going to change your product bring in new value proposition etcetera etcetera. So, it is going to be difficult for competitors snatch away customers from you whereas, you achieve growth you can stay put with the existing customers sell and make money and then gradually move forward, acquire more and more customers and there will be wonderful business.

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The slide features a white background with a blue header and footer. The main title is "Building a Sustainable Growth Engine is Key to Success" in blue text. Below it is a quote: "Most startups don't fail at building a winning product. They fail at acquiring customers." – Gabriel Weinberg. The slide is decorated with faint icons of a gear, a tree, a hard hat, and a circuit board. A small video inset in the top right corner shows a man with glasses speaking. The footer contains the NPTEL logo and the text "NPTEL Online Certification Courses IIT Kharagpur".

So, that is why there is a saying that is a quotation most start ups do not fail at building a winning product they failed at acquiring customers, meaning that many many startup. In fact, majority of the startups build wonderful products, but eventually they realize that nobody wants to buy their product, it is not because they do not have a wonderful product. It is not

that people do not need that product they fail to acquire customer eventually they realize that nobody wants our product that may not be the fact they fail to acquire customer.

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Growth Is Important

- **Crossing the chasm:** grow too slow and you may fall of a cliff.
- Startup needs **escape velocity** to reach to an invincible position. For, there are many forces to pull you down.
- Strategies adopted to quickly achieve high growth is popularly known as '**Growth Hacking**'.

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If they would be successful in acquiring customers story will be absolutely different and that is precisely why there is something called crossing the chasm. Chasm starts when the company starts growing and then problem starts cropping up because growth is complex, growth brings, complexity and complexity brings failure. So, it is kind of a kind of a chasm to situation to achieve growth, growth demands many many things from all business use cases all business processes like higher larger number of customers demand more customer service, demand more after sales service then your logistic may be overburdened.

Your suppliers may not be able to cope up with a new supply new demand. So, multi phase problems will crop up and unless you are ready unless you are you bring everybody on board

before growth starts then it is going to be difficult for you to really manage growth. So, the most important part is remain prepared you understand what is expected when growth will actually set in. If you have ever managed an event like say a marriage or any party for even at home a birthday party you know how many parameters that you have to look after.

So, many parameters that are uncertain at when exactly people will start pouring in whether supply will come in time, the decorator will come in time, the food will arrive in time or not etcetera. But then you know how many people are coming and more or less there is a window during which they will arrive at whereas, for a startup most of the things are uncertain most of the things are not predictable unpredictable. So, you will face more complex situation more compound problem problems are more compound.

So, you have to really really not only planned you have to preempt everything up to expect that growth will happen and how it is going to put pressure on various department. Now, growth also is facilitated through something called growth hacking it is a new phrase or new construct in the marketing book, but then it is almost like inextricable part of marketing strategies because without growth hacking it is very difficult to gain large number of customers at the beginning.

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The Paradox of Growth

1 Growth creates complexity in business and it demands diverse business processes.

2 And complexity is the silent killer of growth and thus the business itself.

3 This paradox explains the chasm and why only about one company in nine has achieved profitable existence.

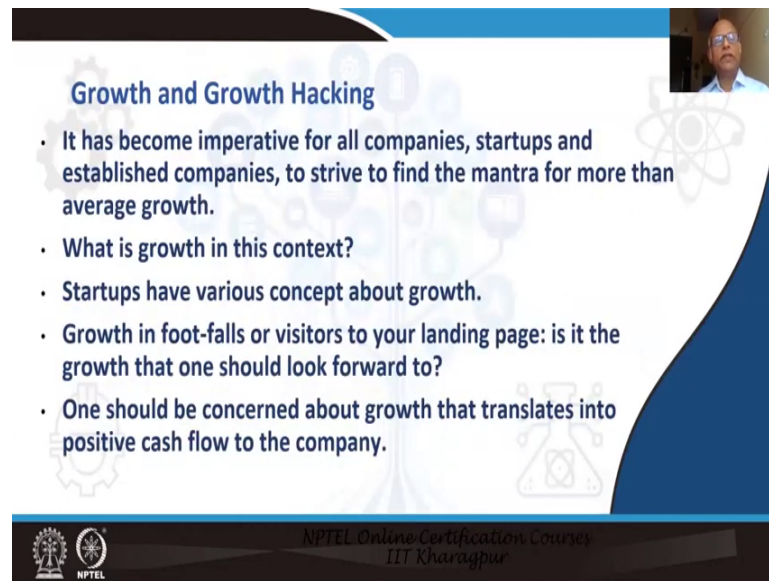
4 The origin of sustained performance rests deep inside the company, and they are known a priori.

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That is what we called growth paradox meaning growth brings complexity and complexity is a silent killer of growth. So, this paradox explained the crossing the chasm situation meaning people achieve growth at sudden growth when they have captured a good percentage of early adopters when they now look forward to moving to the early majority customers.

Number 1 their demand is different, their expectation is different they are less forgiving. So, your thought about early adopters do not does not replicate in case of early majority. So, everything goes haywire and you need to understand that and you need to be prepared to face that challenge.

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Growth and Growth Hacking

- It has become imperative for all companies, startups and established companies, to strive to find the mantra for more than average growth.
- What is growth in this context?
- Startups have various concept about growth.
- Growth in foot-falls or visitors to your landing page: is it the growth that one should look forward to?
- One should be concerned about growth that translates into positive cash flow to the company.

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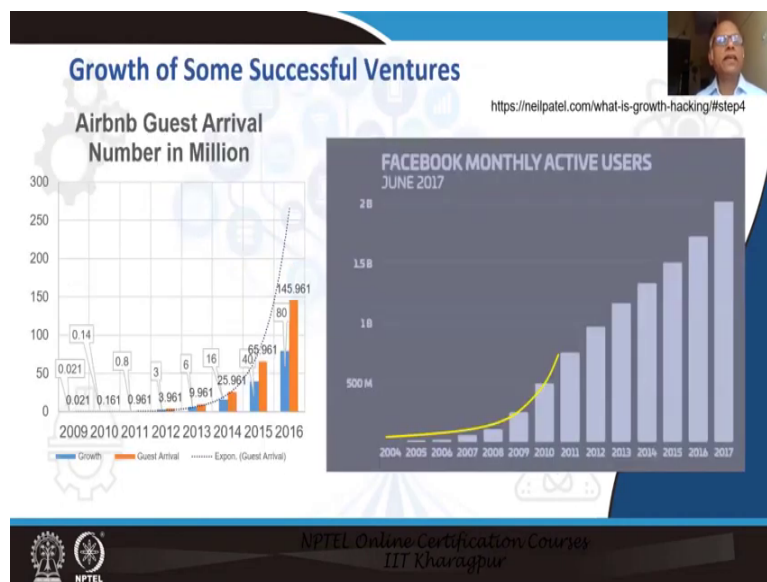
So, if you are ready if you can take it up with grit, then going will be otherwise you would not sustain the business. It is almost inevitable that imperative that growth is necessary for every company otherwise if you are complacent your competitors are going to grow and they are going to snatch our customer from you and it is sure short death. But then what is growth, what do we understand by growth?

Majority of the startup will say number of registered users are growing wonderfully or my we where 50 take guys in the previous year this year we have 100 are these real growth, is it translating into profit that is the litmus test. If any number that is increasing and that is translating into sustainable profitable growth only then that matrix is a nice matrix to be chased otherwise everything else is vanity metrics. Every metric metrics all metrics are good

like even number of registered users unless they increase you will not increase number of customers.

So, number of registered users are very important you should definitely look after growing that number, but then should not be complacent that we are growing we have finds because next is converting them into customers. Unless they are converted into customers what good is that by spending money you bring a lot of registered users they are actually not users that makes things very difficult.

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Now, giving while talking about growth hackers we need to understand that growth hackers can artificially boost your growth nothing is artificial. Growth hackers will come up with the strategies by which one of your customers will spread word of mouth to 10 people and the 10

people will buy your product will become happy and then they will spread the message to another every 1 person will spread the message to another 10 people.

So, from 1 it becomes 10 it becomes 100 like that it increases not necessarily that everybody becomes customers, but your number of registered users will increase that is the purpose that is the job of growth hackers. They will bring in more people to your to your porter or to your shop to your shop floor, but then eventually you have to work hard to convert this this traffic there leads into prospect then into activated customers. Finally, you have to entice them into buying your goods by promoting by giving them rewards or doing whatever stimulation that they need for them to buy your product.

So, on my left is the statistics of Airbnb growth I have got it from Neil Patel dot com I have the reference of the top. So, and see it here now I have just captured the data and plotted it myself. So, you can see that Airbnb had a exponential growth how do how did they do it I will come to that we have a separate slide on this, but without growth hacking it is almost like impossible almost impossible to reach out to people even if you know that those are the exact people who are potentially customer.

First of all it is difficult to know second of all it is very difficult to reach out to them through whatever social media you think of all of them will not flock at one place that you immediately because shout at them and then they are come to know. But because the Airbnb had this kind of exponential growth the Airbnb has become something like a 40 billion dollar company in such a short time without growth hacking it is never possible. In fact, without growth hacking almost 90 percent of the companies will die after even after raising significant amount of money they will grow fast and very fast at the beginning then suddenly there will be no growth at all.

Facebook also the beginning and it is similar kind of exponential growth of course, then once they achieve the growth business become kind of sustainable they started growing, but not in an exponential manner. Maybe they also adopted some kind of growth hacking even taking over WhatsApp maybe one of the process of growth hacking growth hacking is anything that

you do to get a huge customer base. So, WhatsApp had a huge customer base when WhatsApp was valued 1.5 billion dollar by venture capitalist.

Facebook bought WhatsApp paying 19.5 billion dollar that is a humongous premium over market valuation why did they do it? Because they wanted growth number 1, number 2 they realize that if they do not buy WhatsApp perhaps WhatsApp will kill Facebook whatever is the case that is how growth hacking is. So, very valuable that is why Facebook is.

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So, valuable company today this whole thing that you see on this slide little cluttered, but this precisely explained growth hacking or growth strategies as a whole. Growth hacking is part and parcel of marketing strategies. So, growth hacking is not something very something in isolation or away from whatever you know of today. So, growth hacking is part and parcel of marketing strategies. Now, suppose you are starting the business you have developed a

product is customer validated everything is so perfect you have a wonderful go to market strategy.

Meaning that, you have product market fit you have a superior value propositions and customers are going to come and buy your product is almost like that. You have defined a self sales funnel through which customers will come in and you will entice them or you will design some schemes for them. So, that they move from one step to another step finally, become customer that is not the final finally, they becomes they become your marketer. Meaning they put across word of mouth to their friends and relatives and other people also come without you having to spend customer acquisition cost you get customers.

So, you start with go to market strategy you have a wonderful strategy without wonderful strategy it is not going to what you must have a product that customers are willing to buy. If you do not have a product that customers are willing to buy whatever strategy that you apply you are not going to be successful you get some customers the cost of initial customer acquisition cost that will never ever translate into revenue into profit even if it translates into revenue, you are going to burn increasing amount of cash and not really make money.

Next is growth hacking. Now, you have the product in place that is a wonderful product you need to tell people right people that you have this value proposition come and enjoy. So, you have to now have a story maybe in YouTube, maybe in some other social media you have to be able to like dollar shaving club they had a 30 seconds video and then in the first night itself there were something like several thousand, tens of thousands of registered users.

So, you must have similar kind of a story. So, that people come to know not only come to know stories resonate resonates with your customers and the customer feels that yes they need to buy this they need to know more about it, they will be aware and then they will start moving through the selling sales funnel. So, you have the sales funnel, now you have the story, now you have made some promise then you over deliver on the promise; whatever you promise let the customer get if wonderful experience that is called user experience.

So, you must know what is going to excite them what is going to tell make them feel that oh my god I did not expect this this is wonderful. So, that they go to their friend and tell them you know I have this and I did not expect to get this, but somehow I am so very enamoured to get this. So, that you know they will put across word of mouth and then, with that other people will come to get to know more about it they also will have the similar experience.

So, they are going to tell the other people it becomes viral that is how your product or your marketing initiative is going to become viral. And increasingly exponentially increasing number of people get to know about your product and then, they come and then you come up with some schemes through which customers or prospects becoming enticed or become attracted and then they buy your product. And then they push across or spread the word positive word of mouth, eventually you buy more you more and more customers purchase your product.

But then for all growth hacking for all marketing needs in today's world you need data, you need data as to who are buying your product who are visiting your site. Then who are the people who are not translating into customer, who are translating into customers if some people are translating into customers why are they translating. If some people are not converted into customers why they are not converted? There are process of capturing data there are process of analyzing those data and get this insight as to why people are not buying and why people are buying both are important.

If some people are buying for particular feature, you want to know what is that feature. So, that you can accentuate that or you can highlight that feature to those people who are not buying or if some people are not buying for certain features its that are not desirable when you can reduce that and then approach to other people. So, that you have more conversion if 100 people are visiting your site, 10 people are buying your product, you want to improve that to maybe hundreds to 100 if not hundreds to 100 at which hundreds 50, 40, 30, 20.

So, that is what that that is what you can do by analyzing the data. So, you need to analyze data, even if somebody is recommending to somebody else; then you should understand why is he recommending what is that excitement that the product kept them. So, that they became

evangelists if they are not then why they are not. So, every detail is important, every feature is important. So, you need to have an analyst in your hacking team you need to and need data analyst you need you need coder also so, that you can get that data.

So, getting the data is the job of the coder analyzing the data is the job of the analyst both can be in the same person. Then telling the story designing the story is the job of another person this combination is the growth hackers. Then you need to look after the business processes, can this existing business processes manage the business increasing amount of business or you need something different you need to look after some aspects of the business processes.

You have to continuously upgrade your sales funnel. Meaning that you need to now apart from all of that these are also part of upgrading sales funnel like improving your story, improving your virility of the of the product or story. You need to do other things like promotion what kind of promotion you can do? Can you come up with a reward? Can you come up with it two way reward 1 way reward or whatever way people will be interested people are generally free will, meaning that free will meaning that they do whatever the like.

You cannot predict you cannot have a trained analysis that people are like that not all the people are like that. So, people are actually kind of unpredictable. So, you need to you need to gather data and group them into sections. So, that you can target them separately and then meet their unique requirement. So, and then maybe some people are interested in some kind of discount or some coupon or some cash back. So, you come up with that that is how you are going to upgrade your sales funnel.

Then you have to improve the resource availability your infrastructure like whatever is facilitating your business, you may have to recruit more people, but then how many you have to recruit you need to understand. Because, more you mean recruit more people they are going to put more pressure on your payroll expenses. And then at some point of time this may not be tenable this this may make is so big a hole in your cash book that you may not come out of may not be able to come out of it.

Most importantly already similarly importantly is the fund ok growth requires increasing amount of fund. And then, when you are in need of fund if you are going to plan at that point of time you will never get the fund. When you need to plan at least six months ahead only then you can get fund when you really need the fund. Keep the fund ready do not draw the fund unless you need, but keep the fund ready. So, that anytime you need just draw the money and move forward.

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Growth Hacking

- Step 1: Make sure you create a product people actually want
- Step 2: Focus segment & position
- Step 3: Acquisition
- Step 4: Activation
- Step 5: Retention
- Step 6: Virality but no vanity metrics
- Step 7: Revenue
- Step 8: Profit
- Step 9: Referrals
- Step 10: Improve your product continuously

Customer Segments:

- 70% True evaluators and likely customers
- 20% Accidental and never to buy
- 10% Potential but not very active

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Growth hacking Neil has said Neil Patel has sailed said that there are 7 steps or 8 steps have blown it after 10 all are important. So, it starts with first point and I said this is the most important point that you must make sure that you build a product that customers are willing to buy. There will be some people who are willing to buy otherwise nobody will be not period

people, you cannot create intention in the people to buy unless people actually have a pain and you are solving that pain.

Then, you have to sharply focus on the segment define the segment. So, that none in the segment none within the segment is unwanted people you do want to unnecessarily sing a song to somebody or tell a story to somebody who is not a potential customer even within the segment.

Some people are some people cannot afford your product do not just try to eliminate them from the segment. So, that you approach to people who are directly interested to buy your product. So, conversion rate will be very high your effort will yield much better result, then position the product according to their tastes according to their liking according to their choices etcetera.

So, that it is a bulls who hit the bulls eye rather than not hitting or instead of throwing a dirt in the dark. Then you acquire customers through a story through all of the value proposition then you activate then you see how many customers are becoming activated to move forward. So, here is a data that Neil Patel has shown I have just recreated that so 70 percent of the people that you talk to are not potential customer they belong to the segment.

Either they do not have the money to buy your product or this is thick they are kind of laggard; they will never buy unless all other people have bought and then just they cannot do without it only then they will buy. Then there are 10 percent of the people they are interested to buy, but then the thing ok. We will we will wait and see etcetera they may not they may not get converted into buyer at any point of time only 20 percent of the time for people will actually be the buyer. And if you can really target to 20 percent of the people at the beginning the sooner you target them the less money you spend for acquiring customers.

So, be sharp and used any kind of analytics to understand that these are the 20 percent people who are going to buy this 20 percent is not just for one company, it is on an average across the market they have come up with the data you can visit the blog of Neil Patel and read more about it. Then after activation is retention you have to retain the customer they come back

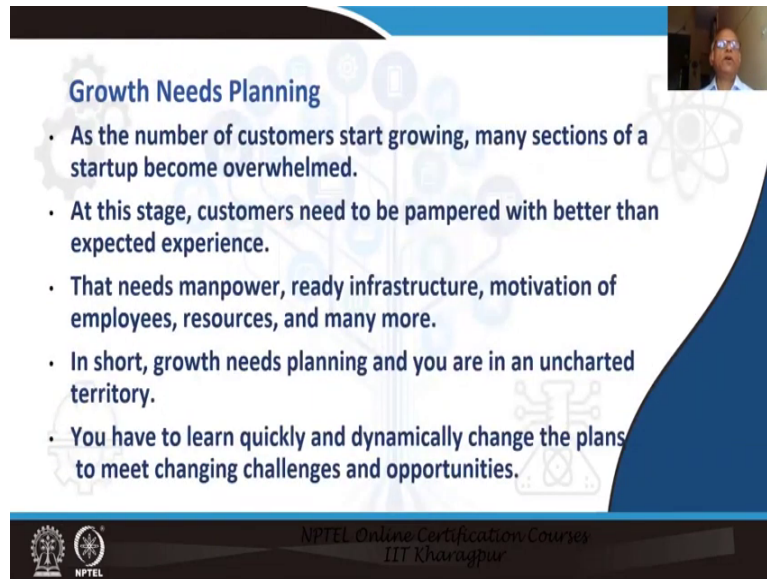
again and again and then you have to give them such a thing such a kind of a attractive reward. So, that it becomes viral; meaning that they talk to other people.

Other people think wow I am missing the bus let me run and buy this and then they buy they again tell other people to buy. So, it becomes kind of a viral loop, then you look at revenue cut cost see the profit because you can have enormous amount of revenue by cutting the price not cutting cost, but cutting the price itself. Competitors are selling at 100 rupees you are selling at 90 rupees people might think why not let us buy, but then that 90 rupees may be giving you a cash loss of maybe 20 rupees then why.

So, you need to understand are you increasingly burning more and more cash or gradually as the sells goes up you are actually reducing the cash bird. So, have an eye on profit as I have a sharp eye on profit. So, once you have achieve certain level of you know growth, then you need to understand how to cut cost how to increase the price. So, that gap between sales and cost is reduced over a period of time and continuously improve continuously, continuously try to improve your product.

So, that your value proposition always improves and your competitors always remain chasing you behind you, not ahead of you that is very important.

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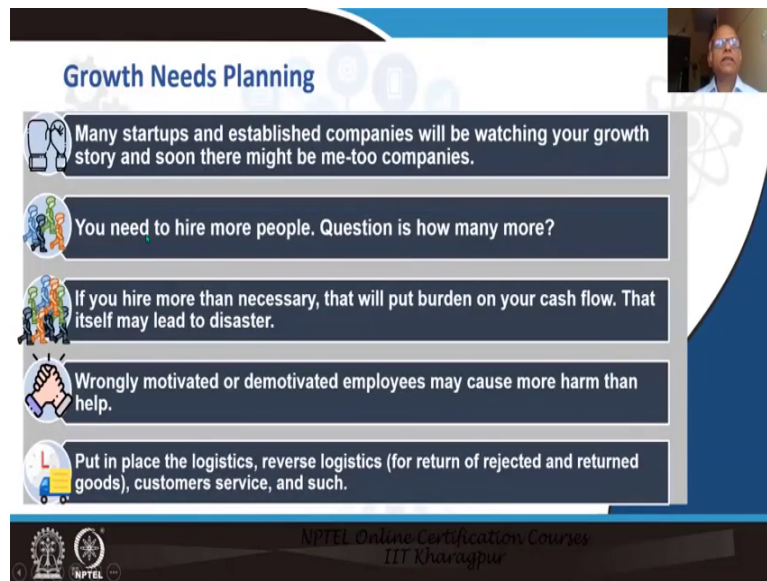
Growth Needs Planning

- As the number of customers start growing, many sections of a startup become overwhelmed.
- At this stage, customers need to be pampered with better than expected experience.
- That needs manpower, ready infrastructure, motivation of employees, resources, and many more.
- In short, growth needs planning and you are in an uncharted territory.
- You have to learn quickly and dynamically change the plans to meet changing challenges and opportunities.

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Growth need growth needs planning; that is why I started by saying without planning you really really cannot organize whatever it takes to sustain the growth. So, try to sustain the growth as much as possible try to try to come try to improve your infrastructure try to engage as many people as possible.

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Growth Needs Planning

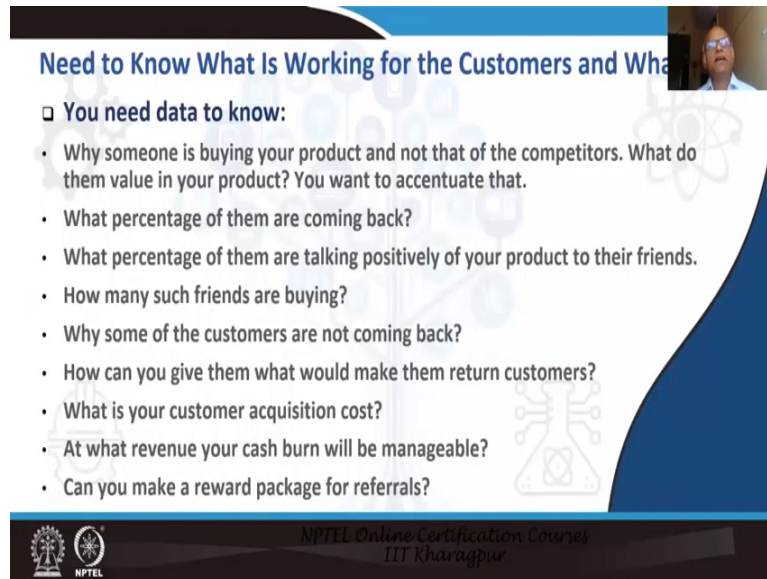
- Many startups and established companies will be watching your growth story and soon there might be me-too companies.
- You need to hire more people. Question is how many more?
- If you hire more than necessary, that will put burden on your cash flow. That itself may lead to disaster.
- Wrongly motivated or demotivated employees may cause more harm than help.
- Put in place the logistics, reverse logistics (for return of rejected and returned goods), customers service, and such.

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But then, as you recruit more and more people, you are going to see that the moment the growth is going to tappers off these people are going to put more pressure on your payroll. And eventually it is going to going to be difficult to sustain your businesses.

And there are wrongly motivated people who are going to put more pressure rather than rather than helping you. So, you should be very careful about putting higher logistic recruiting more people they should eventually translate in translate into more revenue only then it makes sense.

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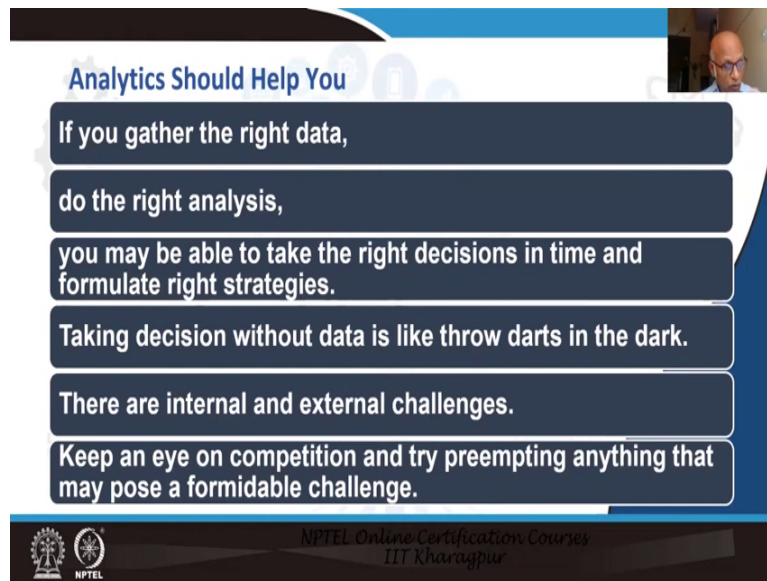
Need to Know What Is Working for the Customers and What

- You need data to know:
 - Why someone is buying your product and not that of the competitors. What do they value in your product? You want to accentuate that.
 - What percentage of them are coming back?
 - What percentage of them are talking positively of your product to their friends.
 - How many such friends are buying?
 - Why some of the customers are not coming back?
 - How can you give them what would make them return customers?
 - What is your customer acquisition cost?
 - At what revenue your cash burn will be manageable?
 - Can you make a reward package for referrals?

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Most importantly, you need data you need to analyze the data and then pinpoint where focus is necessary, where you actually need to put your attention to which customers are actually recommending, why they are recommending, what can be done, what kind of reward is working for you what kind of reward is not working for you all that is going to help you to acquire more customers.

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Analytics Should Help You

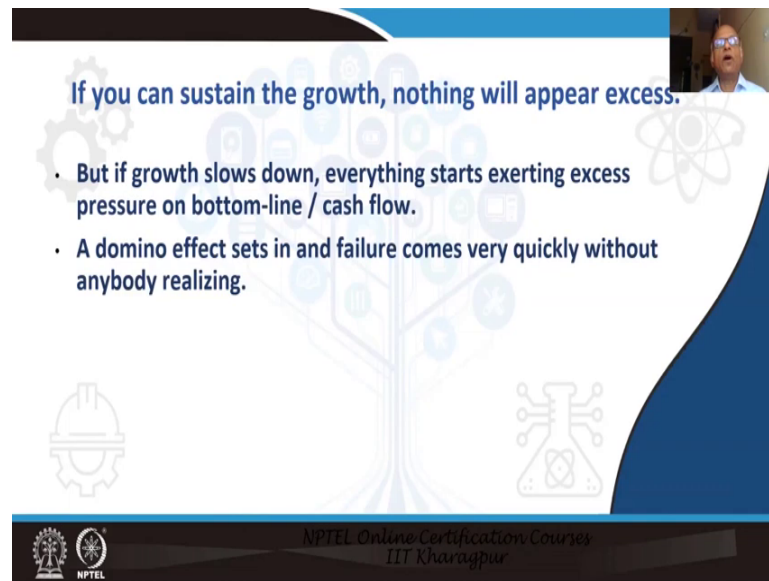
- If you gather the right data,
- do the right analysis,
- you may be able to take the right decisions in time and formulate right strategies.
- Taking decision without data is like throw darts in the dark.
- There are internal and external challenges.
- Keep an eye on competition and try preempting anything that may pose a formidable challenge.

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Analytics should help you get the right data to the right analysis and you may be able to take the right decision at right time. Taking decision without data is almost like throwing dirt in the dark not almost lies like that. And this data is going to give you the external challenges as well as internal challenges. Internal challenges is all that is putting pressure on you your cost your infrastructural requirement your employee your supplier suppliers is external and then market is external.

So, challenges are from competitors as well you need to understand the whole scenario only then you will be able to cope up with the demand for the growth.

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If you can sustain the growth, nothing will appear excess.

- But if growth slows down, everything starts exerting excess pressure on bottom-line / cash flow.
- A domino effect sets in and failure comes very quickly without anybody realizing.

The slide features a blue and white color scheme. A small video inset in the top right corner shows a speaker. The background includes a stylized tree with icons for gears, a hard hat, and a chemical flask. The NPTEL logo and text are visible at the bottom.

You can sustain the growth then all those additional infrastructure additional people can be born can be easy to manage. But the moment the growth tappers off you are in for trouble and it is going to cascade it is going to have a domino effect and it will compound the problem every day.

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Therefore, Growth Is Complex to Handle

Best thing is that it can be planned and executed smoothly

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And then weighing will be difficult very soon. Best thing is that, growth can be planned like you can hire growth hackers you have to work with them because growth hackers will bring in more traffic, you have to convert them into customer they will not convert them into customers that is very important.

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The slide features a central title "Managing Growth" in blue. Below it, two bullet points are listed: "Fortunately, growth can be designed to your level of comfort." and "There are professionals who can help you design growth. They are known as growth hackers." The background is white with a large, faint tree graphic where the branches are composed of various icons like gears, a lightbulb, a smartphone, and a network diagram. To the left of the tree are icons for a gear and a hard hat. To the right are icons for an atom and a circuit board. In the top right corner, there is a small video inset showing a man speaking. At the bottom, there is a dark blue footer with the NPTEL logo on the left and the text "NPTEL Online Certification Courses IIT Kharagpur" on the right.

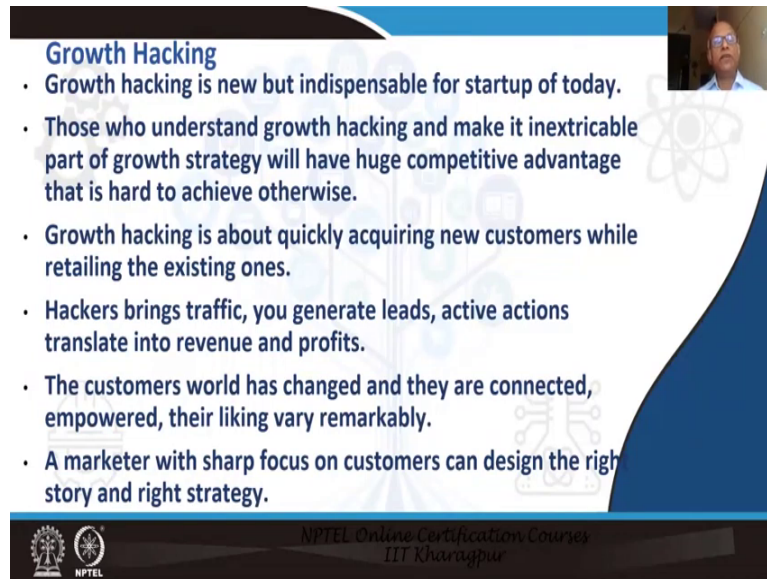
Managing Growth

- Fortunately, growth can be designed to your level of comfort.
- There are professionals who can help you design growth. They are known as growth hackers.

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Remember founders must work closely with growth hackers because growth hackers may not have the same vision they may not share the same vision, like they will use ethical unethical means to bring in customers. You as a founder have to take care of the ethics issue or the issue of the extent to what extent they can go, at what level of growth you will be comfortable. Growing beyond comfortable level will never be manageable.

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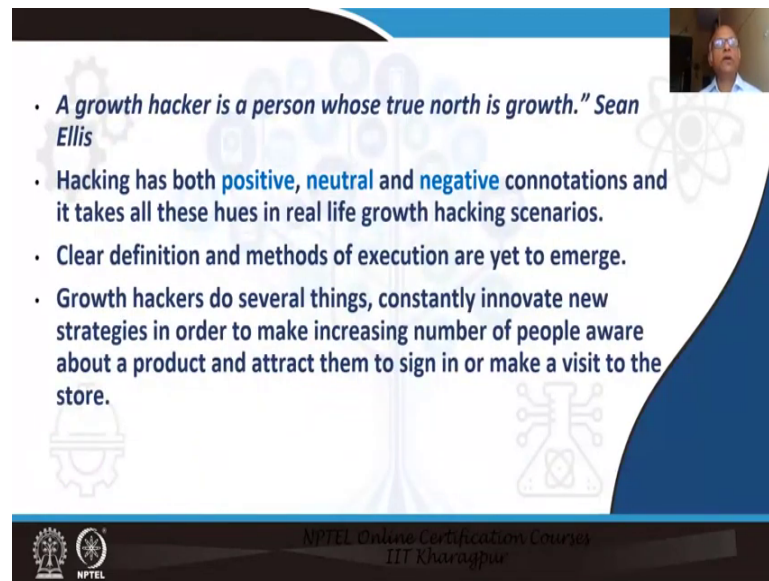
Growth Hacking

- Growth hacking is new but indispensable for startup of today.
- Those who understand growth hacking and make it inextricable part of growth strategy will have huge competitive advantage that is hard to achieve otherwise.
- Growth hacking is about quickly acquiring new customers while retaining the existing ones.
- Hackers bring traffic, you generate leads, active actions translate into revenue and profits.
- The customer world has changed and they are connected, empowered, their liking varies remarkably.
- A marketer with sharp focus on customers can design the right story and right strategy.

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So, let us not target that. Growth hacking is new but then, this is something that without that even established companies cannot grow nowadays. So, as I said hackers bring new traffic.

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A presentation slide with a white background and blue accents. In the top right corner, there is a small video inset showing a man with glasses speaking. The slide contains a list of four bullet points. At the bottom left, there are two logos: the IIT Kharagpur logo and the NPTEL logo. At the bottom right, the text 'NPTEL Online Certification Courses IIT Kharagpur' is displayed.

- *A growth hacker is a person whose true north is growth.*” Sean Ellis
- Hacking has both **positive**, **neutral** and **negative** connotations and it takes all these hues in real life growth hacking scenarios.
- Clear definition and methods of execution are yet to emerge.
- Growth hackers do several things, constantly innovate new strategies in order to make increasing number of people aware about a product and attract them to sign in or make a visit to the store.

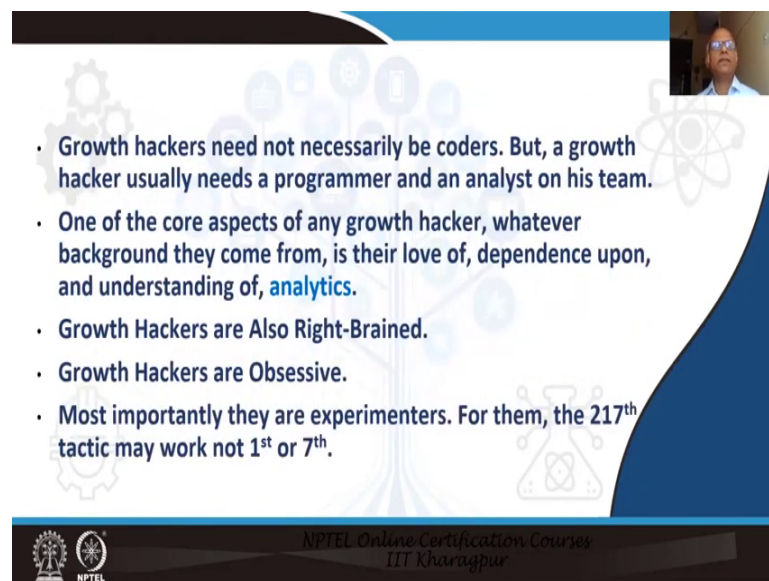
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It generates leads but you have to work with them to really convert them with two customers. Now, there are three kinds of hacking. Hacking per se is a negative world. When somebody says that sir my accounts have has been hacked so; obviously, you mean that somebody tried to steal the money or still passwords.

So, hacking has different connotation. What is the positive connotation? Positive connotation is something like say government of India is trying to understand what can actually improve the lot of the poor. Some people are at the bottom of the pyramid what is their purchase behaviour what is their income pattern. There may be many many information that cooperative of India, may be interested in to improve their lot to design and a scheme that will help to pull them up or maybe our defence tries to tries to gather data about potential attack maybe from outside or maybe from a terrorist organization or something.

These are all positive hacking, there may be neutral like say a company captures data from customers without the knowledge of the customers they take your email address. They their capture the data on your on your visit on your line of action when you visit some website then there are negative connotation that is for use for stealing data. Obviously, it is not something that is desirable something not is ethical, but then in the corporate world, all kinds of hacking is nowadays acceptable as a standard business processes or a strategies.

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- Growth hackers need not necessarily be coders. But, a growth hacker usually needs a programmer and an analyst on his team.
- One of the core aspects of any growth hacker, whatever background they come from, is their love of, dependence upon, and understanding of, **analytics**.
- Growth Hackers are Also Right-Brained.
- Growth Hackers are Obsessive.
- Most importantly they are experimenters. For them, the 217th tactic may work not 1st or 7th.

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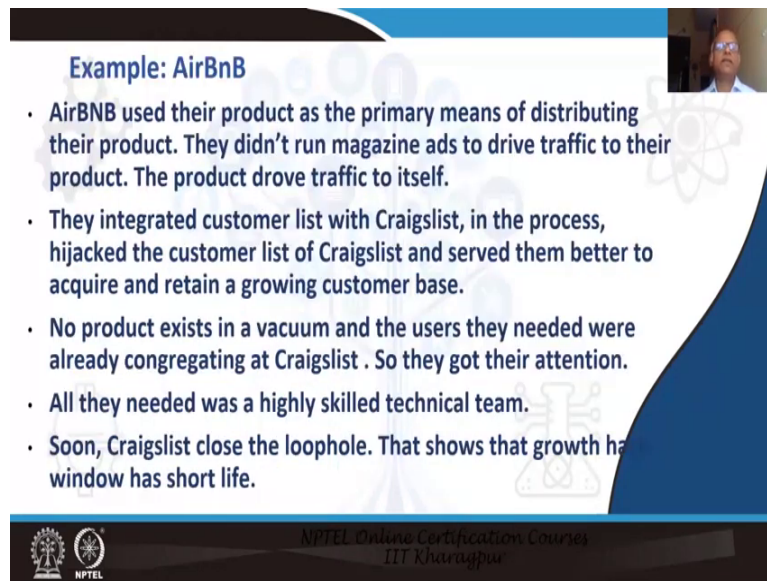
In fact, Airbnb adopted something that you may think that this is unethical, but they thought it was ethical and they reaped huge benefit out of it, it is there in the next slide just one more slide. Growth hackers need not necessarily be coder. As I said coder is necessary analytics person is necessary and a marketing person who has an eye for making a story. Who

understands what social media to approach for different kind kinds of people and what kind of story is going to resonate with them.

All that together is the person called growth hackers. Another core aspects of growth hackers is that, they are independent and they are not there independent they are dependent on data there, they understand analytics, the love data they sleep data, they eat data everything. Because data is going to give them the clue whether there is strategy is working; because their first studies is not going to be successful not even 10 maybe 217 th strategy will be successful or 250 th strategy will be successful.

But then, if they spend time to understand time to design and then understand whether it is successful is going to take years days we need data immediately. So, that on the fly they should be able to understand how customers are reacting to the actions that they are taking and their right brain; meaning that they are innovative they come up with newer and newer strategies it is not the same strategies all the time.

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Example: AirBnB

- AirBNB used their product as the primary means of distributing their product. They didn't run magazine ads to drive traffic to their product. The product drove traffic to itself.
- They integrated customer list with Craigslist, in the process, hijacked the customer list of Craigslist and served them better to acquire and retain a growing customer base.
- No product exists in a vacuum and the users they needed were already congregating at Craigslist . So they got their attention.
- All they needed was a highly skilled technical team.
- Soon, Craigslist close the loophole. That shows that growth window has short life.

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Examples of AirBnB: AirBNB when they started just the business they started growing slowly, they are competitors where one of the computations were Craigslist. Craigslist already had a huge customers list. And AirBnB thought if we need to understand customer, we need to find them at one place and where is that one place there are many customers and they found that Craigslist has those lists. So, this is a shortcut to a list of our people. So, that we can reach out to them what did they do? They wanted Craigslist they requested craigslist, that let them have some kind of a common customers list or something at one place people can approach etcetera etcetera.

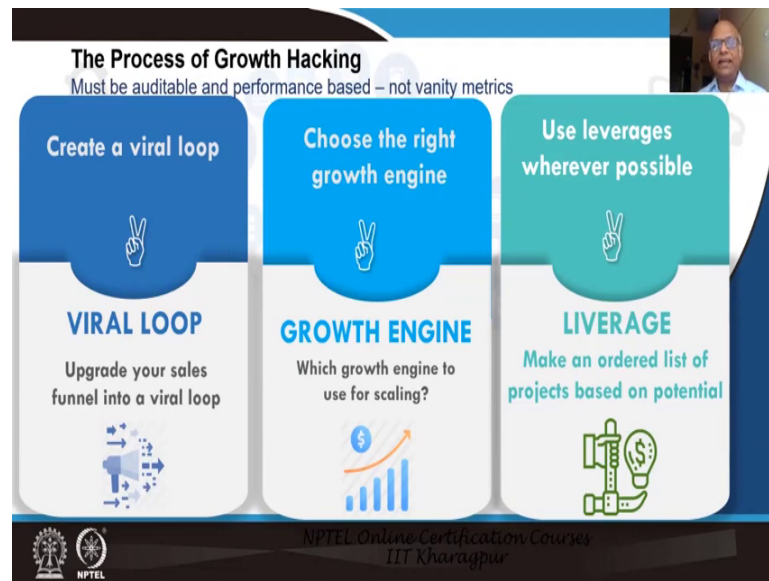
Surreptitiously AirBnB stole the data of Craigslist. And then they approach to all the Craigslist customer and most importantly AirBnB had a wonderful product; AirBnB product is better than Craigslist. For Craigslist every house owner has to register their house every time a new customer leaves the house. So, that becomes a huge overhead for any homeowner. So,

likewise there are many many issues about Craigslist that they do not understand, but AirBnB understood they meant everything so, smooth.

So, everything looks like such a beautiful experience that once somebody comes to AirBnB they will never go to Craigslist. So, within very short time the entire almost like entire Craigslist customer came to AirBnB and only then Craigslist realized that AirBnB actually hacked into their database and took away the customers list and then they did something with new technology. So, that this whole thing can be stopped and eventually they could stop it. But look at this number 1 you need coders to get this data I do not recommend that this is a nice thing to do, but many a times without this you cannot actually grow it is very difficult.

Now, you need data analyst and you need data coder so, that you can access to data wherever it is available when it which is authorized data or turn this to and how to get access to that. And know that when you have this have this growth hacking working, it may not stay for indefinite period it may go away any point of time that is what happened with AirBnB. So, they had this growth happening.

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But then when Craigslist realized that they are stealing data they stopped the same thing.

Now, growth hacking may be conceived to be consisting of three steps the whole process; one is create a viral loop, choose the right growth engine growth engine. Means how you make people aware how you make convert people into customer through whatever means through reward through discount through telling a story all these are growth engine. Use leverage, leverage maybe you partner with some people may not be the right partner in the right in the true sense of the word, but you share some of the things something like say Flipkart has distribution network wonderful delivery system.

Now, you partner with Flipkart you give them some benefit, Flipkart gives you the benefit of distributing your product through their delivery system. So, you are winner Flipkart is winner; otherwise you will never get benefit of this kind of a distribution network that is what is

collaboration. You collaborate with similar company larger company smaller company, but the aim you must get the benefit.

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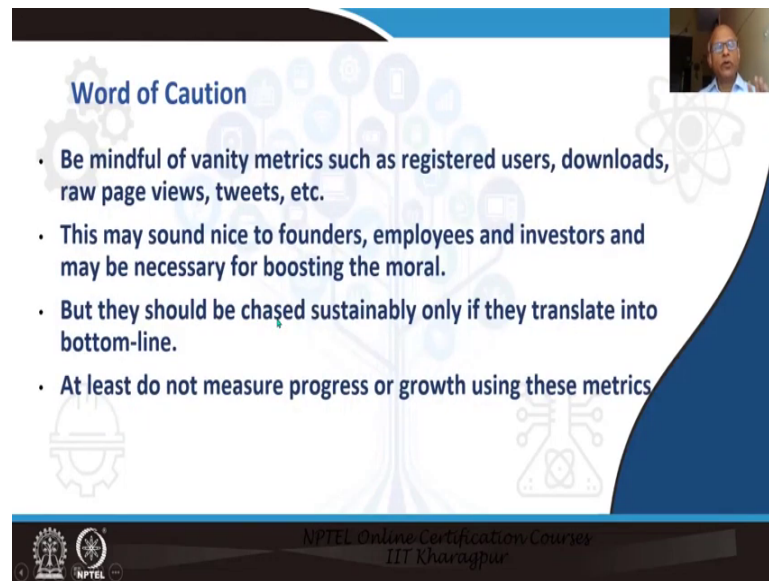
Why a Viral Loop?

- It helps to connect with new customers, your customers advertise for you if you can successfully use viral loop.
- You do it by slightly upgrading your sales funnel by ensuring that you deliver more than you promise.
- You may not create positive word-of-mouth advertising or referrals without the viral loop and over-delivering.
- It is easier to scale a startup business using a viral loop and focusing on the key metrics of growth.

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So, why viral loop works by now you must understand that viral loop will work? Because which is only word of mouth through which customers will trust not through advertisement you give an advertisement people are not going to trust. But you bring an article in a newspaper people are going to trust because article is not bought you do not buy out an article it is published without you influencing it. So, people have more trust all these are viral loop it is going to definitely work.

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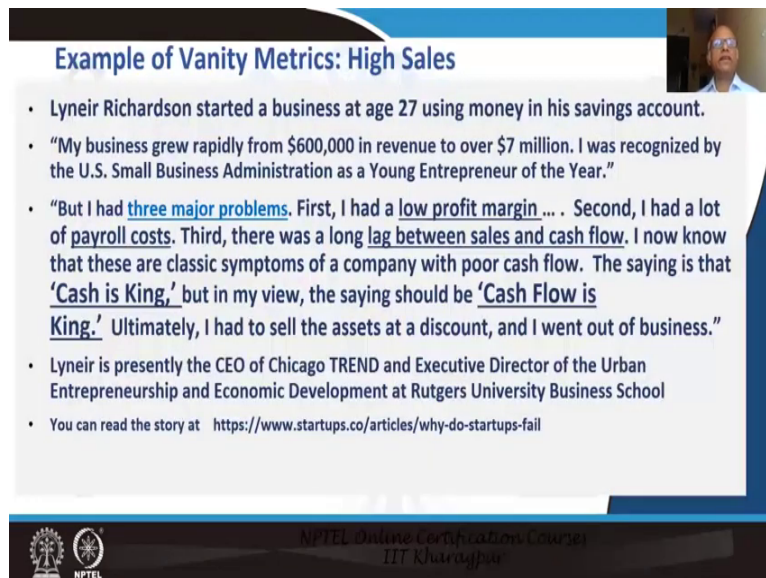
Word of Caution

- Be mindful of vanity metrics such as registered users, downloads, raw page views, tweets, etc.
- This may sound nice to founders, employees and investors and may be necessary for boosting the moral.
- But they should be chased sustainably only if they translate into bottom-line.
- At least do not measure progress or growth using these metrics

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But then, we talk about data, we talk about viral loop be careful about vanity make change. Because any data that is not translating into bottom line bottom line is miss profit it is not going to help you. So, you spend money for growth hacking does not translate into revenue that revenue does not translate into profit. You are actually burning more and more cash you were paying to growth hackers all to unnecessarily not yelling.

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Example of Vanity Metrics: High Sales

- Lyneir Richardson started a business at age 27 using money in his savings account.
- “My business grew rapidly from \$600,000 in revenue to over \$7 million. I was recognized by the U.S. Small Business Administration as a Young Entrepreneur of the Year.”
- “But I had **three major problems**. First, I had a **low profit margin** Second, I had a lot of **payroll costs**. Third, there was a long **lag between sales and cash flow**. I now know that these are classic symptoms of a company with poor cash flow. The saying is that ‘**Cash is King,**’ but in my view, the saying should be ‘**Cash Flow is King.**’ Ultimately, I had to sell the assets at a discount, and I went out of business.”
- Lyneir is presently the CEO of Chicago TREND and Executive Director of the Urban Entrepreneurship and Economic Development at Rutgers University Business School
- You can read the story at <https://www.startups.co/articles/why-do-startups-fail>

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And here is it as an example for vanity metrics Lyneir Richardson started a business age of 27, he used his savings bank account money; he achieved huge growth very quickly achieved from 600,000 dollar.

He achieves 7 million dollar of turnover. So, the whole US business world was agog and he became young entrepreneur of the year in US. So, he when he was in the ninth cloud nine and most people were thinking that he is the most successful businessman of the year etcetera. But very soon he realized that he is nobody because he had three major problems one is his profit margin was low, second he had huge payroll expenses. So, he had a lot of payroll cost, which was burning a hole in his cash flow, third he was selling he was achieving more sells.

But thus sales proceed the dollar was not coming back to him; the buyer of his products are telling him that wait for a while we will pay back we will pay you the distributor was telling

we will pay you do not worry you just keep on supplying. So, at some point of time he found that there is no money to pay for the supply, no money to pay for salary. So, he had to close the business there was no other alternative, but to close the business. So, that is why he says cash is not the king cash flow is the king.

You must have an eye on cash flow, cash should come in and that is why understanding cash flow is your capability to estimate cash flow is so, very important. Ultimately he had to sell the company he is a good man now.

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01 Upgrade your sales funnel
Review your sales funnel and create a viral loop

02 Do not chase vanity metrics
Avoid metrics that do not translate into real growth and can be manipulated

03 Define sales funnel metrics
Use pirate metrics (Acquisition, Activation, Revenue, Retentions, Referral) to measure real progress.

04 Estimate possible virality effect
Measure it to achieve real growth

05 Update marketing plan
Monitor progress and refine strategy

Growth Hacking

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But whatever is the case that is the message about vanity metrics. So, this is again discussion about sales funnel, you can just pause and greet them I am going to send the slides as well and not spend too much time because it is already half an hour time.

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Upgrade your sales funnel into a viral loop

- The problem is that people are unpredictable and full of free-will. If you are going to get people to do what you wish, then you must employ a funnel.
- Suppose your initial sales funnel ends up with a successful sale.
- Suppose you are successful in up-selling (premium product) and cross-selling (complementary product).
- You should now add an additional layer phase in your sales funnel where your acquired customers recommend and attract new customers into your sales funnel.

The diagram shows a funnel with stages: Lead, Prospect, Qualified Prospect, Committed, and Transaction. A green arrow indicates a feedback loop from the Transaction stage back to the Prospect stage, representing a viral loop. A shopping cart icon is at the top of the funnel, and a small video inset shows a man speaking.

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There is something called lean sales funnel, this is the traditional funnel, but if you can make a shortcut if you can make your story viral then you will have a shortcut. You do not have to bring people from the lead level, you can bring people from qualified prospect because they have come here with a positive mindset; because they have come here with hearing some word of mouth from a actual buyer.

So, they have already trust. So, you have a shortcut, you have a shorter life span for the time for them to become a qualified prospect become a customer is a shorter path you have to.

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Now, we talk about a lean marketing funnel the same thing, but here everything is done in a lean manner. So, that you end up spending less and less money is the same thing like previous slide, but the fact is that the word of mouth reduces your cost of customer acquisition and shorten the time for any new customer to move through the funnel.

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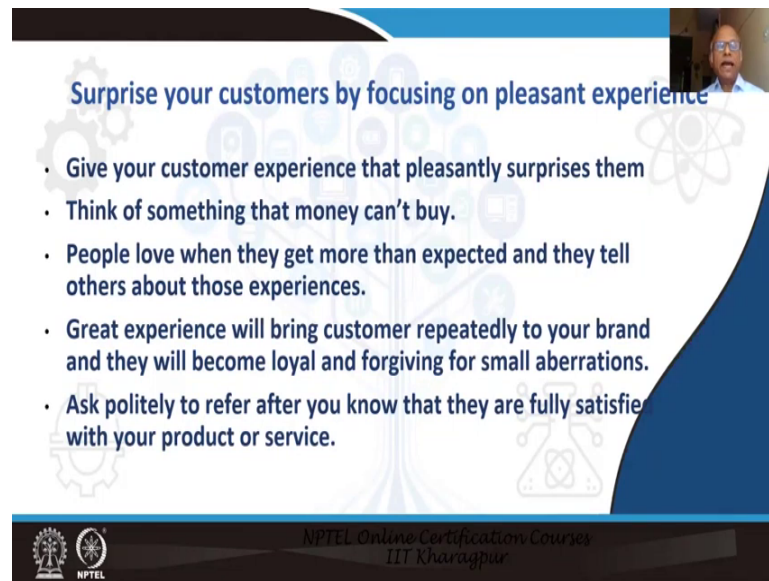
Referral

1. Make it simple to recommend you.
2. Surprise your customers by focusing on pleasant experience.

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Eventually you make more money that is all it is lean startup. But then how this referral system works that it becomes a viral loop there are many many points all have been discussed.

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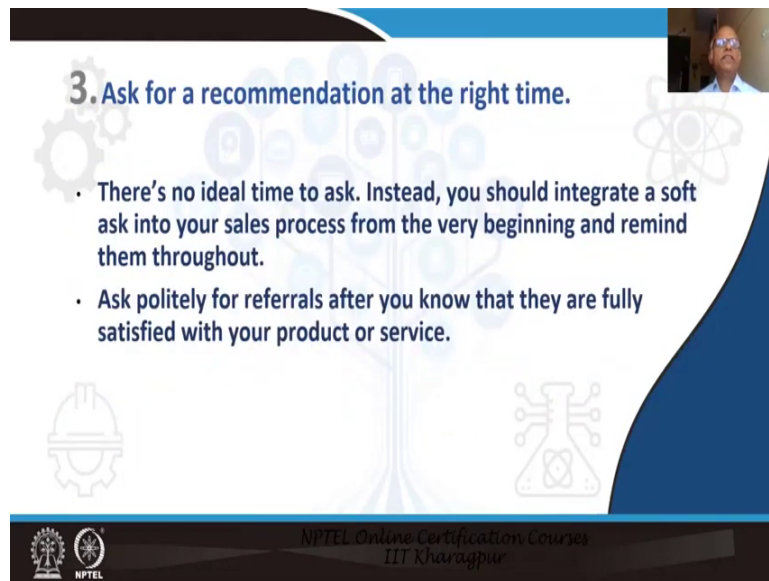
Surprise your customers by focusing on pleasant experience

- Give your customer experience that pleasantly surprises them
- Think of something that money can't buy.
- People love when they get more than expected and they tell others about those experiences.
- Great experience will bring customer repeatedly to your brand and they will become loyal and forgiving for small aberrations.
- Ask politely to refer after you know that they are fully satisfied with your product or service.

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Just be polite, never forget to say thank you to them, remember they are important dates like birthday like day like whatever is important in their life like their anniversary etcetera.

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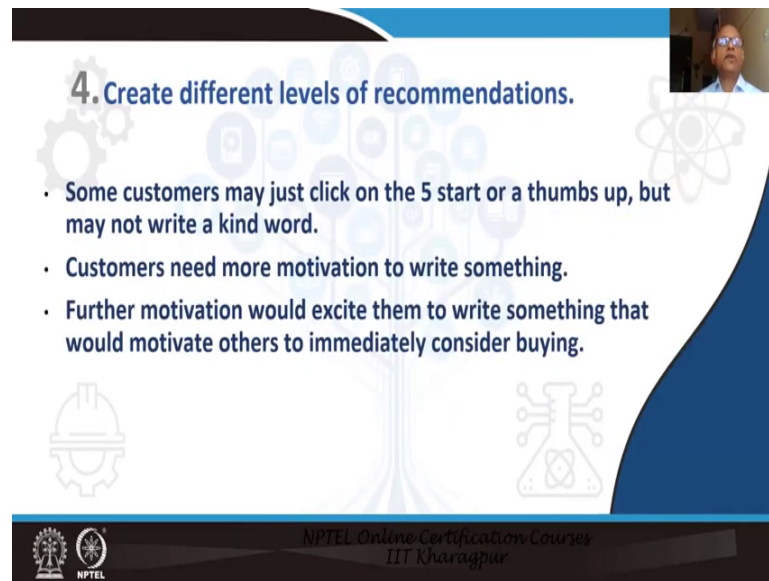
3. Ask for a recommendation at the right time.

- There's no ideal time to ask. Instead, you should integrate a soft ask into your sales process from the very beginning and remind them throughout.
- Ask politely for referrals after you know that they are fully satisfied with your product or service.

The slide features a blue and white color scheme with decorative icons including gears, a tree, an atom, a hard hat, and a circuit board. The NPTEL logo and text are visible in the bottom left corner.

Then, asked us to recommend unless you ask them.

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4. Create different levels of recommendations.

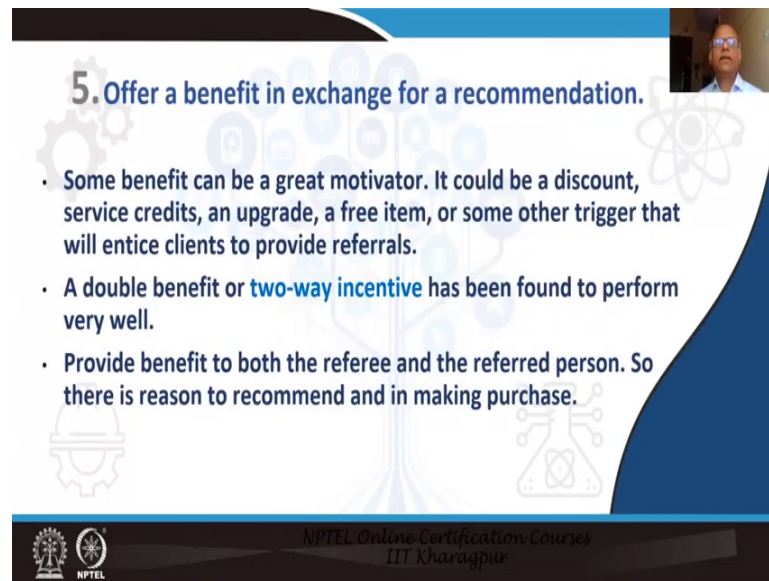
- Some customers may just click on the 5 star or a thumbs up, but may not write a kind word.
- Customers need more motivation to write something.
- Further motivation would excite them to write something that would motivate others to immediately consider buying.

The slide features a blue and white color scheme with decorative icons including gears, a tree, a hard hat, and a circuit board. A small video inset in the top right corner shows a man speaking. The footer contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

Specifically to recommend they are not going to recommend. And you should ask those people who are very happy. So, use the data people who are giving you 5 star, only those people will be motivated to write few lines.

Somebody gives if I click on the 5 star is motivated. Now, to tell him why do not you write a word of maybe nice words they will write wonderful statement.

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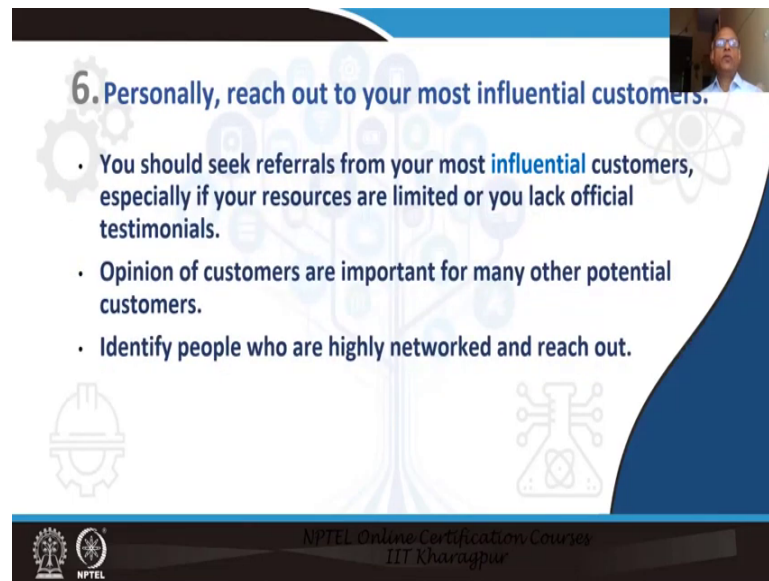
5. Offer a benefit in exchange for a recommendation.

- Some benefit can be a great motivator. It could be a discount, service credits, an upgrade, a free item, or some other trigger that will entice clients to provide referrals.
- A double benefit or **two-way incentive** has been found to perform very well.
- Provide benefit to both the referee and the referred person. So there is reason to recommend and in making purchase.

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And other people will come used two way incentive that is what AirBnB uses. It is like this, when some new guest comes to AirBnB they give them a scale that when they go back or any time. If they recommend a friend to come to AirBnB and if they do come this guest gets 25 dollar in their account the new guest that arrived in the AirBnB you also get 25 dollar as incentive.

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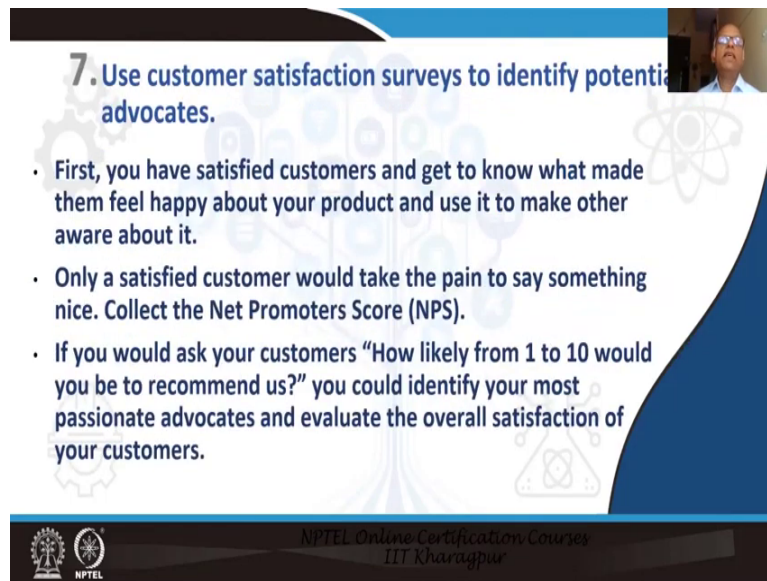


6. Personally, reach out to your most influential customers.

- You should seek referrals from your most **influential** customers, especially if your resources are limited or you lack official testimonials.
- Opinion of customers are important for many other potential customers.
- Identify people who are highly networked and reach out.


The slide features a blue and white color scheme with decorative icons including a gear, a hard hat, a tree-like network diagram, and a chemical flask. A small video inset in the top right corner shows a man speaking. The footer contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

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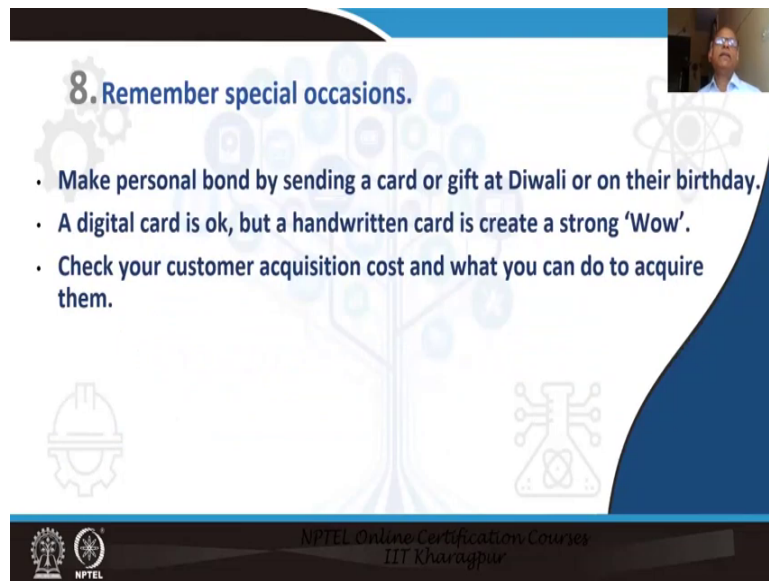
The slide features a white background with a blue header and footer. A small video inset in the top right corner shows a man with glasses speaking. The main content is a numbered list item with three bullet points. The background has faint, light blue icons of a gear, a person, and a network diagram.

7. Use customer satisfaction surveys to identify potential advocates.

- First, you have satisfied customers and get to know what made them feel happy about your product and use it to make other aware about it.
- Only a satisfied customer would take the pain to say something nice. Collect the Net Promoters Score (NPS).
- If you would ask your customers “How likely from 1 to 10 would you be to recommend us?” you could identify your most passionate advocates and evaluate the overall satisfaction of your customers.



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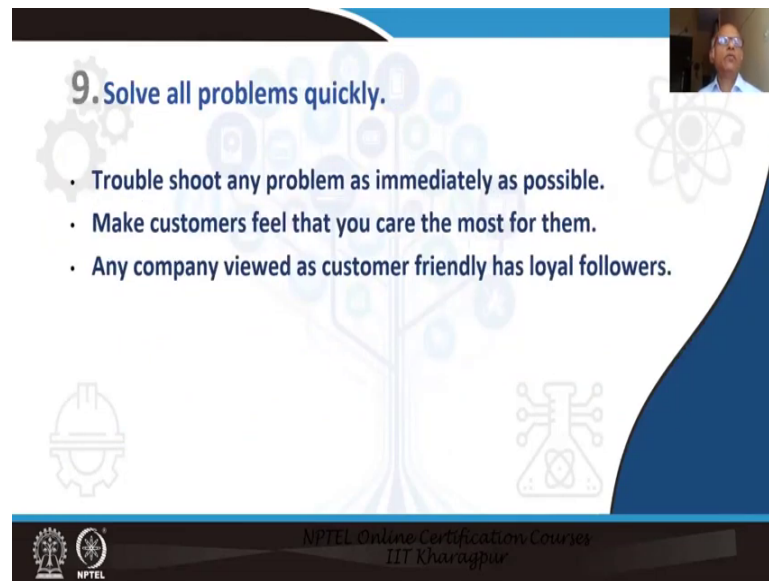
8. Remember special occasions.

- Make personal bond by sending a card or gift at Diwali or on their birthday.
- A digital card is ok, but a handwritten card is create a strong 'Wow'.
- Check your customer acquisition cost and what you can do to acquire them.

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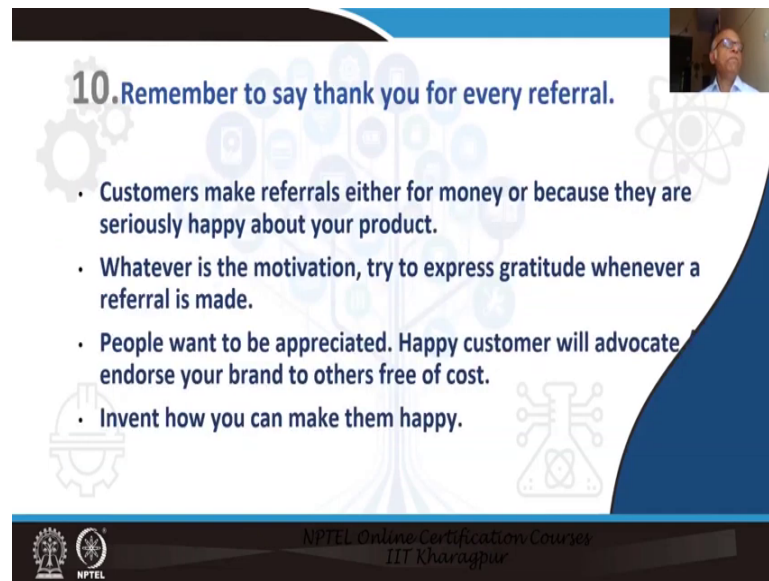
9. Solve all problems quickly.

- Trouble shoot any problem as immediately as possible.
- Make customers feel that you care the most for them.
- Any company viewed as customer friendly has loyal followers.

The slide features a blue and white color scheme. A small video inset in the top right corner shows a man speaking. The background includes faint icons of a gear, a tree, a hard hat, and a circuit board. The bottom of the slide contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

So, if for everybody it is a win win and that is why people definitely do it without this incentive they may not do that is how the whole thing works. Solve all the problem quickly do not delay give the customer a sense that you take you care about the customer. Many companies do not care many customers think that companies are interested to sell, they are not interested to after sales service.

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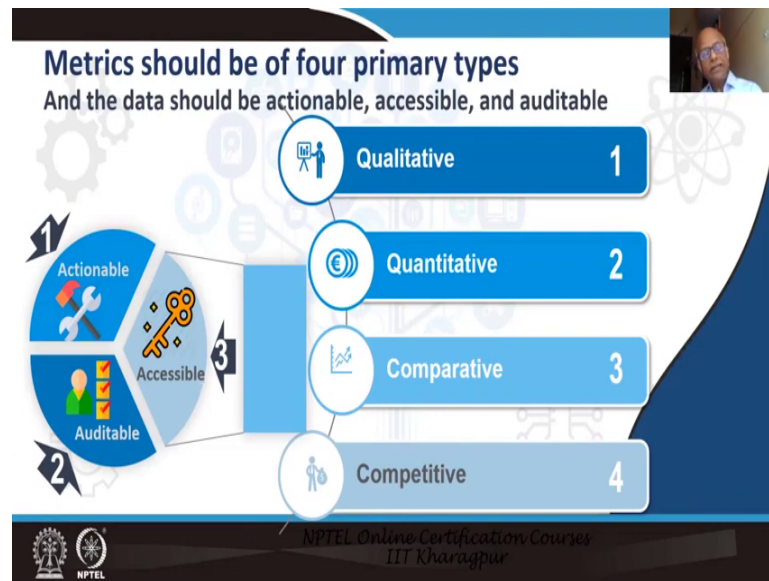
10. Remember to say thank you for every referral.

- Customers make referrals either for money or because they are seriously happy about your product.
- Whatever is the motivation, try to express gratitude whenever a referral is made.
- People want to be appreciated. Happy customer will advocate and endorse your brand to others free of cost.
- Invent how you can make them happy.

The slide features a blue and white color scheme with decorative icons of gears, a tree, and a chemical flask. A small video inset in the top right corner shows a man speaking. The footer contains the NPTEL logo and the text 'NPTEL Online Certification Courses IIT Kharagpur'.

So, you be different you take care of the customers. Remember to say thank you on every occasion.

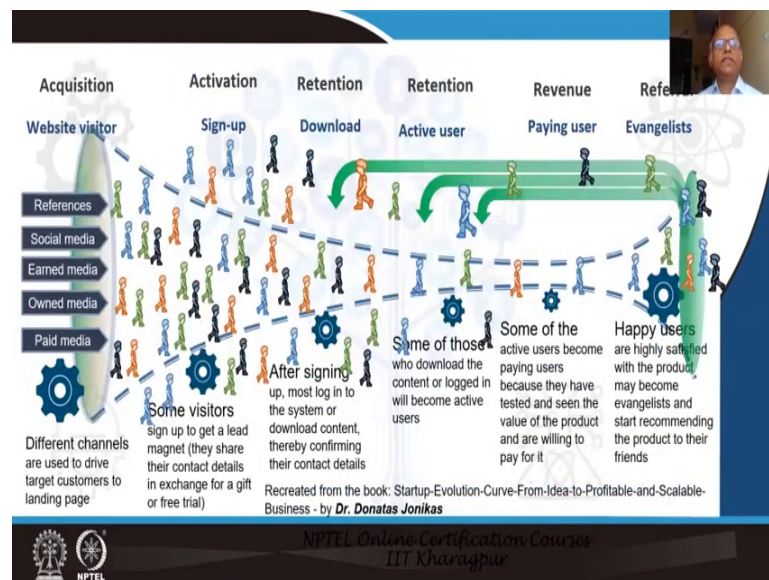
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And when you gather data you need to understand what is actionable data. Actionable data are those data on which you can act, suppose you get some kind of data like some people are happy some people are not happy etcetera you are you are will not be able to act. But if you know that so and so, feature of your product is making people happy, some people happy that data you can act upon that data and then accentuate that feature or whatever reduce the price of something. Then data should be accessible to everybody, it should be auditable. Meaning that, you use the data to improve a feature, then you should be able to understand whether that change it has improved the performance.

So, auditable means its kind of a causal understanding you have done something has that translate into something positive.

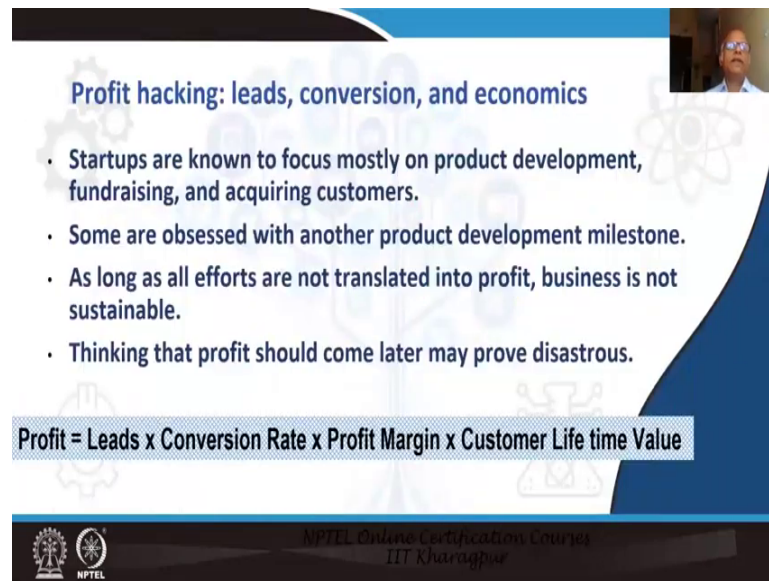
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This is again a sales funnel the left hand side whatever you see is that is the growth engines and then you bring in more and more people some people remain in the funnel. Some people go out of the funnel, but then gradually you first of all you activate them, then you retain them by offering something; free downloadable that entice them maybe a calendar maybe a kind of a poster or something.

So, that they can show it off to other people then eventually that should be and reward. So, that people recommend other people there are reference. So, you may have shortcut this is how a shortcut happens and more customer comes and they at the middle level.


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Profit hacking: leads, conversion, and economics

- Startups are known to focus mostly on product development, fundraising, and acquiring customers.
- Some are obsessed with another product development milestone.
- As long as all efforts are not translated into profit, business is not sustainable.
- Thinking that profit should come later may prove disastrous.

Profit = Leads x Conversion Rate x Profit Margin x Customer Life time Value

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Rather than the entry level.

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So, I will not elaborate on this this is profit hacking. Just like growth hacking most people have attention to growth, but you must have attention to profit. So, you need to understand is the increased turnover translating into growth or it is just growth in bottom line; means growth in profit or you are actually burning increasing amount of cash that is what is profit hacking. You should understand where the cost is increasing or cost is reducing.

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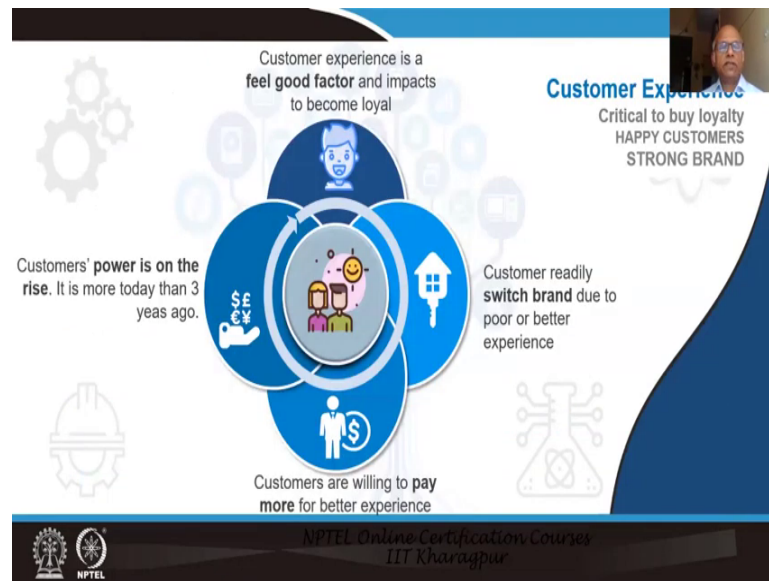
The Recipe for Growth

- Most startups presume that growth hacking is all that they need to achieve success.
- It is viewed as a magic wand.
- But if the focus is only on growth of the sign in or topline, it may be dangerous. It may be the sure road to death.
- Premature growth may turn many things topsy-turvy and may lead to waste of resources.
- Make sure there is product-market-fit.
- Position your product at right niche segment.
- Focus on repeat customers.
- Ensure, great customer experience from awareness to consumption.
- resources.

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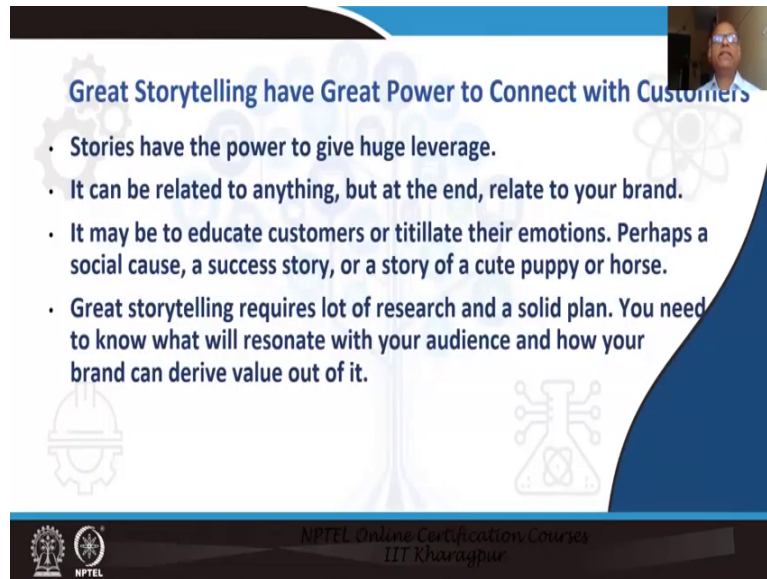
So, you have to focus on the profit part recipe for growth you have to now read because I have exhausted the half an hour time long back.

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I have departed one slide for customer experience; because you can give wonderful experience to customer, they will switch from one brand to another they will not mind paying you more money they will they are now empowered. So, need to give them more better experience to really acquire them and retain.

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Great Storytelling have Great Power to Connect with Customers

- Stories have the power to give huge leverage.
- It can be related to anything, but at the end, relate to your brand.
- It may be to educate customers or titillate their emotions. Perhaps a social cause, a success story, or a story of a cute puppy or horse.
- Great storytelling requires lot of research and a solid plan. You need to know what will resonate with your audience and how your brand can derive value out of it.

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Great storytelling which is nothing less important more important than great storytelling. So, you have to be able to tell great stories to really make your story viral, we have already discussed them.

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Great Storytelling

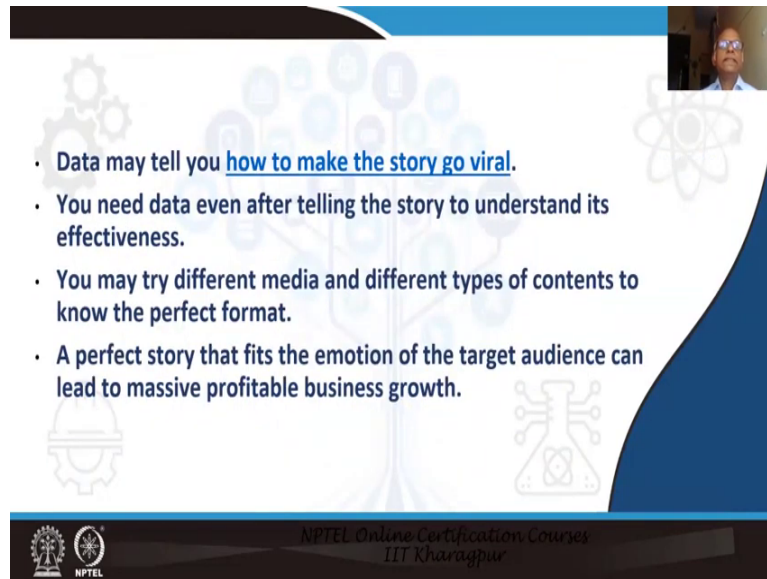
- Great story gets you magic.
- A story should in a way empathize with physical or emotional aspect so as to make an emotional connection.
- This will lead the customers to takes actions of buying your offering that they are usually averse to doing.
- Story will create trust that will lead to loyalty and willingness to do business with you.
- Stories can touch consumer's heart. But you need data to help yourself to understand what elements you need to incorporate for a perfect customer-story-fit.

- Circumstance
- Curiosity
- Characters
- Conversations
- Conflict

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Storytelling has 5 C's you remember we discussed some other time circumstance, curiosity, characters, characters and then conversation, then conflict; not elaborate you can Google search and find. In fact, I do not have it reference.

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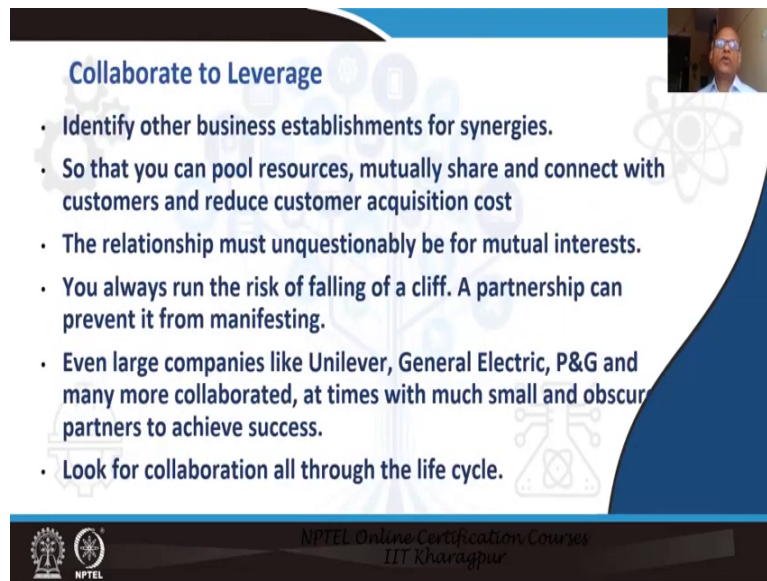


- Data may tell you how to make the story go viral.
- You need data even after telling the story to understand its effectiveness.
- You may try different media and different types of contents to know the perfect format.
- A perfect story that fits the emotion of the target audience can lead to massive profitable business growth.

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Then we need to understand how your story is going to become viral through data processing. Collaborate, I have already discussed this is how collaboration is going to work for you.

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Collaborate to Leverage

- Identify other business establishments for synergies.
- So that you can pool resources, mutually share and connect with customers and reduce customer acquisition cost
- The relationship must unquestionably be for mutual interests.
- You always run the risk of falling of a cliff. A partnership can prevent it from manifesting.
- Even large companies like Unilever, General Electric, P&G and many more collaborated, at times with much small and obscure partners to achieve success.
- Look for collaboration all through the life cycle.

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Steps in Creating New Collaborator

Areas: Marketing, technology, customer service, customer acquisition, promotion, analytics, resource, logistics

- 1** Do a SWOT analysis. Identify leverage points.
Identify areas of leverage
Areas of your weaknesses and others' strengths
- 2** Who can reduce your weaknesses, you can reduce theirs
Explore partners for synergies
Businesses that can fill gap and give necessary push
- 3** Focus on the gain you can get and can give
Design win-win deal
No partner gains if not beneficial to both.
- 4** A superior partner may add brand value
Create partnership
Approach with an open mind. Be empathetic with partners.

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So, you must make a SWOT analysis, identify where you lack and identify where your collaborator is actually strong where they lack you are strong. So, there will be a win-win proposition likewise there are many other points.

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REFERENCES

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- ❑ <https://neilpatel.com/what-is-growth-hacking/>
- ❑ Various Wikipedia pages

These are the references the one with bold is the one that I have referred very frequently throughout the slides. I am fan of this book you can have a copy and then read. Thank you very much thank you very much who had been a wonderful audience all through. And do not forget to write to write back to me and if you have any issue whatsoever any clarification any complain or anything other than this course per se, I am always there to reply I will definitely reply to them.

Thank you.