

GROWTH HACKER MARKETING

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

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AN INTRODUCTION TO GROWTH HACKING

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

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

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

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

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

But that seemingly ordinary day was disrupted by an article. The headline stood out clearly amid the online noise, as though it had been lobbed directly at me: “Growth Hacker Is the New VP [of] Marketing.”

What?

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

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

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

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

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

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

- **Dropbox**
- **Zynga**
- **Groupon**
- **Instagram**
- **Pinterest**

Now worth *billions and billions* of dollars.

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

We all want to do more with less. For marketers and entrepreneurs, that paradox is practically our job description. Well, in this book, we’re going to look at how growth hackers have helped companies like Dropbox, Mailbox, Twitter, Pinterest, Facebook, Snapchat, Evernote, Instagram, Mint.com, AppSumo, and StumbleUpon do so much with essentially nothing.

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

Whether you're currently a marketing executive or a college grad about to enter the field—the first growth hackers have pioneered a new way. Some of their strategies are incredibly technical and complex. The strategies also change constantly; in fact, occasionally it might work only one time. This book is short because it sticks with the timeless parts. I also won't weigh you down with heavy concepts like "cohort analysis" and "viral coefficients."* Instead, we will focus on the mindset—it's far and away the most important part.

I start and end with my own experiences in this book, not because I am anyone special but because I think they illustrate a microcosm of the industry itself. The old way—where product development and marketing were two distinct and separate processes—has been replaced.

* But there is a glossary of important terms and concepts at the back of the book.

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We all find ourselves in the same position: needing to do more with less and finding, increasingly, that the old strategies no longer generate results.

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

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

WHAT IS GROWTH HACKING?

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

—AARON GINN

There's no business like show business. Yet, when it comes right down to it, that's the industry every marketing team—no matter what business they're actually in—

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pretends to be in when they're launching something new. Deep down, I think anyone marketing or launching fantasizes that they are premiering a blockbuster movie. And this illusion shapes and warps every marketing decision we make.

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

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

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

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

Despite the glamour and the history of movie marketing, even after investing millions—often more than the budget of the movie itself—studios regularly write off major releases as complete washes. And when they do succeed, no one has any idea why or which of the ingredients were responsible for it. As screenwriter William Goldman

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famously put it, *nobody knows anything*—even the people in charge. It’s all a big gamble.

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

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

That person was the first growth hacker.

A NEW WAY

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

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to meet the new needs of a new type of company—with its own kind of marketer.

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

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

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

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

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

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“Yeah, yeah,” they replied.

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

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

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

But after adopting Draper’s suggestion—which the