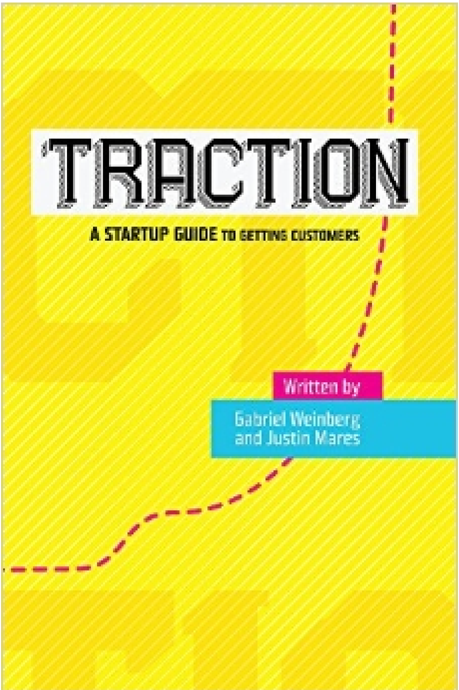
A summary of the book

Traction

A startup guide to getting more customers

By Gabriel Weinberg

Summary by Kim Hartman



This is a summary of what I think is the most important and insightful parts of the book. I can’t speak for anyone else and I strongly recommend you to read the book in order to fully grasp the concepts written here. My notes should only be seen as an addition that can be used to refresh your memory after you´ve read the book. Use the words in this summary as anchors to remember the vitals parts of the book.

Contents

Connect

howdy@kimhartman.se

kimhartman.se

facebook.com/Kimpahartman

twitter.com/tjimm

linkedin.com/in/tjimm

Description from amazon

Startup advice tends to be a lot of platitudes repackaged with new buzzwords, but *Traction* is something else entirely.

As Gabriel Weinberg and Justin Mares learned from their own experiences, building a successful company is hard. For every startup that grows to the point where it can go public or be profitably acquired, hundreds of others sputter and die.

Smart entrepreneurs know that the key to success isn't the originality of your offering, the brilliance of your team, or how much money you raise. It's how consistently you can grow and acquire new customers (or, for a free service, users). That's called traction, and it makes everything else easier—fund-raising, hiring, press, partnerships, acquisitions. Talk is cheap, but traction is hard evidence that you're on the right path.

Traction will teach you the nineteen channels you can use to build a customer base, and how to pick the right ones for your business. It draws on inter-views with more than forty successful founders, including Jimmy Wales (Wikipedia), Alexis Ohanian (reddit), Paul English (Kayak), and Dharmesh Shah (HubSpot). You'll learn, for example, how to:

·Find and use offline ads and other channels your competitors probably aren't using
·Get targeted media coverage that will help you reach more customers
·Boost the effectiveness of your email marketing campaigns by automating staggered sets of prompts and updates
·Improve your search engine rankings and advertising through online tools and research

Weinberg and Mares know that there's no one-size-fits-all solution; every startup faces unique challenges and will benefit from a blend of these nineteen traction channels. They offer a three-step framework (called Bullseye) to figure out which ones will work best for your business. But no matter how you apply them, the lessons and examples in *Traction* will help you create and sustain the growth your business desperately needs.

Chapter 2: The Bullseye Framework

(And no, I haven't forgot chapter 1. I just didn't think it was very interesting.)

Bullseye: A simple framework called Bullseye that will help you find the channel that will get you traction. You're aiming for the Bullseye—the one traction channel that will unlock your next growth stage. Using Bullseye to find your channel is a five-step process:

1. Brainstorm
2. Rank
3. Prioritize
4. Test
5. Focus on what works

The optimal channel: It is very likely that one channel is optimal. Most businesses actually get zero distribution channels to work. Poor distribution—not product—is the number one cause of failure. If you can get even a single distribution channel to work, you have great business. If you try for several but don't nail one, you're finished. So it's worth thinking really hard about finding the single best distribution channel.

Step 1: Brainstorm

The goal in brainstorming is to come up with reasonable ways you might use each traction channel. If you were to advertise offline, where would be the best place to do it? If you were to give a speech, who would be the ideal audience?

It is important that you not dismiss any traction channel in this step. You should be able to think of at least one idea for every channel.

It's especially important to understand how similar companies acquired customers over time, and how unsuccessful companies wasted their marketing dollars.

Step 2: Rank

The ranking step helps you organize your brainstorming efforts. It also helps you start to think a bit more critically about the traction channels in aggregate.

Place each of the traction channels into one of three columns, with each column representing a concentric circle in the Bullseye:

- Column A (Inner Circle): which traction channels seem most promising right now?
- Column B (Potential): which traction channels seem like they could possibly work?
- Column C (Long-shot): which traction channels seem like long-shots?

Step 3: Prioritize

Now identify your inner circle: the three traction channels that seem most promising. If you already have three channels in Column A, you're done! If you have more than three, then you need to get rid of some and vice-versa.

Step 4: Test

The testing step is where you put your ideas into the real world. The goal of this step is to find out which of the traction channels in your inner circle is worth focusing on.

You will make that decision based on results from a series of relatively cheap tests. These tests should be designed to answer the following questions.

- Roughly how much will it cost to acquire customers through this channel?
- How many customers do you think are available through this channel?
- Are the customers that you are getting through this channel the ones that you want right now?"

When testing, you are not trying to get a lot of traction with a channel just yet. Instead, you are simply trying to determine if it's a channel that could work for startup. Your main consideration at this point is speed to get data and prove out your assumptions.

Step 5: Focusing

If all goes well, one of the traction channels you tested in your inner circle produced promising results. In that case, you should start directing your traction efforts and resources towards that most promising channel.

At any stage in a startup's lifecycle, one traction channel dominates in terms of customer acquisition"

Repeating the Process: If, unfortunately, no channel seems promising after testing, the whole process should be repeated.

Takeaways

- The Bullseye Framework is a five-step repeatable process to maximize your chances of getting traction: brainstorm, rank, prioritize, test, and focus.

- Focusing on a traction channel means becoming an expert on it by continually testing new tactics to get the most traction possible.

- Research how past and present companies in your space and adjacent spaces succeeded or failed at getting traction. The easiest way to do this is to go talk to startup founders who previously failed at what you’re trying to do.

- Compile your brainstorming ideas for each traction channel in a spreadsheet with educated guesses that you can confirm through testing"

Chapter 3: Traction Thinking

The 50% rule: Traction and product development are of equal importance and should each get about half of your attention. This is what we call the 50% rule: spend 50% of your time on product and 50% on traction"

Product Development & traction: Pursuing product development and traction in parallel has several key benefits. It helps you build a better product because you can incorporate knowledge from your traction efforts"

If you're following a good product development process, you're already getting good feedback from early users. Traction development gets you additional data, like what messaging is resonating with potential users, what niche you might focus on first, what types of customers will be easiest to acquire, and major distribution roadblocks you might run into.

Long-term: doing traction and product development in parallel may slow down product development in the short run, but not in the long run"

The second benefit to parallel product and traction development is that you get to experiment and test different traction channels before you launch anything. This means when your product is ready, you can grow rapidly"

The Lean Startup framework is a popular one. This approach involves creating testable hypotheses regarding your product, and then going out and validating (or invalidating) those hypotheses"

Bullseye+Lean: Bullseye works hand-in-hand with Lean. What Lean is to product development, Bullseye is to traction. With Lean, you figure out the right features to build. With Bullseye, you figure out the right traction channel to pursue.

The Product Trap: if you build it, they will come. Your traction strategy should always be focused on moving the needle for your company. By moving the needle, we mean focusing on marketing activities that result in a measurable, significant impact on your company. It should be something that advances your user acquisition goals in a meaningful way.

3 phases

- **Phase I –** making something people want
- **Phase II –** marketing something people want
- **Phase III –** scaling your business

Phase 1

Phase I is very product focused and involves pursuing initial traction while also building your initial product.

This often means getting traction in ways that don't scale – giving talks, writing guest posts, emailing people you have relationships with, attending conferences.

Phase 2

If you've made it to phase II, you have a product that resonates with customers – initial traction – and therefore doesn't require sweeping product changes. In other words, in phase II you have established product/market fit and now are fine-tuning your positioning and marketing messages.

Phase 3

In phase III, you have an established business model, significant position in the market, and are focused on scaling both to further dominate the market and to profit.

Startup growth happens in spurts. Initially, growth is usually slow. Then, it spikes as a useful traction channel is unlocked. Eventually it flattens out again as a channel gets saturated and becomes less effective. Then, you unlock another strategy and you get another spike.

After your growth curve flattens, what worked before usually will not get you to the next level.

Product engagement means different things for different startups, but generally it means real customers using your product because it is solving some problem or need for them. Sustainable product engagement growth (i.e. more customers getting engaged over time) is hard for any investor to ignore.

This is true even if your absolute numbers are relatively small. So if you only have 100 customers, but have been growing 10% a month for six months, that's attractive to investors.

Giving up: many startups give up way too early. A lot of startup success hinges on choosing a great market at the right time.

Pivot: If you are considering a pivot, the first thing to look for is evidence of real product engagement, even if it is only a few dedicated customers. If you have such engagement, you might be giving up too soon. You should examine these bright spots to see how they might be expanded. Why do these customers take to your product so well?

Being a year or two early can be a great thing. You can use this time to improve and refine your product. Then, when the market takes off, you have a head start on competitors just entering your space"

Takeaways

- Don’t fall into The Product Trap: pursue traction and product development in parallel, and spend equal time on both.

- The Bullseye Framework and a product development framework (e.g. Lean Startup) can work together to maximize your probability of success.

- Focus on strategies and tactics that can plausibly move the needle for company. What change in growth metrics would move the needle for your company?

- How much traction is needed for investors is a moving target, but a sustainable customer growth rate is hard for investors to ignore. Potential investors who understand your business are likely to appreciate your traction and thus invest earlier.

- If you’re not seeing the traction you want, look for bright spots in your userbase, pockets of users that are truly engaged with your product. See if you can figure out why it works for them and if you can expand from that base. If there are no bright spots, it may be a good time to pivot."

Chapter 4: Traction Testing

Continuous testing is the key to getting traction with Bullseye.

The Law of Shitty Click-Throughs: Over time, all marketing strategies result in shitty click-through rates. What this means is that over time, all marketing channels become saturated.

Small experiments: To combat this reality you should consistently conduct small experiments. Constantly running small traction tests will allow you to stay ahead of competitors pursuing the same channels"

Validate or invalidate: When trying to figure out what traction channel to focus on using Bullseye, you run cheap tests on the traction channels in your inner circle. The goal of these tests is to validate or invalidate assumptions you have about strategies in these traction channels. For example:

• How much does it cost to acquire customers through this channel strategy?
• How many customers are available through this channel strategy"

Once you know your assumptions, devise specific tests to validate them as cheaply as possible. These first tests in a channel are often very cheap: for instance, if you spend just $250 on AdWords, you'll get a rough idea of how well the search engine marketing channel works for your business.

Fast experiments: The faster you run high quality experiments, the more likely you'll find scalable, effective growth tactics. Determining the success of a customer acquisition idea is dependent on an effective tracking and reporting system, so don't start testing until your tracking/reporting system has been implemented.

Always a point: ach cheap test you run should have a point – to validate or invalidate specific assumption(s) in your model.

A/B testing: Making A/B testing a habit (even if you just run 1 test a week) will improve your efficiency in a traction channel by 2–3x.

Takeaways

- Keep a look out for the cutting edge tactics that haven't yet succumbed to the Law of Shitty Click-Throughs.
- Run cheap tests to validate quantitative assumptions from a model (e.g. a spreadsheet).

- You should consistently run A/B tests in your efforts to optimize a traction channel. There are many online tools that can help you test easier and evaluate your use of various traction channels.

- Look for ways to quantify your marketing efforts, especially when deciding what traction strategies to pursue and comparing traction channels within Bullseye. You should have an idea at all times of what numbers it will take to move the needle, and focus your traction efforts only on strategies that could possibly do so.

Chapter 5: Critical Path

Startups get pulled in a lot of different directions. How do you decide what to work on?

Your Traction Goal

You should always have a traction goal you're working towards. This could be 1,000 paying customers, 100 new daily users, or 10% of your market.

If you reach this goal, what will change significantly?

Defining Milestones

The path to reaching your traction goal with the fewest number of steps is your Critical Path. It helps to literally draw this path out.

Should be absolutely necessary to reach your goal.

The point is to be critical and strategic in deciding what to include. That's why it is called the Critical Path.

Order Milestones

Next, order your milestones by which need to be done first, second and so forth.

Once you've defined your critical path, it's easy to determine the direction to go in – just follow the path! In particular, work on the first step(s) and nothing else. After these first steps are complete, re-assess your critical path using the market knowledge you just learned from achieving that milestone. Your original plan is often wrong.

Path or not: Everything you do should be assessed against your Critical Path. Every activity is either on path or not. If it is not on the path, don't do it!"

Right traction goal: The importance of choosing the right traction goal cannot be overstated. Are you going for growth or profitability, or something in between.

Once defined, you can work backwards and set clear quantitative and time-based traction sub-goals, like reaching 1,000 customers by next quarter or hitting 20% monthly growth"

Critical Path: Critical Path is a high-level framework that helps you decide where to allocate your time and energy to get traction faster. Your traction goal dictates your company direction. That's because building product, getting funding and everything else your company does is in the pursuit of traction. Remember, traction trumps everything.

Get Good Mentors: The simple act of preparing to meet with your mentor(s) on a regular basis is a forcing function that compels you to think more critically.

Overcoming Your Biases: When creating this part of the Critical Path, many founders unfortunately ignore promising traction channels due to natural biases. This is an expensive proposition since it wastes resources sending you down the wrong path.

This bias may be preventing you from getting traction. You can get a competitive advantage by acquiring customers in ways your competition isn't.

Advantage: It can almost be a competitive advantage (at least a temporary one) if you can acquire customers in channels that others cannot, or refuse to try"

Takeaways

- Determine your traction goal and define your Critical Path against that goal, working backwards and enumerating the company absolutely necessary milestones you need to achieve to get there.

- Stay on Critical Path by assessing every activity you do against it and by consistently re-assessing it. Building such assessment into your management processes is a good idea.

- Quantify traction sub-goals and put them on a calendar and/or in a spreadsheet so you can properly monitor your progress over time.

- Find a good mentor or set of mentors.

- Actively work to overcome your traction channel biases. Mentors can help here.

- Being on the cutting edge of the right traction channel can make a huge difference in success. Which traction channels do you know most about? Which traction channels do you know least about?"

Chapter 6: Viral Marketing

Viral marketing is the process of getting your existing users to refer others to your product.

Going viral means that every user you acquire brings in at least one other user. This creates true exponential growth.

Viral Loops

A viral loop in its most basic form is a three-step process:

• A user is exposed to your product.

• That user tells a set of potential users about your product.

• These potential users are exposed to your product and become users themselves.

The process then begins again with these new users. It’s called a loop because it repeats over and over again; as your users refer other users, those users refer others, and so on.

Inherent virality occurs when you can only get value from a product by inviting other users. For example, if your friends don’t have Skype, the application is worthless"

Encouraging collaboration: Other products grow by encouraging collaboration. In this case, the product is still valuable on its own but becomes more so as you invite others. Google Docs is useful alone, but it is far more valuable when used collaboratively.

Embedded virality: Another common case is to embed virality into communications from the product. Hotmail put a “Get a free email account with Hotmail. Sign up now.” as a default signature and Apple similarly appends “sent from my iPhone. Many software products do this with their free users.

Products can also incentivize their users to move through their viral loops and tell others about the product. Dropbox gives you more space if you get friends to sign up.

Companies like reddit and YouTube have grown virally by using embedded buttons and widgets.

Social networks: Another type of viral loop leverages social networks to attract new users to a product. If you’ve spent any time on Facebook, we’re sure you’ve seen your friends liking articles on other sites, playing songs on Spotify, or pinning content on Pinterest.

Viral Math

This viral math helps you quickly identify how close you are to getting traction through viral marketing, as well as which areas you need to focus on. The two key factors that drive viral growth are the viral coefficient and the viral cycle time.

The Viral Coefficient (K)

The viral coefficient, or K, is number of additional users you can get for each user you bring in.

The viral coefficient formula is:

K = i * conversion percentage

…where K is the viral coefficient, i is the number of invites sent per user, and conversion percentage is the percentage of users who sign up after receiving an invitation. For example, if your users send out an average of 3 invites and 2 of those people usually convert to new users, your viral coefficient would be:

K = 3 * (2/3) = 2"

Any viral coefficient over 0.5 helps your efforts to grow considerably.

Two variables: There are two variables that impact your viral coefficient.

1. The first is the number of invites (i) that each user sends out. If you can increase the average number of invites that each user sends out, say from 1 invite per user to 2, you will double your viral coefficient"

2. The second variable is the conversion percentage. If your product is being shared but not generating new users, you won't go viral. As with invites, if you double your conversion percentage (by doing things like testing different signup flows), you double your viral coefficient. The best signup flows reduce friction by making things simpler, such as cutting out pages or sign up fields. For example, the conversion steps for a standard web application often involve clicking on a link and filling out a form to create an account. In that case, you could break the conversion percentage into two percentages.

   K = i*conversion percentage = i * click-through percentage * signup percentage

   When you break out conversion percentage in this way, you can determine the weakest part of your equation and focus on it. "

Viral Cycle Time

Viral cycle time is a measure of how long it takes a user to go through your viral loop. For example, if it takes an average of 3 days for invites to convert into users, your viral cycle time is 3 days.

The shorter this time, the better.

Shortening your viral cycle time drastically increases the rate at which you go viral, and is one of the first things you should focus on improving if using this channel. To shorten it, create urgency or incentivize users to move through your viral loops. Additionally, make every step in your funnel as simple as possible to increase the number of users that complete it.

Viral Strategy

To pursue this traction channel effectively, you need to measure your viral coefficient and viral cycle time from the start. Consider those measurements your baseline. Then, you need to get your viral coefficient up and viral cycle time down to levels that yield enough new users to produce steady growth for your business.

Best practice suggests focusing for weeks at a time on one major area (say your signup conversion rate), trying everything you can think of to improve that metric, and then moving onto another metric.

Loop Design

Once you have determined your goals and calculated baseline numbers, you will want to map out every aspect of your viral loop.

Draw a map of the entire process and try cutting out unnecessary steps (extra sign up pages, unnecessary forms or fields to fill out, etc.) and increase areas or mechanisms where users can send out invitations.

Example: To drive usage, myZamana sends targeted emails to users based on actions they take on the site. The more people use the product, the more notifications are sent out.
Invitations that work best are short and succinct"

Effective Conversion Pages

Conversion pages work best when they use the same messaging as the invitations that preceded them.

Understanding exactly why people are clicking on your links and signing up (e.g. curiosity, obligation, etc.) will help you think of better ways to improve your viral loop.

Things to Test

Here are some of the more common items to test and optimize:

• Button vs. text links
• Location of your call to actions
• Size, color, and contrast of your action buttons
• Page speed
• Headlines
• Site copy
• Testimonials
• Signs of social proof (such as pictures of happy users, case studies, press mentions, and statistics about product usage)
• Number of form fields

• Allowing users to test the product before signing up
• Ease of signup (Facebook Connect, Twitter login, etc.)
• Length of the signup process (the shorter you can make the process, the higher your conversion percentage will be)"

Viral Pockets

With all viral (or near-viral) growth, there will be subgroups of users growing far more rapidly than your total userbase. We call these subgroups viral pockets.

Once you find a viral pocket, you may want to cater to this group by optimizing text in their native language or some other way that will improve their experience.

Seeding

Since most viral loops are not self-sustaining, you need a constant stream of new users entering your viral loop. This process is called seeding.

The easiest way, for a beginner – copy someone else's viral loop until yours starts to work in a similar way. Copying someone else's loop down to the detail is important, including text copy, etc. These are the things that drive performance."

Takeaways

- There are several types of viral loops including word of mouth, inherent, collaborative, communicative, incentives, embedded and social. Startups can combine and change types over time, but generally these loops need to be built into the product to work successfully.

- The viral coefficient is the number of additional users you can get for each user you bring in. Your viral coefficient is calculated by multiplying the number of invites sent per user by the average conversion percentage of those invites.

- A viral coefficient over 1 indicates true exponential growth. You should shoot for a viral coefficient over 0.5, which will yield strong growth effects.

- Viral cycle time is a measure of the time it takes a user to go through your viral loop. You should shorten this time so that more users will complete your viral loop faster, resulting in faster growth.

- Successful viral strategy involves constant testing, measurement, and trying new things. It is a numbers and creativity game. No test is too small, as small changes can have big effects over time.

- Viral loops that work well often have simple components.

Chapter 7: Public Relations (PR)

If you have a fascinating story with broad appeal, media outlets now want to hear from you because you will drive visits and make them more money.

Start small: It’s better to start smaller when targeting big media outlets.

Find the source: Find the blogs that TechCrunch reads and gets stories ideas from. Chances are it will be easier to get that blog’s attention. You pitch there, which leads The New York Times to email you or do a story about you based on the information [they’ve seen] on the news radar.

Sites like TechCrunch and Lifehacker often pick up stories from smaller forums like Hacker News and reddit. In turn, The New York Times often picks up content from TechCrunch and wraps it into a larger narrative they’re telling. "

What gets a reporter’s attention? Raising money, launching a new product, breaking a usage barrier, a PR stunt, big partnership or a special industry report.

Bundle: Jason advises bundling smaller announcements together into one big announcement whenever possible.

Narrative: If you can craft a narrative (e.g. how we just doubled our userbase through x, y, and z) and present it well, you greatly increase your chances of getting a story. A good angle makes people react emotionally.

Satisfaction is a non-viral emotion – you want readers to do something after reading your piece, not just feel satisfied.

PR Tactics

Influencers: After coverage in small blogs, you’re in a good position to start pitching larger and more influential media. Follow influencers in your industry and reach out to the blogs they often link to.

HARO: A good first step is using a service like Help A Reporter Out (HARO), where reporters request sources for articles they are working on.

Amplifying

Once you have a solid story, you want to draw as much attention to it as you can.

- Submit a small story to community sites (like Digg, reddit, Hacker News, etc.) with larger audiences.

- Share it on social networks to drive awareness, which you can further amplify with social ads.

- Email it to influencers in your industry for comment. Some of them will share it with their audience.

- Ping blogs in your space and show that you have a story that's getting some buzz. These writers may then want to jump in themselves to cover you.

Once your story has been established as a popular news item, drag it out as long as you can. Email blogs that covered the story (as well as ones that didn't) and offer an interview that adds to the original story"

Takeaways

- Press stories often "filter up," meaning major news outlets are often looking to major blogs for story ideas, which are in turn are looking at smaller blogs and forums. That means if you can target the right smaller sites and generate buzz on them, you can increase your chances of getting picked up by bigger publications.

- Figure out the specific reporters covering your startup's market and focus on building real relationships with them (e.g. read what they write, comment, offer them industry expertise, follow them on Twitter, etc.).

- Reach out to reporters only when you have newsworthy milestones to share, and package those milestones in a compelling emotional story. When you do make a pitch, keep it short and sweet!

Chapter 8: Unconventional PR

Two Types of Unconventional PR

1. **Publicity stunt**
   A publicity stunt is anything that is engineered to get media coverage. Richard Branson made his press conferences as outlandish as possible (dressing like a woman, driving a tank through the streets) to get the media talking about whatever Virgin was launching.

2. **Customer appreciation**
   The second type of Unconventional PR is customer appreciation: small, scalable actions (like sending cookies or hand-written notes to customers) that increase goodwill and word of mouth.

Small gestures like these turn your customers into evangelists, which leads to an increase in organic growth. And they add to your unique image and story, both key elements in building a strong brand.

Example: Will It Blend? In these videos, Blendtec's CEO stood by one of their blenders and blended items like a rake, golf balls and even an iPhone.

Gifts

Shortly after Alexis launched Hipmunk, a travel booking site, he sent out luggage tags and a handwritten note to the first several hundred people who mentioned the site on Twitter.

These tags were functional, cute, and led to many Tweets and pictures from customers excited to have a chipmunk as a travel companion.

Customer Support

Good customer support is so rare that, if you simply try to make your users happy, they are likely to spread the news of your great product.

Zappos customer support personnel will help you however they can – whether that's assisting with returns, ordering a pizza, or exchanging workout clothes for a deep fat fryer.

Customer interaction: Any interaction with customers is critically important. If Chargify is going to Austin, they email some of their customers in Austin and invite them out to dinner. This has been one of the best ways to interact with their customers, understand how they can improve, and form real relationships with people who might otherwise be numbers in a customer database.

Takeaways

- A publicity stunt is anything that is engineered to generate a large amount of media coverage. They are often hard to do consistently well, but just one well-executed stunt can move the needle for your company.

- Publicity stunts need to be creative and extraordinary to succeed. However, some types that have been successful repeatedly are competitive stunts and viral videos.

- Customer appreciation is simply a way of saying “be awesome to your customers”. Excelling in this area is a more sustainable way to do unconventional PR over the long-term.

- Common ways to do customer appreciation well are through gifts, contests, and customer support.

- Success in this channel is unpredictable. You should have a defined process for brainstorming and selecting ideas, but also understand that not every idea will work and prepare for that reality.

Chapter 9: Search Engine Marketing (SEM)

SEM: Search engine marketing (SEM) refers to placing advertisements on search engines like Google. SEM works well for companies looking to sell directly to their target customer.

Click-Through Rate (CTR)

The percentage of ad impressions that result in clicks to your site. For example, if 100 people see your ad and 3 of them click on it, you have a CTR of 3% (3/100).

Cost per Click (CPC)

The amount it costs to buy a click on an advertisement. CPC is the maximum amount you're willing to pay to get a potential customer to your site.

Cost per Acquisition (CPA)

CPA is a measure of how much it costs you to acquire a customer, not just a click. For example, suppose you buy clicks at $1 and 10% of users that hit your site after clicking on your ad make a purchase. This puts your CPA at $10:

CPA = $1/10% = $10.

You are paying $10 to acquire each customer. The 10% in this equation is known as the conversion percentage:

CPA = CPC / conversion percentage.

Landing pages: The Archives.com team used AdWords to drive traffic to landing pages before they made a big investment in building a product. Each landing page was written to test interest in a specific product approach.

Keywords: The basic SEM process is to find high-potential keywords, group them into ad groups, and then test different ad copy and landing pages within each ad group. As data flows in, you remove under-performing ads and landing pages and make tweaks to better performing ads and landing pages to keep improving results.

Quality Score

Each of your ads and ad groups as well as your whole AdWords account have a quality score associated with it. This score is a measure of how well customers are responding to your ads. It includes many factors including CTR and how long people stay on your site after seeing your ad.

A high quality score can get you better ad placements and better ad pricing. The quality score is Google's way of rewarding advertisers for high quality advertisements.

An average CTR for an AdWords campaign is around 2.0% and that Google assigns a low quality score to ads with CTRs below 1.5%. If any of your keywords are getting such low CTRs, rewrite those ads, test them on a different audience or ditch them altogether"

Takeaways

- Click-through Rate (CTR) is the percentage of ad impressions that result in clicks to your site. Cost per Click (CPC) is the amount it costs to buy a click on an advertisement. Cost per Acquisition (CPA) is how much it costs you to acquire a customer.

- You can use search engine ads to test product positioning and messaging (even before you fully build it!).

- Do not expect your early SEM ad tests to be profitable. If you can run an ad campaign that gets close to breakeven after a few weeks, then SEM could be the traction channel to focus on. A test ad campaign can be as little as four ads used to experiment.

- Areas you should be testing with your SEM ad campaigns include keywords, ad copy, demographic targeting, landing pages, and CPC bids. If you measure conversions effectively, you can test these variables against profitability.

- Longer keywords (known as long-tail keywords) are often less competitive because they have lower search volumes. As such, they are cheaper and so can be more profitable – you just may have to aggregate a lot of them to get the volume you need to move the needle.

- Pay close attention to your ad quality scores. High quality scores get you better placement on the page and better pricing on your ads. The biggest factor in quality scores is CTR.

Chapter 10: Social & Display Ads

Display advertising: Large display advertising campaigns are often used for branding and awareness, much like offline ads. Yet display advertising can also elicit a direct response, such as signing up for an email newsletter or buying a product. On the other hand, social ads are best when approached indirectly, where you build an audience, engage with that audience over time, and eventually convert them into customers.

Tweaking: Mike tests ads in groups of 5 and looks for places where conversions are below 10%. If that's the case, there's likely a mismatch between the ads and the sales page, so he either heavily tweaks or stops running them altogether.

Niche ad networks focus on smaller sites that fit certain audience demographics, like dog lovers or Apple fanatics.

Getting started in display advertising

To get started in display advertising, first understand the types of ads that work in your industry. Tools like MixRank and Adbeat show you the ads your competitors are running and where they place them. Alexa and Quantcast can help you determine who visits the sites that feature your competitors' ads. Then you can determine whether a site's audience is the right fit for you.

Social ads: Users visit social media sites for entertainment and interaction, not to see ads. An effective social ad strategy takes advantage of these features without being intrusive or spammy. Social ads give companies the opportunity to start a conversation about their products with members their target audiences.

Paid + Organic: If you have a piece of content that has high organic reach, when you put paid [advertising] behind that piece of content the magic happens. As more and more people see it, more and more people engage with it – because it's a better piece of content… Paid is fundamentally only as good as the content you put behind it. And content is only as good as how many people actually see it.

Ambassadors: When you buy a Facebook ad, you're buying more than just a targeted fan; you're buying the opportunity to access that fan's social graph. With the proper incentives, fans will share and recommend your brand to their connections.”"

Takeaways

- Display ads are the banner ads you see across the Internet. They allow you to easily reach a very broad audience since those types of ads appear on most sites on the Internet. Ad networks are the easiest way to buy display ads.

- An underutilized strategy in display ads, especially in phase I, is to contact small sites directly and ask them to run your ads for a small fee.

- You can think of the difference between search and social ads in terms of demand harvesting and demand generation. Search engine ads harvest demand that exists now (as evidenced by search terms). Social ads help build awareness of products and create demand.

- The goal with social ads should be to build an audience, engage with that audience over time, and eventually move them to convert to customers. This indirect response strategy usually leads to more conversions than a direct response strategy that tries to get people to convert immediately.

- Creating compelling content (that people want to share) and/or social experiences is the best way to build a presence and engage your audience on social sites.

- Study your competitors' ads to get good ideas for A/B tests to run on your ads.

Chapter 11: Offline Ads

A few good direct mail tactics to use if you are interested in pursuing direct mail:

- Provide a self-addressed envelope to increase the number of recipients that respond (if doing a postal direct-response campaign).
- Use handwritten envelopes and cards to increase the chances of someone opening and reading your mailing.
- Include an intriguing and compelling offer.
- Have a clear action you want the recipient to take (visit your website, come into your store, buy a certain product, sign up for an email list, etc.).
- Investigate bulk mail options with the postal service to get reduced pricing.

For example, InstaCab hired cyclists to bike around San Francisco and hand out business cards to people who were trying to hail taxis. These were well-targeted (it's a good bet that someone hailing a taxi would appreciate an easier way of getting around) and got the company some good buzz and customer adoption early on.

Takeaways

- There are many types of offline ads – including TV, infomercials, radio, magazines, newspapers, yellow pages, billboards, direct mail – and most can work in any product phase.
- Target audience demographics can vary widely per advertising medium, so search for audiences that match your target customers.
- Seek out remnant (i.e. left-over) ad inventory for the highest discounts.
- You can run cheap tests by first targeting local markets, and then scale up to regional or national if warranted.
- Use unique codes or web addresses to track the effectiveness of different offline ad campaigns.

Chapter 12: Search Engine Optimization (SEO)

Search engine optimization (SEO) is the process of improving your ranking in search engines in order to get more people to your site.

SEO allows you to amplify all of the good things you're already doing in other traction channels (PR, non-traditional PR, content marketing) and use them to bring in more customers from search engines. Though competitive, SEO can scale well at any phase, and often at low cost."

Two strategies: In SEO, there are two high-level approaches to choose from: fat-head and long-tail strategies.

A fat-head strategy involves trying to rank for search terms that directly describe your company.

A long-tail strategy involves trying to rank for more specific terms with lower search volumes.

First page: Your ability to rank on the first page should be a deciding factor in deciding whether to pursue a particular SEO strategy at all.

Think fucking deeper: The problem with Uber is that there's not a lot of search demand for it. I mean nobody searches for 'alternatives to taxi cabs that I can hire via my phone.' It's just not a thing. And this is a problem with a lot of startups that are essentially entering a niche where nothing had existed previously… There's just not search volume. What works is finding the topics and the people that will be customers and building content to attract them, rather than just finding the keywords that work in Google.

Long-tail: Essentially, long-tail searches are sets of keywords that are highly specific. Individually, searches for these terms don't amount to much: together though, they make up 70% of all searches.

Links: The more links you can get from credible and varying sources, the better your rankings.

Widgets – giving site owners useful things to add to their sites, which also contain links back to yours.

Currency of SEO: Links between sites are the currency of SEO. They are the dominant factor in a site's ranking for a given term. Open Site Explorer can tell you how many links you are getting and where they are coming from. The point of creating amazing content in this context is to make it remarkable enough that people actually link to it.

Content: If marketing is the big challenge for most startups, which it is, you should prioritize content marketing to the degree to which you need to reach your market.

Takeaways

- Two high-level strategies to approach SEO are to focus on the fat-head (short search terms) or the long-tail (longer search terms). These strategies are not mutually exclusive.

- To evaluate SEO you want to first determine if there are search terms that have enough search volume to move the needle for your company (assuming you can rank highly for such terms).

- If you identify some terms that could work, you can further qualify them by running search ads against them to test if they actually convert customers (see chapter 9).

- Your product may naturally produce good long-tail content that you can expose to search engines, or there may be an obvious way to generate long-tail landing pages by using cheap freelancers.

- Whether you pursue a head or long-tail strategy, SEO comes down to two things: content and links. Link building is often the more challenging of the two.
- One way to get quality links is to produce amazing content (see chapter 13).

- Avoid “black-hat” SEO tactics that violate search engine guidelines, especially buying links.

Chapter 13: Content Marketing

If you invest in content, it gets picked up by Google. People find it, they share it, and it refers customers almost indefinitely.

Example: Unbounce engaged in any online forum where conversations were taking place about online marketing, and did their best to contribute. They were particularly successful reaching out to influential people on Twitter. They would simply follow marketing mini-celebrities and ask them for feedback on recent posts. "

Takeaways

- A company blog can take a significant amount of time to start taking off. We think you should dedicate at least six months when focusing on this channel once you finish your small-scale tests.
- It is OK to do things that don't scale early on (e.g. reaching out to individuals to share posts) because you're building toward a point where your content will spread on its own.
- You need to create quality content to succeed in this traction channel. There is no silver bullet, but a decent approach is to write about problems your target customers have. Another approach (not mutually exclusive) is to run experiments or use data from your company to produce in-depth posts you can't find anywhere else.
- Reaching out to influential industry leaders (on Twitter, etc.), doing guest posts, writing about recent news events and creating shareable infographics are all great ways to increase the rate of growth of your audience.
- It helps to make a content calendar to make sure you're posting frequently and consistently. Keeping a running list of topic ideas can help you avoid writer's block.

Chapter 14: Email Marketing

Email marketing is a personal traction channel. Messages from your company sit next to email updates from friends and family. As such, email marketing works best when it is personalized.

ASK: At the bottom of your blog posts and landing pages, simply ask for an email address. What you really want is an email list full of active users.

User activation is a critical and often-overlooked component of building a successful product. The meaning of "activation" depends on the product. For Twitter, it means sending out a tweet or following five people. For Dropbox, it means successfully installing the application and uploading at least one file.

Sequence of emails: A popular approach is to create a sequence of emails that slowly exposes your new users to the key features in your product. Instead of throwing everything at them right away, you can email them five days after they've signed up and say, "Hey, did you know we have this feature?".

Lifecycle email: Use targeted emails to reach specific customers who haven't activated. These are lifecycle emails, where the email cycle begins when a customer signs up for your product and ends when the customer becomes active.

Example:

"Subject: Help getting started?

Hey {{ customer.first_name }},

I'm Colin, CEO of Customer.io. I wanted to reach out to see if you need any help getting started.

Cheers,

Colin

Example: Photo site that will send you pictures you took a year ago. These emails achieve both goals: they often make you feel good on an emotional level, and also invite you to come back and upload more pictures.

Email instead of sale: Many companies like WP Engine now use advertising to drive leads to a landing page where they ask for an email rather than a sale. They then will use email to sell a prospect over the course of a month or so.

Effective email campaigns A/B test every aspect: subjects, formats, images, timing and more.

Takeaways

- Email marketing is a personal traction channel. Messages come into your inbox along with email from your friends and family. As such, the more personalized your email marketing messages, the better they perform.

- You can utilize email marketing at any step of your relationship with a customer, including customer acquisition, activation, retention, and revenue generation.

- We recommend building an email list of potential customers whether you end up focusing on this traction channel or not.

- A particularly effective email marketing technique is to set up a series of automated emails (often called lifecycle or drip sequences) to send to customers or prospective customers. This technique works best when this series of emails adapts to how people have interacted with your product and asks them to take specific actions at some point.

- We recommend using online tools to ensure reliable delivery and to help you test and optimize email campaigns.

Chapter 15: Engineering as Marketing

Building tools: Your team's engineering skills can get your startup traction directly by building tools and resources that reach more people. Engineering as marketing creates lasting assets that can serve as the engine for your growth.

Outbound/inbound: With advertising (outbound marketing), the traffic you get generally stops when you stop paying. With inbound marketing, even *after* you stop producing new content, the old content can still drive ongoing visitors and leads.

How:

• Providing something of true value for free, with no strings attached.

• Making that offering extremely relevant to your core business.

• Demonstrating that value as quickly as possible.

Look beyond product: Companies have a hard time using engineering resources for anything but product development. Any technical focus on something other than product seems wasted since engineering time is so expensive. As a result, most founders and product managers use all their engineering resources to build new features for a product that's struggling to acquire users.

Takeaways

- The goal of engineering as marketing should be creating a low-friction way to engage potential customers that naturally leads to your main offering.
- A cheap test for this traction channel is to develop and push out a small tool or site. Perhaps you have already started creating one for yourself that could also be used by potential customers? Another approach is to turn a popular blog post into a micro-site.
- A great way to keep tools low-friction is to make them as simple as possible. Single-purpose tools that solve obvious pain points are best. Put them on their own website and make them easy to find, particularly through search engines.
- The case for spending engineering resources on marketing becomes much stronger when you think about these marketing tools as long-term assets that bring in new leads indefinitely after only a small amount of upfront investment.

Chapter 16: Targeting Blogs

Targeting blogs your customers read is one of the most effective ways to get your first wave of customers. However, this traction channel can be difficult to scale in phase II and III due to the limited number of relevant high-traffic blogs.

Example: As part of the signup process, users could embed an “I want Mint” badge on their personal blogs, Facebook, or other websites. Users that drove signups through these badges were rewarded with VIP access before other invites were sent out.

The key to the success of these badges was to make them easy to share and embed. Much like YouTube provides an embed code below each video on their site, Mint provided the code necessary to make embedding badges as simple as copying and pasting. Many users were happy to place the small badge on their website in order to get early access to a product they wanted. Mint had 600 blogs display the badge and 50,000 users signed up through them.

Takeaways

- Targeting blogs is one of the most effective ways to get your first wave of customers.
- There are a variety of tools you can use to uncover relevant blogs including YouTube, Delicious, StumbleUpon, Twitter, search engines, Google Alerts and Social Mention.
- You can run tests on a variety of smaller blogs to see what type of blog and blog audience resonates best with your product and messaging.
- Small blog sponsorships (especially to personal blogs) can be an effective tactic. Another is providing influential bloggers early access or offering early access in exchange for spreading the word.
- When launching, link-sharing communities can be an effective tool to generate traffic, feedback, and buzz.

Chapter 17: Business Development (BD)

Business development is like sales with one key distinction: it is primarily focused on exchanging value through partnerships, whereas sales primarily focuses on exchanging dollars for a product.

Sales/BD: With sales, you're selling directly to a customer. With business development, you're partnering to reach customers in a way that benefits both parties.

Standard Partnerships

In a standard partnership, two companies work together to make one or both of their products better by leveraging the unique capabilities of the other. One prominent example is the Apple/Nike partnership that resulted in the Nike+.

Joint Ventures

In a joint venture, two companies work together to create an entirely new product offering. If you've ever bought a bottled Starbucks Frappuccino or Doubleshot Espresso, you've purchased a product that's the result of the decade-long joint venture between Starbucks and Pepsi.

Licensing

Licensing works well when one company has a strong brand an upstart wants to use in a new product or service.

Distribution Deals

In these deals, one party provides a product or service to the other in return for access to potential customers. Groupon's core business is structured like this: they work with a restaurant or store to offer a discount to Groupon's mailing list.

Supply Partners

These types of partnerships help you secure key inputs which are essential for certain products.

Good BD deals align with your company and product strategy and are focused on critical product and distribution milestones. These deals should help you hit your key metrics, whether growth, revenue, or product-related.

Forward-thinking partners: You need to understand why a potential partner should want to work with you. What are their incentives? Just as you evaluate potential partnerships in terms of your core metrics, they will be doing the same. You should also seek out forward-thinking partners.

Low-touch BD utilizes tools like APIs, feeds, crawling technology and embed codes to reach new distribution channels and grow your influence. These methods allow you to standardize your value proposition and get more deals done.

SlideShare makes all slideshows embeddable, Disqus has their easy comment system installation, and SoundCloud makes their music library freely accessible. Such integrations fuel growth and vastly increase the pool of potential partners for a company.

However, just building a great API does not mean people will come and use it. Landing those first few partners through traditional means ensures that someone is getting value from working with your startup. Later, once you have more demand, you can start to standardize and simplify the partnership and integration process.

Takeaways

- Business development is the pursuit of mutually beneficial partnerships. In a standard partnership, two companies work together to make one or both of their products better by leveraging the unique capabilities of the other.

- Other major types of BD deals include partnerships focused on joint ventures, licensing, distribution, and inventory.

- Good business development deals align with your company and product strategy and are focused on strategic product and distribution milestones. These deals should focus on meeting your startup's core metrics, whether they be growth, revenue or something else.

- You need to understand why a potential partner might want to work with you. What are their incentives? Just as you are evaluating potential partnerships in terms of your core metrics, they will be doing the same.

- Most deals fail, which is why it is critical to create a constant pipeline of deals. For initial testing, you can reach out to a variety of potential partners to gauge initial interest.

Chapter 18: Sales

Sales is the process of generating leads, qualifying them, and converting them into paying customers.

The SPIN question model

Situation questions: These questions help you learn about a prospect's buying situation. Only ask one or two of these questions per conversation since the more situation questions a salesperson asks the less likely they are to close a sale. That's because people feel like they're giving you information without getting anything in return."

Problem questions: These are questions that clarify the buyer's pain points.

Implication questions: These questions are meant to make a prospect aware of the implications that stem from the problem they're facing. These questions are based on information you uncovered while asking your problem questions.

Need-payoff questions: These questions focus attention on your solution and get buyers to think about the benefits of addressing the problem. Such questions should stem from the implication questions you asked earlier.

The SPIN (Situation, Problem, Implication, Need-payoff) question model is a natural progression.

1. First you clarify that the prospect is a potential customer and break the ice (situation questions).

2. Then, you get them talking about the problem (problem questions).

3. Next, you uncover all the implications of this problem (implication questions).

4. Finally, you focus on how your solution addresses these implications and will solve their problem (need-payoff questions).

PNAME

- **Process** – How does the company buy solutions like yours?

- **Need** – How badly does this company need a solution like the one you're offering?

- **Authority** – What individuals have the authority to make the purchase happen?

- **Money** – Do they have the funds to buy what you're selling? How much does not solving the problem cost them?

Find the problem: "You'll want your first customers to have a problem they're actively looking to pay to solve.

Sales funnel

With a sales funnel you start with many prospects, qualify the ones that make good customers, and sell a certain number of them on your solution.

Generating Leads

The first goal is to drive leads into the top of the funnel.

Qualifying Leads

The next stage in a sales funnel is lead qualification. Here, you want to determine how ready a prospect is to buy, and if they're a prospect in which you should invest additional resources.

Closing Leads

Once you've qualified your leads, the final step is to create a purchase timeline and convert prospects to paying customers.

Blockages: The points in your funnel where many prospects drop off are called blockages. Some ways you can minimize blockages are through:

- Removing need for IT installs with SaaS (Software as a Service)
- Free trials (including through open source software)
- Channel partners (resellers of your products)
- Demo videos
- FAQs
- Reference customers (such as testimonials or case studies)
- Email campaigns (where you educate prospective customers)
- Webinars or personal demos
- Easy installation and ease of use
- Low introductory price (less than $250/month for SMB, $10,000 for enterprises)
- Eliminating committee decision making

Takeaways

- Sales works best for high-priced products that require some customer hand-holding.

- Good first customers have a burning need to address a problem, are interested in your approach to solving their problem, and are willing to work with you closely.

- Cold calling should not be ruled out as a sales approach, especially when trying to find first customers.

- The goal of sales is building a repeatable sales model. An effective sales funnel has prospects enter at the top, qualifies these leads, and closes them effectively.

- To close sales effectively, get the buyer to commit to timelines based on specific actions being taken and met. At each point get an affirmative that you are on track to close.

- When designing your sales funnel, always keep in mind the perspective of the customer, especially in terms of reducing the complexity of the buying process.

Chapter 19: Affiliate Programs

An affiliate program is an arrangement where you pay people or companies for performing certain actions.

Coupon/Deal sites

These sites (e.g. RetailMeNot, CouponCabin, BradsDeals, Slickdeals) offer discounts to visitors and take a cut of any sale that occurs.

Loyalty programs
Companies like Upromise and Ebates have reward programs that offer cash back on purchases made through their partner networks.

Aggregators

These sites (e.g. Nextag, PriceGrabber) aggregate products from retailers. They often add information to product listings, like additional ratings or price comparisons.

Email lists. Many affiliates have large email lists they will recommend products to, and take a cut when subscribers make purchases.

Your ability to use affiliate programs effectively depends how much you are willing to pay out to acquire a customer.

Takeaways

- An affiliate program is an arrangement where you pay people or companies for performing certain actions (like making a sale or getting a qualified lead). For example, a blogger may recommend a product and take a cut when there are sales through the blog.

- Affiliate programs are generally found in the retail, information product, and lead generation spaces and have been very successful specifically in financial, dating, web hosting, weight loss, and even poker spaces.

- Common affiliate types in retail are coupon sites, loyalty programs, aggregators, email lists, and niche sites.

- Your ability to use affiliate programs effectively depends how much you are willing to pay to acquire a customer. After all, you are paying out of pocket for the lead or sale.

- Using an existing affiliate network makes it easier to recruit affiliates (because so many are already signed up on these sites) and therefore means you can start using this traction channel immediately. Otherwise, you'd first have to recruit affiliates on your own.

- When you do look to recruit affiliates, the first place you should look is your current list of users.

Chapter 20: Existing Platforms

Existing platforms are websites, apps or networks with huge numbers of users – sometimes in the hundreds of millions – that you can potentially leverage to get traction. Major platforms include the Apple and Android App Stores, Mozilla and Chrome browser extensions, social platforms like Facebook"

How app promotions usually work

1. Ads get the [app] somewhere into the charts
2. Now it's in the charts, more people see it
3. So it gets more organic downloads
4. Which makes it go a bit higher up in the charts
5. Now even more people see it and it gets more organic downloads
6. People like it and start telling their friends to get it too
7. It goes up higher in the charts
8. Repeat from 5

Examples

MySpace

MySpace didn't have a native video hosting solution. YouTube provided one that was simple: you could upload and embed a video in MySpace in a matter of minutes. Even better for YouTube, MySpace users were directed back to YouTube when they clicked on the embedded videos. This exposed many MySpace users to all of the great features and content available on YouTube, and was responsible for YouTube's rapid early growth.

Bit.ly

Every major platform has similar stories. Bit.ly fulfilled the need to share shortened links on Twitter and saw most of their adoption from such users.

Imgur

Imgur built their image-hosting solution for reddit users, and has seen an explosion in usage as a result. This pattern repeats itself time and time again.

PayPal

PayPal, the leading online payments platform, used a similar strategy when they targeted eBay users as their first customers.

In the beginning, PayPal itself purchased goods off of eBay and required that the sellers accept their payment through PayPal. This worked so well that PayPal proved more popular than the payment system eBay itself was trying to implement!

This single-minded focus allowed them to acquire a large percentage of users within one of the few groups of buyers and sellers that dealt with payments on the early web.

New: Every year there's a new platform, new device, new something, and as somebody who's starting a company you should consider if there's something really cool you can do on an upcoming platform.

Multiple App Strategy

In the last few years, Evernote's strategy has been to expand beyond their pure note-taking app and release many different apps for specific verticals (Evernote Food for food notes, Evernote Hello for remembering people, etc.). Since getting promoted in App Stores has been their most effective growth tactic, this strategy enables Evernote to get featured and ranked in categories where Evernote's main app does not appear."

Takeaways

- Step one is to figure out where your potential customers are hanging out online. They could be on major platforms, on niche platforms, or some combination. Then you can embark on a strategy to target these existing platforms.

- Existing platforms include the iPhone and Android App Stores, the Firefox and Chrome browser extension stores, social platforms such as Facebook, Twitter, and Pinterest, and other newer platforms that are gaining traction every day (Tumblr, Foursquare, etc.).

- If you focus on one of the stores, your goal should be to get high rankings or featured. For that to happen sustainably, you need to have a compelling app that is regularly rated highly.

- Large companies have been built on the back of each major social platform by filling gaps with features that the platform was not providing itself.

- A tactic that has been successful is to focus on new and untapped platforms, or new aspects of major platforms because there is less competition there.

Chapter 21: Trade Shows

Trade shows are a chance for companies to show off their products in person. Early on, you can use this traction channel to build interest in (and demand for) what you're building.

As you get more established, you can use trade shows as an opportunity to make a major announcement, sell big clients, seal a partnership or as an integral part of your sales funnel.

Selecting event

Follow these steps when deciding which events to pick:

1. Set your goals for attending trade shows this year.
2. Write down all events in your industry.
3. Next, evaluate each event in the context of your goals.
4. Figure out how much you can spend per year and allocate this budget by quarter.
5. Finally, work backwards to see if attending a particular event makes sense given your quarterly budget.

Preparation: Your preparation for a trade show will determine how successful you will be. This is one of the few times during the year where nearly everyone in your industry is in one place.

Make a list of key attendees you want to meet at the trade show. Then, schedule meetings with them before you attend the event.

Trade shows are a rare chance to get face time with:

- Editors of online and offline magazines. Often overlooked, editors are your key to real press.
- Bloggers you like, especially if you wish they'd write about you.
- Existing customers.
- Potential customers currently trialing your stuff.
- Your vendors.
- Your competition.
- Potential partners.

Example: To attract people to their booth, Jason Cohen, founder of Smart Bear Software, would send out discount cards for their software to all attendees before the actual conference. The recipients had to come to his booth to redeem the discounts.

Giveaways (t-shirts, pens, etc.) are also a way of getting some buzz and inbound traffic.

Trade shows give you more direct interaction with customers, partners, and press in a short period of time than most other traction channels.

Takeaways

- The ideal way to decide whether you should exhibit at a trade show is to visit as a guest and do a walkthrough the year before. The next best option is to get the opinions of people who have attended the event in previous years.

- Your traction goals should drive your decisions on which events to attend. For example, are you trying to get press, lure investors, land major customers, work out significant partnerships, or something else?

- Schedule meetings with people you want to meet at trade shows (e.g. potential customers, partners, press) well before you attend the event. Dinners are a great way to combine meetings.

- Have an inbound and outbound strategy for your booth. Structure the inside of your booth (including what you say) around your particular goals. Include a strong call to action on every item (e.g. business card) you give out.

Chapter 22: Offline Events

In phase I, offline events give you the opportunity to engage directly with potential customers about their problems. Such events are especially important when your target customers do not respond well to online advertising or do not have a natural place to congregate online.

Long sales cycles: Offline events are particularly effective for startups with long sales cycles.

Power users: You can use offline events to build relationships with power users, as both Yelp and Evite have done successfully.

Example: Yelp would throw parties where Yelp Elites (their term for top Yelp users) were allowed to RSVP first, given free food and swag, and treated like VIPs. When other users heard about or such perks, it gave them an incentive to be more active on the site.

Attendee quality: Keeping attendee quality as high as possible is crucial so that those who attend the conference will learn a great deal from both the speakers and from other audience members. Rob has found the best way to do this is to make the ticket price relatively high, so that individuals with successful businesses are more likely to attend than those just starting out.

Takeaways

- Conferences are the biggest and most popular type of offline event. Launching at a conference has been a successful phase I conference tactic.
- If there isn't a conference that directly brings together your target customers, consider starting your own.
- You can test this channel by attending a couple conferences or hosting a few smaller meetups or a one-day mini-conference.
- Throwing parties, either alongside conferences or across many cities, is another successful strategy to attract and reward prospective customers. Similarly, meetups can be a scalable tactic to build local communities in cities around the world.

Chapter 23: Speaking Engagements

Speaking at small events can improve your speaking ability, give you some early traction, and spread your story or message.

Pitch: If you have a good idea for a talk and see an event that aligns with an area of your expertise, simply pitch your talk to the event organizers. If your ideas are solid, they will want you.

Start by speaking for free at co-working spaces, nonprofits, and smaller conferences or events. Use these smaller scale appearances to refine your talks and build your speaking reputation. The world of event organizers is relatively small and they pay special attention to who is speaking at events.

Story: All successful talks tell a story: otherwise, the audience loses interest. Your story is about what your startup is doing, why you're doing it, and specifically how you got to where you are.

Use narrative: The best talks I've ever seen are where each slide is essentially a 7 minute story with a beginning, middle, and end. Once you get good at that, and you have these canned slides, you can change a 60 minute talk to a 20 minute talk just by taking slides out.

Takeaways

- Remember that event organizers need to fill time at their events. If you are a fit for their event, then you are doing them a favor by presenting.
- Organizers consider timing, topic, and credibility when selecting a speaker. By establishing yourself as an expert on the right topic and submitting proposals far in advance, you maximize your chances of securing one of the best speaking engagements at the target show.
- The world of event organizers is relatively small, especially within a given topic, and they pay attention to who is speaking at events in the field.
- Most successful talks tell a story on stage. Without a story, the audience will lose interest. We suggest telling a story that tells what your startup is doing, why you're doing it, and specifically how you got to where you are.

Chapter 24: Community Building

Community building involves investing in the connections among your users, fostering those relationships and helping them bring more people into your startup's circle.

Evangelists: You probably know people who won't stop talking about how helpful Yelp is for choosing a restaurant, or how awesome TripIt is for planning travel. These people are known as evangelists – passionate users who tell others about how awesome a product is.

Maybe after hearing about Yelp from your friend for a third time, you used the app yourself when looking for a dinner spot on Saturday night. Then, you found it so useful that you too became a Yelp evangelist. That is a direct example of how evangelists spread the word about a product and help build its community further.

Existing audience: Every individual we interviewed emphasized how helpful it was to have an existing audience to jumpstart their community-building efforts.

Establish Your Mission

People want to feel like they're part of something bigger than themselves: that's why you need to have a mission if you want to build an awesome community. A powerful mission gives your community a shared sense of purpose and motivates them to contribute."

Foster connections

It's critical to foster connections among your community (through forums, events, user groups, etc.). By encouraging your users to connect around your startup, they feel more cohesive as a community and can come up with ideas that you may not think of yourself."

Use Meta

A huge, honking, ridiculously dumb mistake I made from the very first day of development on Stack Overflow… I didn't see the need for a Meta.

Meta is, of course, the place where you go to discuss the place. Take a moment and think about what that means.

Meta is for people who care so deeply about their community that they're willing to go one step further, to come together and spend even more of their time deciding how to maintain and govern it."

Support: People who care enough about your startup's mission to discuss with others are your coveted evangelists. They are the people you want to support in every possible way. "

Communicate with your Audience

Community members love to hear from other members. But, they would also love to hear from you. You will want to connect with your evangelists and let them know that you value them."

Personal interaction: Sending emails and gifts is great, but nothing beats personal interaction. It's just easier to form a lasting relationship with someone you're sharing a laugh or a drink with. In that way, community building works nicely with other channels like offline events

Takeaways

- Key to a strong community is cultivating and empowering evangelists. You also want to foster cross-connection among evangelists and community members in general (through forums, events, etc.).

- It is important to focus on community quality early on and set standards that can be maintained as the community grows. You can build tools and processes into your community (e.g. karma systems, rules) to help your community police itself.

- Community building can give you traction by magnifying your essential purpose, building a core asset, creating evangelists for your service, contributing to product development and even giving you a hiring pool.

More book summaries

Hooked: How to build habit-forming products by Nir Eyal

Contagious: Why things catch on by Jonah Berger

Scriptshadow secrets by Carson Reeves

Foundatioms of screenwriting by Syd Field

Save the cat by Blake Snyder

Quiet: The power of introverts by Susan Cain

The Lean Startup by Eric Ries

Service Design – from insight to implementation by Andy Polaine

Big Data: A revolution that transforms how we live, work & think by Mayer-Schonberger

Virus of the mind by Richard Brodie

Connected by Nicholas Christakis and James Fowler

The Power of Habit by Charles Duhigg

Eating the Big Fish by Adam Morgan

Storytelling – Branding in practice by Klaus Fog

The Switch – How to change things when change is hard by Chip & Dan Heath

A Whole New Mind: Why Right-Brainers Will Rule the Future by Daniel Pink

The Element – How finding your passion changes everything by Ken Robinson

Disciplined Dreaming: A Proven System to Drive Breakthrough Creativity by Josh Linkner

Bounce – The myth of talent and the power of practice by Matthew Syed

The Two-Second Advantage by Vivek Ranadive and Kevin Maney

The Idea Writers by Teressa Iezzi

Velocity – The seven new laws of a world gone digital by Ahmed & Olander

Start With Why by Simon Sinek