19 Ways Entrepreneurs Can Acquire Customers

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How can I get customers?

It's an entrepreneur's greatest question. Acquiring customers is the lifeblood of any business, and the only way your company will grow.

In our research while writing <u>Traction</u>, we found that there are only 19 ways startups and businesses acquire customers. The good news? There are only 19 channels. The bad news? There are 19 whole channels!

Many successful startups experiment with multiple channels (search engine ads, PR, business development, etc.) until they find one that works. Follow their lead and figure out what works for your business.

Here are the channels:

- 1. Viral Marketing consists of growing your userbase by encouraging your users to refer other users. Companies like Zynga, Twitter and Facebook have all grown virally through this channel.
- 2. Public Relations (PR) is the art of getting your name out there via traditional media outlets like newspapers, magazines and TV. Companies like American Apparel and Virgin Airlines have used this channel to acquire customers.
- Unconventional PR involves doing something exceptional (like pub-licity stunts) to draw media attention. This channel can also work by repeatedly going above and beyond for your customers. Companies like Zappos, Reddit and Hipmunk have used this channel to grow.
- 4. Search Engine Marketing (SEM) allows companies to advertise to consumers searching on Google and other search engines. Companies like Archives.com (before its \$100 million acquisition by Ancestry.com) and Geico rely heavily on this channel to grow.
- 5. Social and Display Ads on popular sites like Reddit, YouTube, Facebook, Twitter and hundreds of other niche sites can be a powerful and scalable way to reach new customers. Large companies like New Relic, Dollar Shave Club and the University of Phoenix have used these kinds of ads to get in front of potential customers.
- 6. Offline Ads include TV spots, radio commercials, billboards, infomercials, newspaper and magazine ads, as well as flyers and other local advertisements. These ads reach demographics that are harder to target online, like seniors, less tech-savvy consumers and commuters. Few startups use this channel, which means there's less competition for many of these audiences. Companies like Volkswagen, Salesforce and Constant Contact have used this channel for growth.

- 7. Search Engine Optimization (SEO) is the process of making sure your website shows up for key search results. Companies like Wikipedia, Yelp and Moz have seen massive growth by focusing on this channel.
- 8. Content Marketing involves creating content on a company blog, then sharing it to educate and acquire potential customers. Companies like Unbounce and OkCupid have used this to acquire tens of thousands of new users, and to gain recognition as a thought leader in their respective industries.
- 9. Email Marketing is one of the best ways to convert prospects while retaining and monetizing existing ones. Companies like WPEngine and Groupon have used this channel to make millions of dollars in revenue.
- 10. Engineering as Marketing using engineering resources to acquire customers is an underutilized way to get traction. Successful companies have built micro-sites, developed widgets, and created free tools that drive thousands of leads each month. These tools have driven companies like Hubspot to tens of thousands of customers.
- 11. Targeting Blogs and Communities has worked for companies like Codecademy, Mint, and Reddit to launch their startup to thousands of users. In Mint's case, they targeted niche blogs early on, acquiring 40,000 users before launching.
- 12. Business Development (BD) is the process of creating strategic relationships that benefit both your startup and your partner. Companies like Kayak, Half.com and Delicious have all used this as their primary growth channel.
- 13. Sales is primarily focused on creating processes to directly exchange product for dollars. It involves finding early customers and having conversations that lead to a purchase. Companies like Box, Rackspace and Eloqua have all successfully used sales teams to grow the adoption of their products..
- 14. Affiliate Programs are largely responsible for the growth of companies like Hostgator and GoDaddy. This channel is easily accessible, and simply means that you pay a percentage of your per-customer revenue to an affiliate who brings you a new customer.
- 15. Existing Platforms include the likes of Facebook, Twitter, and the App Store. By leveraging these platforms, you can get some of their hundreds of millions of users to use your product. This strategy has driven the growth of companies like Zynga, Evernote and Instagram.
- 16. Trade Shows are a chance for companies in specific industries to show off their latest products. Companies like JBoss, Slidepad and RJ Metrics have all used Trade Show marketing to acquire new customers in a cost-effective way.
- 17. Sponsoring or Running Offline Events from small meetups to large conferences can be a primary way you get traction. These events can help you build up relationships, a loyal userbase, and get you face time with your prospects and potential customers. Companies like Meetup, Twilio and Eventbrite have all used this channel successfully to grow and establish themselves as a strong brand.

- 18. Eric Ries, author of the bestselling book The Lean Startup, has talked about how he used speaking engagements to hit the bestseller list within a week of the book's launch, how he landed these talks, and why he chose to use this channel to generate awareness and book sales. Companies of all sizes can leverage speaking events to grow their company profile. Companies like Enservio, Moz and Clarity.fm have all used this channel to thrive.
- 19. Building a Community like Zappos, Wikipedia, and Stack Exchange have all done can be a great way to grow your company and creating relationships among your fans and customers. Companies like Wikipedia, Stack Overflow and Yelp have all leveraged this channel for rapid growth.

We call these customer acquisition channels traction channels. These are marketing and distribution channels through which your startup can get traction: real users and customers.

Why Entrepreneurs Fail to Get Traction

During our research, we came across two broad themes:

- 1. Most founders only consider using traction channels they're already familiar with or think they should be using because of their type of product or company. This means that far too many startups focus on the same channels (AdWords, content marketing) and ignore other promising ways to get traction.
- 2. It's hard to predict the channel that will work best. You can make educated guesses, but until you start running tests, it's difficult to tell which channel is the best one for you right now.

This is why we introduce something we're calling the Bullseye Framework. Essentially, it involves experimenting with a few channels, then doubling down on the channels that are working. Companies like Kayak, Mint, Moz, AppSumo, Evernote, and Reddit have all used this experimental approach to acquire millions of users and billions of dollars in revenue. Though possibly smaller than Kayak (for now), your business has access to the exact same traction channels: it just differs in terms of scale.

Your strategy should always be focused on moving the needle for your company. By moving the needle, I 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, not something that would be just a blip even if it worked.

For example, privacy-based search engine DuckDuckGo focused early on search engine optimization to get in front of users searching for "new search engine." In the early days, these users really moved the needle and were the biggest source of growth. Eventually, DuckDuckGo's userbase outstripped this volume by many times, and they had to find another traction channel that moved the needle.

How Companies Grow

Company 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.

In other words, the way you get traction will change. After your growth curve flattens, what worked before usually will not get you to the next level. On the flip side, traction channels that seemed like long shots before might be worth reconsidering during your next iteration of Bullseye (the framework we introduce that helps you find your best marketing channels).

You can think of your initial investment in traction as pouring water into a leaky bucket. In phase I, your bucket will be leaky because your product is not yet a full solution to customer needs and problems. In other words, your product is not as sticky as it could be and many customers will not want to engage with it yet. As a consequence, much of the money you are spending on traction will leak out of your bucket.

As you hone your product, you are effectively plugging leaks. Once you have crossed over to phase II, you have product-market fit and customers are sticking around. Now is time to scale up your traction efforts: your bucket is no longer leaky.

When you constantly test traction channels by sending through a steady stream of new users, you can tell how leaky your bucket is. You can also tell if it is getting less leaky over time, which it should be if your product development strategy is sound. In fact this is a great feedback loop between traction development and product development that you can use to make sure you're on the right track.

Once you determine your traction milestone — 10 users? 100? 10,000? — look at each of the 19 channels, run tests in the 2-3 that seem most promising, and double down on the ones that work best. And, just like that, you're growing your business and getting traction!