Startup Metrics for Pirates:
AARRR!

Lean Startup Circle

UCSF
Jan 2010
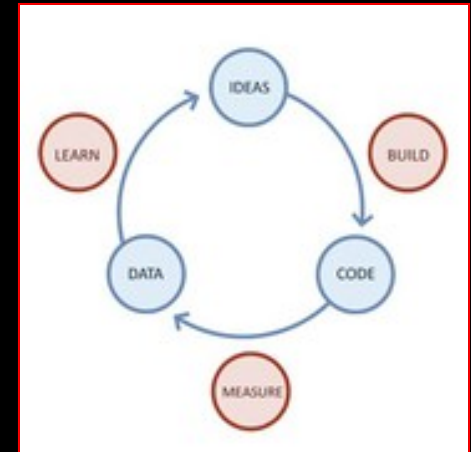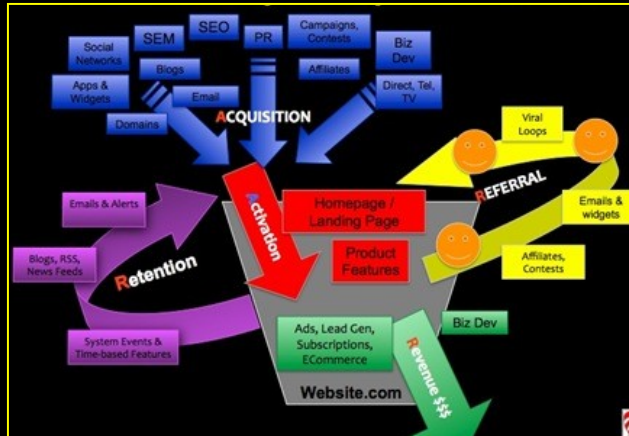
Dave McClure
500 Hats / Founders Fund
http://www.500hats.com
http://500hats.typepad.com
http://slideshare.net/dmc500hats

Why I'm Here: To Kick Your ASS.

The Basics

- 5 Steps: Startup Metrics for Pirates (AARRR!)
- Iterate, Measure, Optimize. Build a Feedback Loop. (Loop. Loop.)
- KILL a FEATURE. Something Sucks. Find It. Kill it. NOW.

YOUR SILLY FRIGGIN HOPES & DREAMS, ABOUT TO BE CRUSHED

THE REALITY: U SUCK, YOUR PRODUCT SUCKS, & U WILL FAIL … HARD.

Startup Challenges

Startups have problems in 3 key areas:

- **Management**: Setting Priorities, Defining Key Metrics, Creating Dashboard, Reporting Progress

- **Product**: Building the "Right" Features, Getting Product Out Quickly, Testing for User Conversion / Adoption

- **Marketing**: Accessing "Web 2.0" Channels (Search, Social, Viral, New Media), Cost-Efficient Distribution

3 Core Models:
biz model, conversion dashboard, mktg channels

- Define **1-Page Biz Model**: customer segments + desired actions / behaviors
- Identify critical **Conversion Events & Dashboard** for each segment & prioritize
- Test & develop **Marketing Channels**; measure Volume (#), Cost ($), Conv (%)

➢ **Optimize** product & marketing using **Fast Iteration** Cycles & **A/B Testing**

The 1-Page Business Model
(Users + Conversions + Priorities)

Q1: What types of people use your website?
- **Visitor** = Average User / Buyer
- **Contributor** = Content Contributor / Seller
- **Distributor** = Passionate Fan (unpaid) / Affiliate (paid)

Q2: What actions could they take to help _you_ or _them_ ?

	Visitor ②	**Contributor** ③	**Distributor** ① (aka *"Share Pimp"*)
Activation	Watch a slideshow	Submit a slideshow	Share/Embed a slideshow
Retention	Visit 1x/mo. for 3+ mo's	Submit "hi-_qual_" _not_ (=> 1K views/yr) every mo.	Share/Embed => drive 100 visits/mo for 3+ mo's
Revenue	Ad Click; Qualified Lead Generated	$/mo Premium Sub; Pay $$+ for traffic or leads	Drive 10+ Premium users; 1K+ Viewers

Example Conversion Metrics
(note: *not* actuals… your mileage may vary)

Stage	Conversion Status	Conv. %	Est. Value (*not* cost)
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Activation	"Happy" 1st Visit; Usage/Signup (clicks/time/pages, email/profile reg, feature usage)	15%	$.25
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Referral	Users Refer Others (cust sat >=8; viral K factor > 1;)	1%	$5
Revenue	Users Pay / Generate $$$ (first txn, break-even, target profitability)	2%	$10

Example Marketing Channels
disclaimer: estimates of vol, cost/user, time & effort are subjective – actual costs are dependent on your specific business

Channel	Volume	Cost/User	Time to Implement	Mktg Effort	Prod Effort
Viral / Referral	depends on CTA; size of accessible social networks / # users	low/zero	Low for FB social networks; med/hi for normal sites	low	low/med
Email	depends on CTA, size of your house lists, email signups	low/med	Low	low/med	low/med (med = create templates)
Blogs / Bloggers	Depends on # blogs in your segment, competitive scenario	low/med	Low (if just you blogging); med (if you're setting up big CMS / evangelizing to other bloggers)	low/med	low/zero (med = CMS, prof design)
SEO	depends on your keywords	low/zero	Medium (depends on search geeks)	low/zero	med/hi
SEM	depends on your keywords	Depends	Low/med (landing pages = med)	Low/med	low/med
Contest	small unless big prize $ (don't, keep it under $5K)	low/med	low/med (depends on contest, site, campaign)	Med	low/zero (med = prof contest site)
Widget	Depends on CTA; size of accessible sites, level of adoption × bloggers	low/med	Low/med	med	Med/hi (depends on complexity)
domains	depends on keywords, domain costs	depends	low	Low	Low (redirects/co-brand?)
PR	depends on your business & audience & news	Med/hi	medium (develop story, build contacts)	med	low/med
Biz Dev / Partner	depends on partner, size of customer base, conversion	med-high	med/hi (capture metrics, generate reports)	Med/hi	med/hi (reports, co-branding)
Affiliate / Lead Gen	depends on economics	Med/hi	med/hi (need to build affiliate program, capture metrics, generated reports)	med/hi	med/hi (depends on rqd tracking & reporting)
Direct / radio	depends on geography	Med/hi	medium	Med/hi	low/zero
Telemkte	depends on target demographics	med-high	med-high	High	low/zero if no system; Med/hi if integrated SFA
TV	Potentially large (if you spend)	High	Med-high	High	Med/hi (production cost)

[Pardon The Blatant Commercial]

Dave McClure

**Blogger, Startup Advisor
Internet Marketing,
Angel/VC Investor**

<u>2001-2009</u>:
Startup Investor: 500 Hats, Founders Fund
Tech Marketing: PayPal, Simply Hired, Mint
Advisor, Angel Investor: 40+ Startups
Conf. Organizer: Web 2.0, O'Reilly, Startonomics
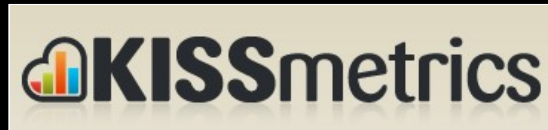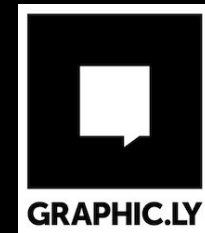**Stanford Visiting Lecturer**: Facebook, Startup Metrics

<u>80's & 90's</u>:
Entrepreneur: Founder/CEO Aslan Computing (acq.)
Developer: Windows Apps / SQL DB Admin
User Groups: E-Commerce, Internet, Client-Server
Engineer: Johns Hopkins '88, BS Eng / Applied Math

**GEEK, CODER,
ENTREPRENEUR**
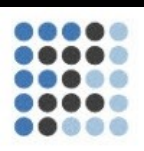
Personal Investments
(16 deals, 2004-2009, ~$25K avg)

Professional Investments
(40 deals, Dec 2008 – Dec 2009, ~$75K avg)

fbFund Incubator
22 deals ($850K)
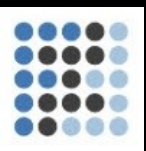~$15-75K

FF Angel LLC
18 deals ($1.8M)
~$50-250K

Web 2.0: Hell Yes, Good Times.

- # Users, Bandwidth = **Bigger.**

- Lower Startup Costs = **Cheaper.**
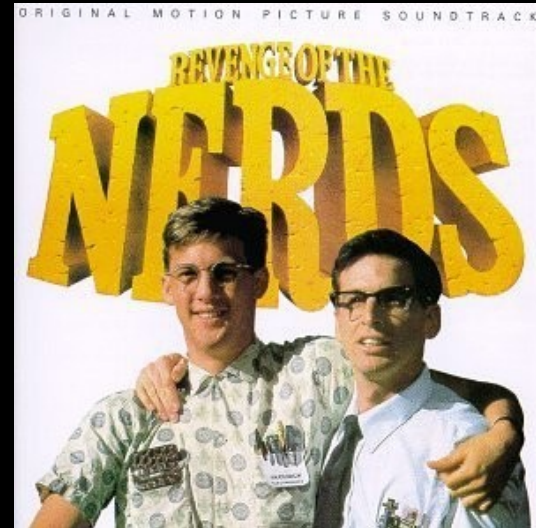
- PPC, E-Com $ Growing = **Better.**

R.I.P.
BAD
TIMES

- ➢ Collect **Usage Metrics** in **Real-Time**

- ➢ **Decisions** Based on **Measured** User Behavior

Be Bold. Be Humble.

➢ 20% Inspiration + 80% Perspiration

➢ Long-term: **Audacity + Creative Inspiration**

➢ Short-term: **Humility + Analytic Rigor**
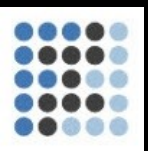
READ: To The Smartest Person in the Room
       (Chris McDonough)

Just Gimme the GOOD Metrics.
Users, Pages, Clicks, Emails, $$$...?
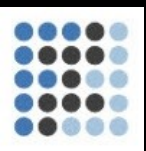
Q: Which of these is best? How do you know?

- 1,000,000 one-time, unregistered unique visitors
- 500,000 visitors who view 2+ pages / stay 10+ sec
- 200,000 visitors who clicked on a link or button
- 20,000 registered users w/ email address
- 2,000 passionate fans who refer 5+ users / mo.
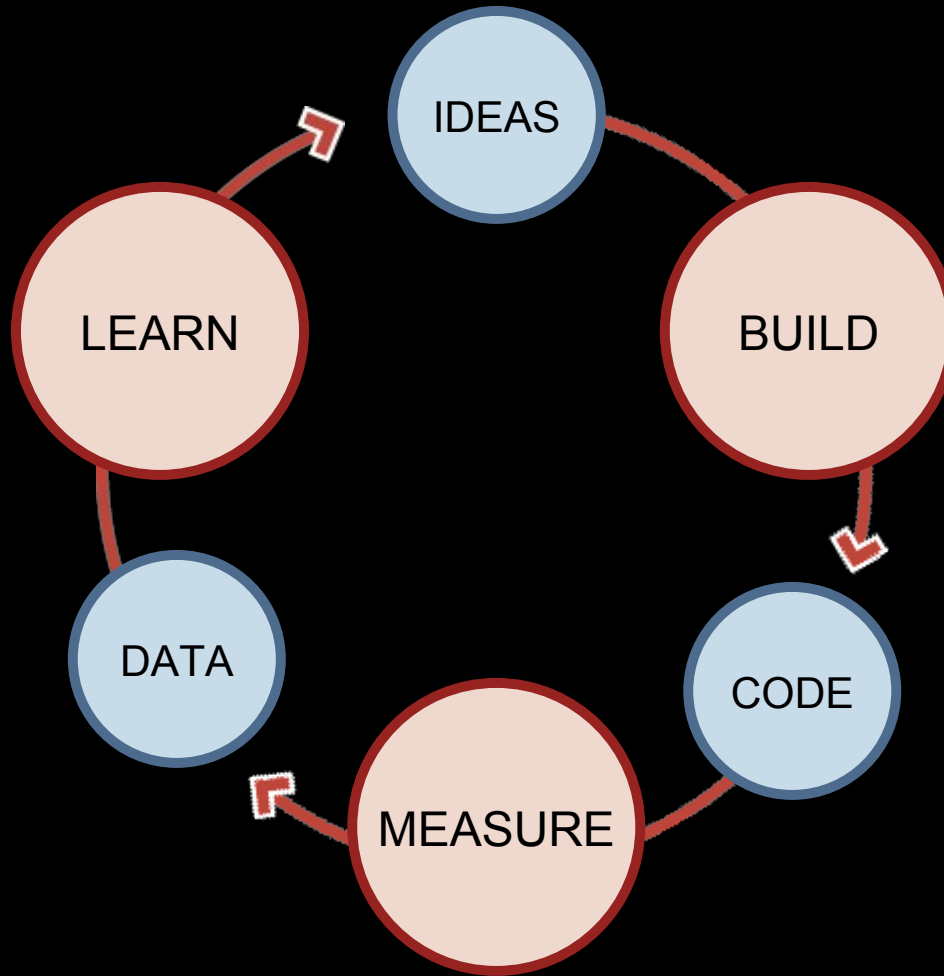- 1,000 monthly subscribers @ $5/mo

the
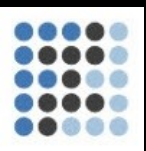good
stuff.

Lean Startup Church of Metrics:
Priests & Principles

- Progress ≠ Features (**Less** = **More**)
- Focus on **User Experience** (& **Distribution**)
- Measure **Conversion**; Compare 2+ Options
- Fast, Frequent **Iteration** (+ **Feedback Loop**)
- Keep it **Simple** & **Actionable**
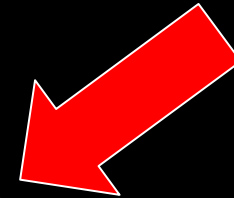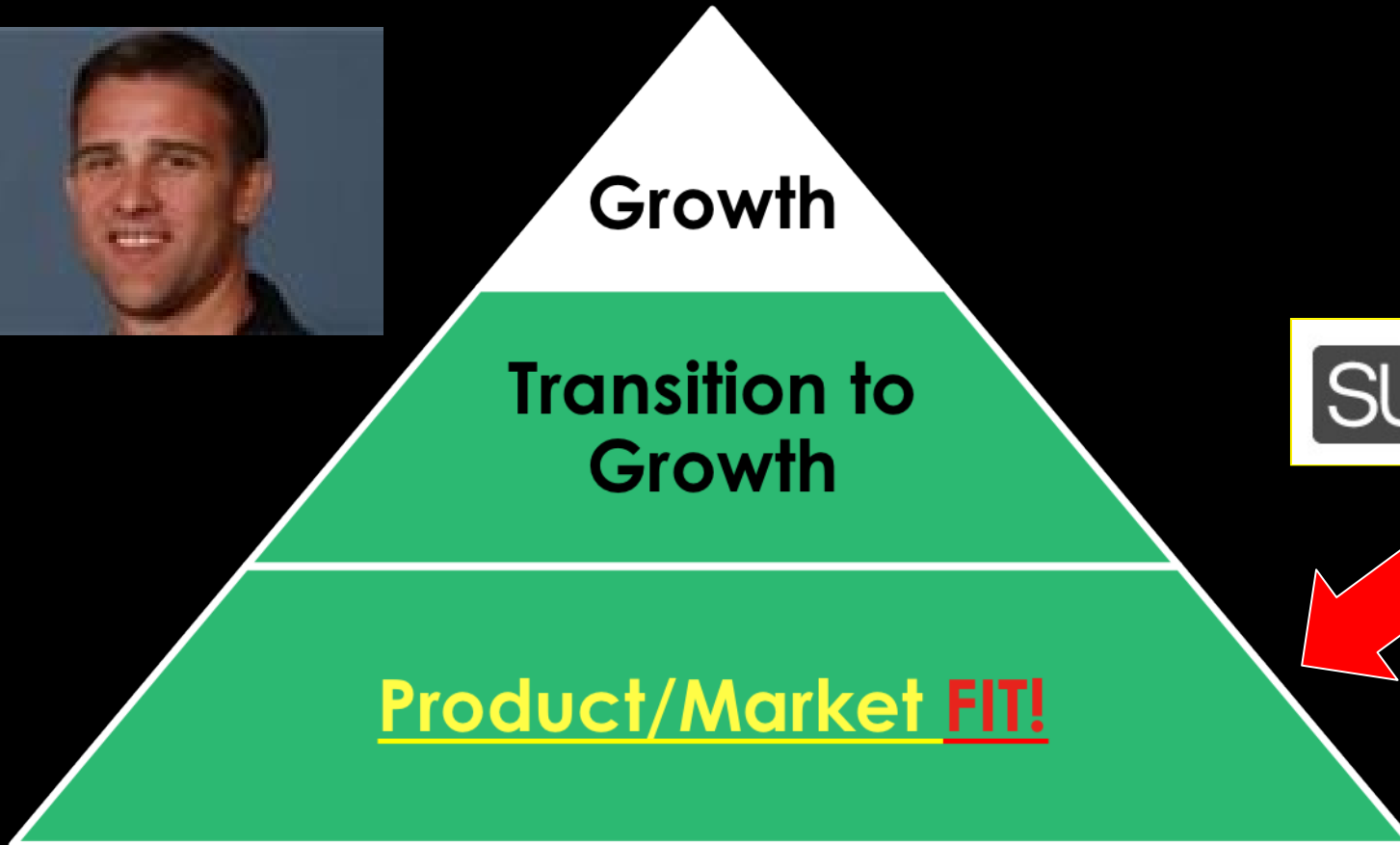
Minimize *TOTAL* time through the loop

IDEAS

BUILD

CODE

MEASURE

DATA

LEARN

Source:
Eric Ries
Startup
Lessons
Learned

The Startup Pyramid
(Sean Ellis, Startup-Marketing.com)

Growth

Transition to Growth

Product/Market **FIT!**

SURVEY.io

sean@12in6.com
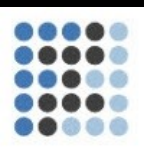Blog: startup-marketing.com

6 12 in 6

Design, Optimize for Conversion

Optimize 4 Happiness
(both User + Business)

$$$

- **Define** States of User + Business Value
- **Prioritize** (Estimate) Relative Value of Each State
- **Move** Users: Lower Value -> Higher Value
- **Optimize** for User Happiness / Business $$$
- **Achieve** Low Cost + High Value @ Scale

Discover _Meaning_

What Do Users Care About Enough to **_Fuck_** _or_ **_Kill_** _?_

Discover Meaning
Keywords, Images, Call-to-Action

Top 10 - 100 words

- Your Brand / Products
- Customer Needs / Benefits
- Competitor's Brand / Products
- Semantic Equivalents
- Misspellings

Relevant images

- People
- Products
- Problems
- Solutions

Call-to-Action

- Words
- Images
- Context
- Button/Link
- Emotion

Result

- Positive?
- Negative?
- Neutral (= Death)
- A/B test & Iterate

find your higher porpoise.

<u>KILL</u> A FEATURE.
Something Sucks. Find It. *<u>KILL</u>* It.

- ## STOP ADDING FEATURES.
- Find the ONE THING that users **LOVE**.
- How to figure out? TAKE. SHIT. AWAY.
- When they SCREAM, you've **<u>FOUND</u>** it.
- Then Bring it Back… Only **<u>Better.</u>**

- Tip: **<u>KILL</u>** a Feature Every Week.

Q: What's My Business Model?

Can be one of the following:

1. Get Users (= Acquisition, Referral)

2. Drive Usage (= Activation, Retention)

3. Make Money (= Revenue*)

   * ideally _profitable_ revenue

Note: _eventually_ need to turn Users/Usage -> **Money**

Startup Metrics for Pirates

- **A**cquisition: users come to site from various channels
- **A**ctivation: users enjoy 1st visit: "happy" experience
- **R**etention: users come back, visit site multiple times
- **R**eferral: users like product enough to refer others
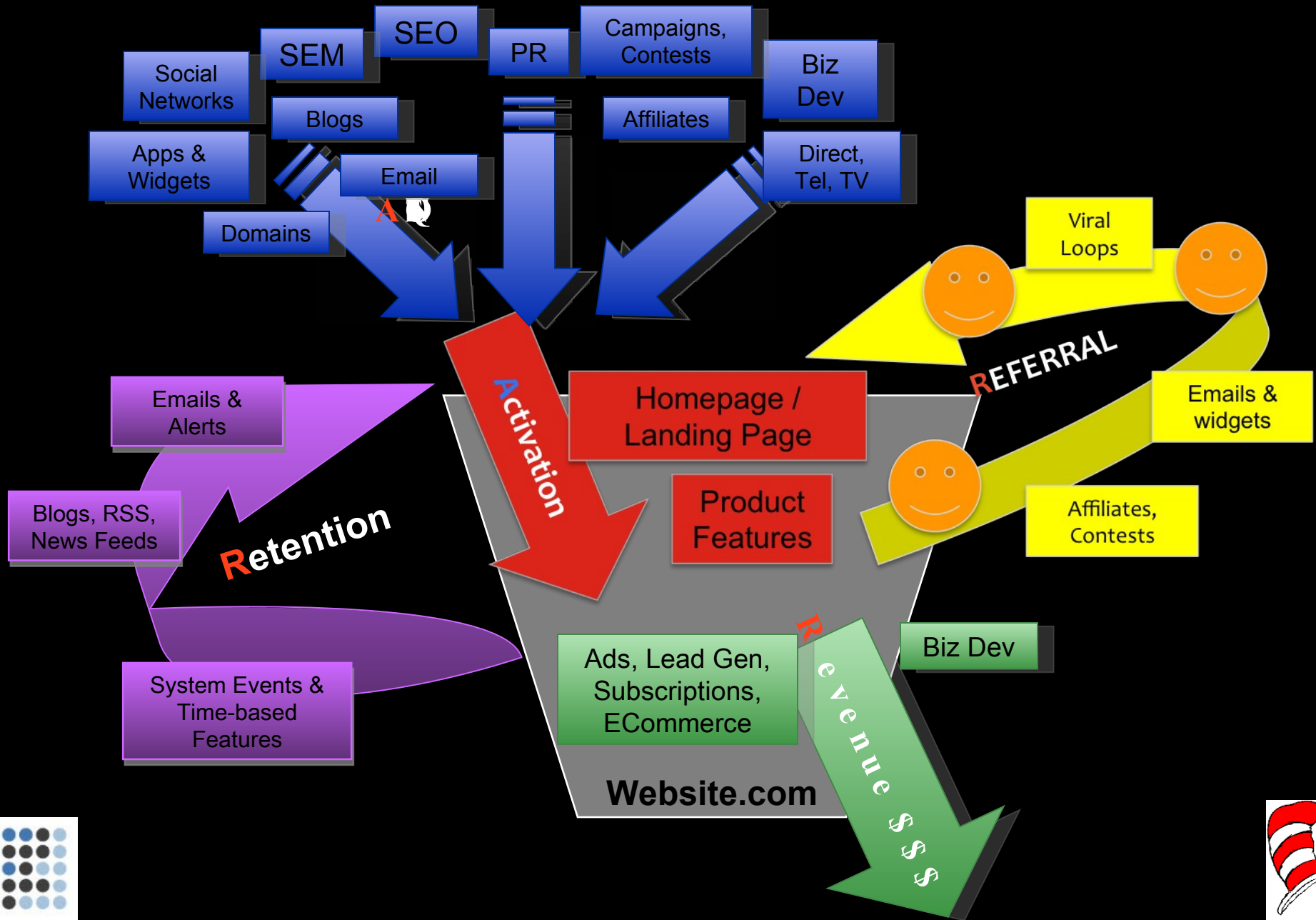- **R**evenue: users conduct some monetization behavior

(note: If you're in a hurry, Google "Startup Metrics" & watch 5m video)

AARRR!: 5-Step Startup Metrics Model

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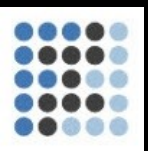| Channel	Volume	Cost/user	Time to Implement	Mktg Effort	Prod Effort
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TV	Potentially large (if you spend)	High	Med-high	High	Med/hi (production cost)

Role: Founder/CEO

Q: Which Metrics? Why?

A: Focus on Critical Few Actionable Metrics

(if you don't use the metric to make a decision, it's not actionable)

- Hypothesize Customer Lifecycle
- Target ~3-5 Conversion Events (tip: Less = More)
- Test, Measure, Iterate to Improve

The 1-Page Business Model
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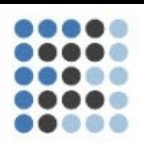
TeachStreet Metrics v1:
Eye Chart Madness

		8/6/2008	8/7/2008	8/8/2008	8/9/2008	8/10/2008	8/11/2008	8/12/2008	8/13/2008
- Total Visits	Google Analytics	2,623	2,940	2,854	2,574	2,276	2,855	2,559	2,622
- Unique Visits	Google Analytics	2,426	2,742	2,679	2,458	2,170	2,650	2,405	2,421
Source:									
- SEM (Google)	Google Analytics	177	183	126	171	163	186	189	167
- Organic Search (visits)	Google Analytics	1,162	1,939	2,044	1,984	1,828	2,096	2,000	1,813
- Craigslist	Google Analytics	33	19	9	12	7	14	19	7
- Email	Internal								
- Other	Compute	1,251	799	675	407	278	559	351	635
New Visitors	Google Analytics	2,175	2,490	2,448	2,269	1,971	2,367	2,123	2,061
	Google Analytics	82.92%	84.69%	85.77%	88.15%	86.6%	82.91%	82.96%	78.6%
Returning Visitors	Google Analytics	448	450	406	305	305	488	436	561
	Google Analytics	17.08%	15.31%	14.23%	11.85%	13.40%	17.09%	17.04%	21.40%
Site Activity / Usage:									
# Page Views	Google Analytics	10,479	10,908	9,166	7,067	6,209	8,817	7,437	8,840
Page Views / Total Visitor	Compute	4.00	3.73	3.21	2.75	2.73	3.09	2.91	3.37
Session Duration (minutes)	Google Analytics	3.03	2.7	2.33	2.07	1.87	2.23	2.05	2.52
Bounce %	Google Analytics	48.27%	53.54%	57.78%	62.59%	64.76%	58.67%	62.17%	56.9%
Organic Conversion Rate %	Google Analytics	1.55%	1.13%	1.17%	0.66%	0.71%	0.76%	0.9%	1.21%
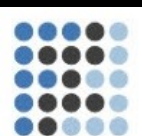
TeachStreet 1-Page Business Model:
Teachers & Students

	<u>Teachers</u>	<u>Students</u>
Activation	•Claim Profile •Add Class	•Contact Teacher •View 3 Pages
Retention	•Visit 1x/mo for 3 mo's	•Visit 1x/mo for 3 mo's
Referral	•Request Review	•Suggest Teacher
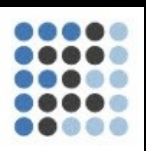
Role: Product / Engineering

Q: What Features to Build? Why? When are you "Done"?

A: <u>Easy-to-Find</u>, <u>Fun</u>/<u>Useful</u>, <u>Unique</u> Features that
   <u>Increase Conversion</u> *(stop iterating when increase decelerates)*

- Wireframes = Conversion Steps
- Measure, A/B Test, Iterate FAST (daily/weekly)
- Optimize for Conversion Improvement
  - 80% on existing feature optimization
  - 20% on new feature development
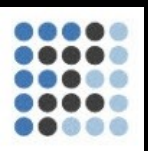
Example Conversion Dashboard

(note: *not* actuals… your mileage may vary)

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Referral	**Users Refer Others** (cust sat >=8; viral K factor > 1;)	**1%**	**$5**
Revenue	**Users Pay / Generate $$$** (first txn, break-even, target profitability)	**2%**	**$50**

Role: Marketing / Sales

Q: What channels? Which users? Why?
A: High <u>Volume</u> (#), Low <u>Cost</u> ($), High <u>Conv</u> (%)

- Design & Test Multiple Marketing Channels + Campaigns
- Select & Focus on Best-Performing Channels & Themes
- Optimize for conversion to target CTAs, not just site/landing page
- Match/Drive channel cost to/below revenue potential

- Low-Hanging Fruit:
    - Blogs
    - SEO/SEM
    - Landing Pages
    - Automated Emails

Example Marketing Channels

- PR
- Contest
- Biz Dev
- Direct Marketing
- Radio / TV / Print
- Dedicated Sales
- Telemarketing

- Email
- SEO / SEM
- Blogs / Bloggers
- Viral / Referral
- Affiliate / CPA
- Widgets / Apps
- LOLCats ;)

MAARRRketing Plan

Marketing Plan = Target Customer Acquisition Channels

- 3 Important Factors = Volume (#), Cost ($), Conversion (%)
- Measure conversion to target customer actions
- Test audience segments, campaign themes, Call-To-Action (CTAs)

[Gradually] Match Channel Costs => Revenue Potential

- Increase Vol. & Conversion, Decrease Cost, Optimize for Revenue Potential
- Avg Txn Value (ATV), Ann Rev Per User (ARPU), Cust Lifetime Value (CLV)
- Design channels that (eventually) cost <20-50% of target ATV, ARPU, CLV
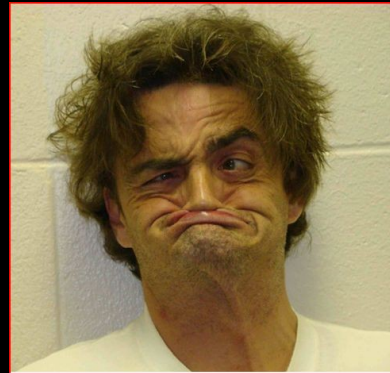
Consider Costs, Scarce Resource Tradeoffs

- Actual $ expenses
- Marketing time & resources
- Product/Engineering time & resources
- Cashflow timing of expense vs. revenue, profit

One Step at a Time.

1. Make a Good Product: Activation & Retention
2. Market the Product: Acquisition & Referral
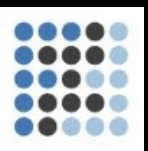3. Make Money: Revenue & Profitability

"You probably can't save your Ass and your Face at the same time… choose carefully." – DMC

Startup 2.0:
"Lean Investor" Model

Method: Invest in startups using incremental investment, iterative development. Start with lots of small experiments, filter out failure, and expand investment upon success.

- Incubator: $0-100K ("*Product Viability*")
- Seed: $100-$1M ("*Expand Distribution*")
- Venture: $1M-$5M ("*Maximize Revenue*")

Investment #1: Incubate
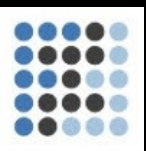## *("Product")*

- Structure
  - 1-3 founders
  - $25K-$100K investment
  - Incubator environment: multiple peers, mentors/advisors

- Build Functional Prototype / "**Minimum Viable Product**" (**MVP**):
  - Concept->Alpha, ~3-6 months
  - Develop Minimal Critical Feature Set => Get to "**It Works**"
  - Instrument Basic Dashboard, Conversion Metrics
  - Test Cust. Adoption (10-1000 users) / Cust. Satisfaction (Scale: 1-10)

- Demonstrate Concept, Reduce Product Risk, Test Functional Use
- Develop Metrics & Filter for Follow-on Investment
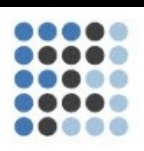
Investment #2: Seed
("Market")

- Structure
  - 2-5 person team
  - $100K-$1M investment
  - Syndicate of Angel Investors / Small VC Funds

- Improve Product, **Expand Market**, Test Revenue:
  - Alpha->Beta, ~6-12 months
  - Customer Sat ≥ 6 => Get to "**Doesn't Suck**"
  - Setup A/B Testing Framework, Optimize Conversion
  - Test Marketing Campaigns, Cust Acqstn Channels

- Prove Solution/Benefit, Assess Market Size

- Test Channel Cost, Revenue Opportunity

- Determine Org Structure, Key Hires

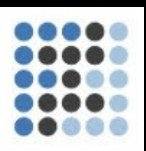# Investment #3: Venture
("Revenue")

GENERAL SHERMAN

- Structure
  - 5-10 person team
  - $1M-$5M investment
  - VC Investors

- **Make Money**, Get to Sustainability:
  - Beta->Production, 12-18 months
  - Customer Sat ≥ 8 => "**It Rocks, I'll Tell My Friends**"
  - MktgPlan => Predictable Channels / Campaigns + Budget
  - Scalability & Infrastructure, Customer Service & Operations
  - Connect with Distribution Partners

- Prove/Expand Market, Operationalize Business
- Future Milestones: Profitable/Sustainable, Exit Option

Links & Resources

Additional References:

- Influence: The Psychology of Persuasion Robert Cialdini (book)

- Putting the Fun in Functional Amy Jo Kim (etech 2006 preso)

- Futuristic Play Andrew Chen (blog)

- Don't Make Me Think Steve Krug (book)

- Designing for the Social Web Joshua Porter (book, website)

- Startup Lessons Learned Eric Ries (blog)

- Customer Development Methodology Steve Blank (presentation, blog)

- Startup-Marketing.com Sean Ellis (blog)

- KISSmetrics.com Hiten Shah / Neil Patel (website)
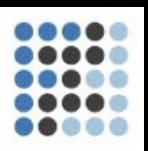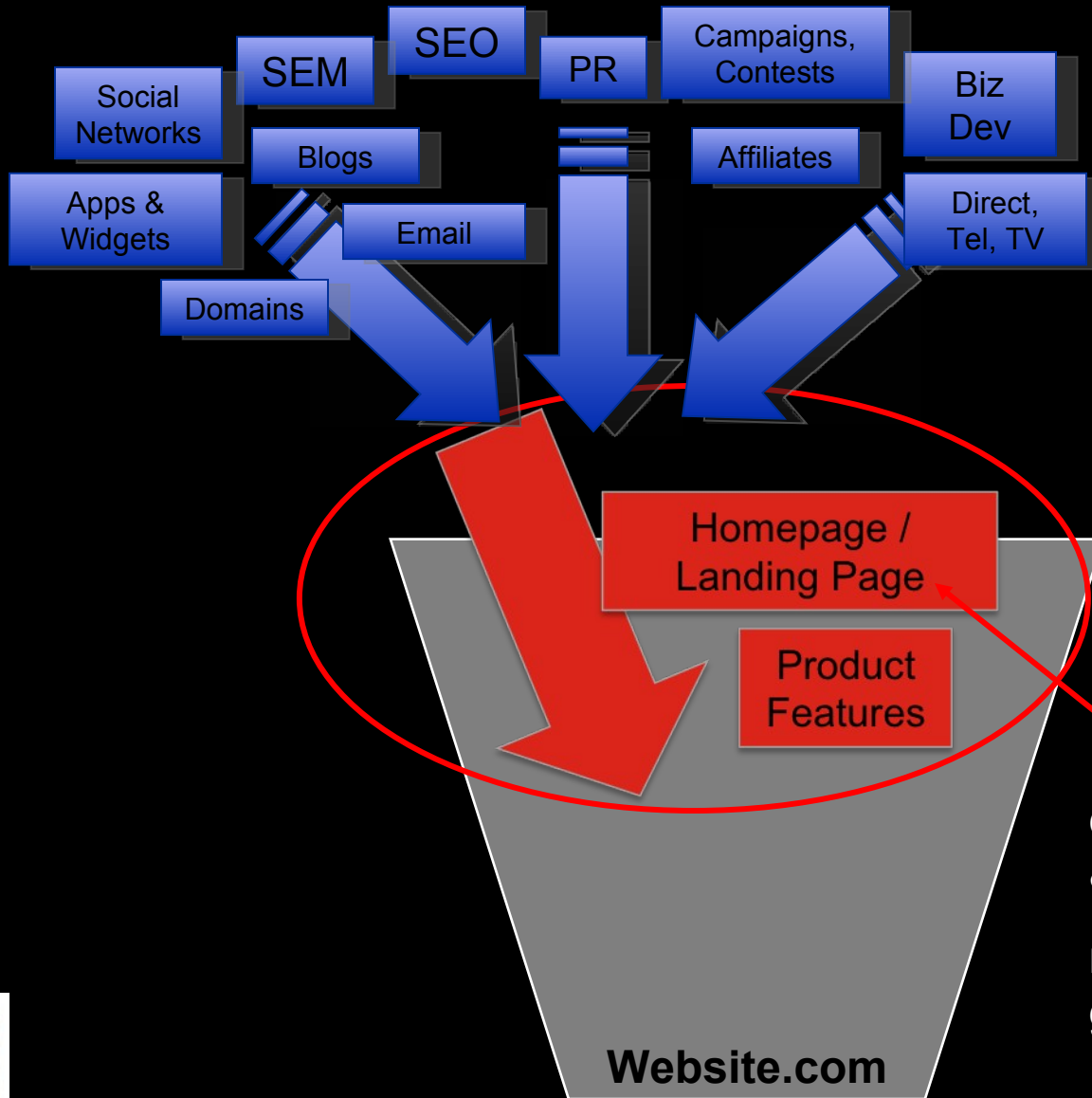
- How To Pitch a VC Dave McClure (slides, NSFW)

Appendix

Startup Metrics

Activation

Activation

Social Networks

SEM

SEO

PR

Campaigns, Contests

Biz Dev

Apps & Widgets

Blogs

Affiliates

Direct, Tel, TV

Email

Domains

Homepage / Landing Page

Product Features

Website.com

Activation Criteria:

- 10-30+ seconds

- 2-3+ page views

- 3-5+ clicks

- 1 key feature usage

do LOTS of **landing** page & A/B tests –

make lots of dumb guesses & iterate FAST

Activation
What do users do on their first visit?

Example Activation Goals

- Click on something!
- Account sign up / Emails
- Referrals / Tell a friend
- Widgets / Embeds
- Low Bounce Rate

Activation Tips

- Less is more
- Focus on user experience / usability
- Provide incentives & call to actions
- Test and iterate continuously

Length of Visit	Visits
0-10 seconds	271,565
11-30 seconds	21,547
31-60 seconds	22,027
61-180 seconds	41,387
181-600 seconds	47,343
601-1,800 seconds	32,565
1,801+ seconds	9,536

Activation
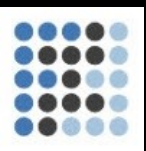## What do users do on their first visit?

Key Metrics to Track
- ✓ Pages per visit
- ✓ Time on site
- ✓ Conversions

4.20 Pages/Visit
Previous: 2.99 (+40.54%)

00:03:48 Avg. Time on Site
Previous: 00:02:31 (+50.86%)

470 conversions, Goal 1: Sign Up
Previous: 405 (+16.05%)

Activation

Tools

    Crazy Egg (Visual Click Mapping)

        http://crazyegg.com

    Google Website Optimizer (A/B & Multivariate Testing)

        http://google.com/websiteoptimizer

    Marketo.com (B2B Lead Generation Management)

        http://marketo.com

Resources

    Experimentation and Testing: A Primer

        kaushik.net/avinash/2006/05/experimentation-and-testing-a-primer.html

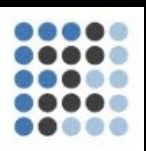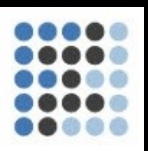   Landing Page Design Toolbox: 100 Tips & Tools

        http://tinyurl.com/326co6

    Landing Page Tutorials & Case Studies

        http://www.copyblogger.com/landing-pages/

    101 Easy Easy to use Google Website Optimizer

        http://conversion-rate-experts.com/articles/101-google-website-optimizer-tips/

Startup Metrics

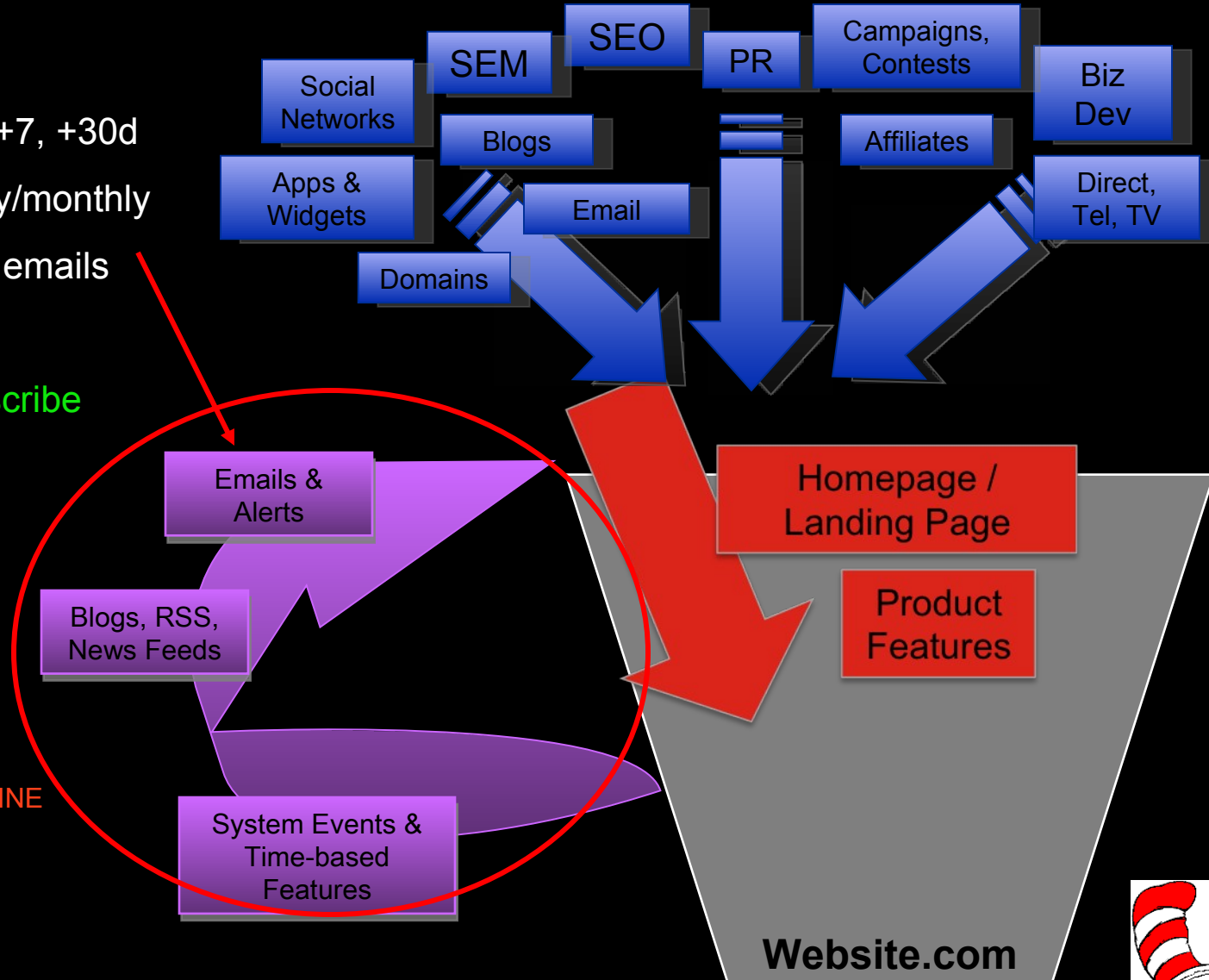# Retention

Retention

Automated emails:

- lifecycle emails @ +3, +7, +30d

- status / "best of" weekly/monthly

- "something happened" emails

  BUT:

- make it easy to unsubscribe

Tip on emails:

- > 80% or more on SUBJECT LINE

- < 20% or less on BODY TEXT

Social Networks

SEM

SEO

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Campaigns, Contests

Biz Dev

Blogs

Affiliates

Apps & Widgets

Email

Direct, Tel, TV

Domains

Emails & Alerts

Homepage / Landing Page

Blogs, RSS, News Feeds

Product Features

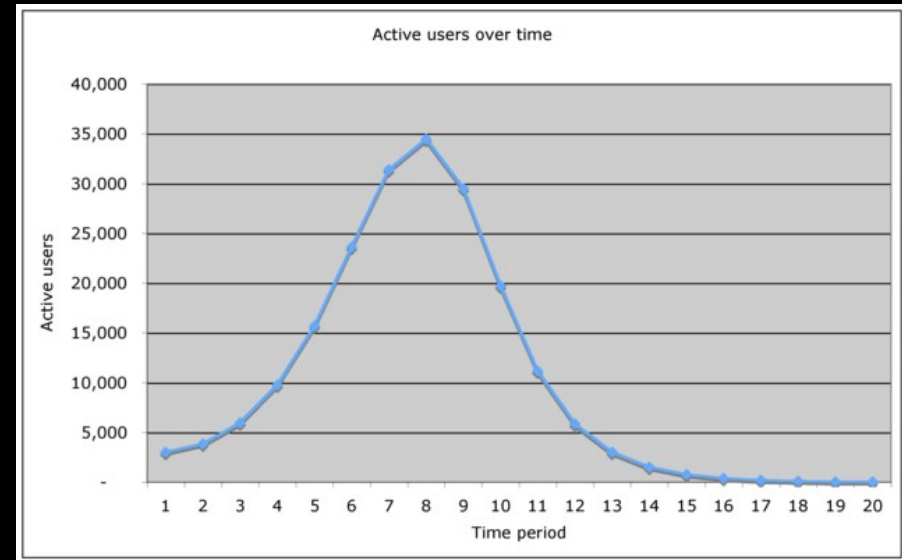System Events & Time-based Features

Website.com

Retention
How do users come back? How often?

Cohort Analysis:

- Distrib of Visits over Time
- Rate of Decay
- Effective Customer Lifecycle

Retention Methods

✓ Automated Emails
  * Track open rate / CTR / Quantity

✓ RSS / News Feeds
  * Track % viewed / CTR / Quantity

✓ Widgets / Embeds
  * Track impressions / CTR / Quantity
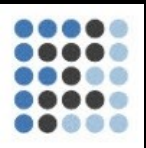

Active users over time

Retention

How do users come back? How often?

Example Retention Goals

- 1 - 3+ visits per month
- 20% open rate / 2% CTR
- High deliverability / Low spam rating
- Long customer life cycle / Low decay
- Identify fanatics and cheerleaders

Retention Tips

- Email is simple and it works
- BUT make unsubscribe easy
- 80% subject line / 20% body text
- ACTUALLY 99% subject line / 1% body text
- Fanatics = virality + affiliate channel (bloggers?)

Retention
How do users come back? How often?

Key Metrics to Track
- ✓ Source
- ✓ Quantity
- ✓ Conversions
- ✓ Visitor Loyalty
- ✓ Session Length

Most people visited: 1 times

Number of Visits	Visits
1 times	332,522
2 times	38,569
3 times	15,246
4 times	8,917
5 times	6,036
6 times	4,320
7 times	3,343
8 times	2,655
9-14 times	9,312
15-25 times	7,378
26-50 times	6,540
51-100 times	4,504
101-200 times	3,598
201+ times	3,030

Visits	Goal1: Sign Up	Goal Conversion Rate	Per Visit Goal Value
127,485	**0.47%**	**0.47%**	**$0.00**
% of Site Total: 25.85%	Site Avg: 0.36% (31.57%)	Site Avg: 0.36% (31.57%)	Site Avg: $0.00 (0.00%)

Source	Visits ↓	Sign Up	Goal Conversion Rate	Per Visit Goal Value
1. (direct)	33,494	0.48%	0.48%	$0.00
2. google	24,776	0.52%	0.52%	$0.00
3. digg.com	11,202	0.17%	0.17%	$0.00
4. youtube.com	10,787	0.65%	0.65%	$0.00

Retention

Tools

    Campaign Monitor / MailChimp (email newsletter software)

      campaignmonitor.com / mailchimp.com

    TriggerMail (site-centric email management)

      triggermail.net

    Litmus (email and website design testing - clients / browsers)

      litmusapp.com
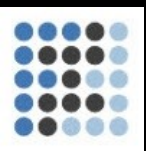
Resources

    30 free HTML email templates

      campaignmonitor.com/resources/templates.aspx

    Best Practices in Writing Email Subject Lines

      mailchimp.com/resources/best-practices-in-writing-email-subject-lines.phtml

    Learning Viral: Viral Emails of Tagged.com

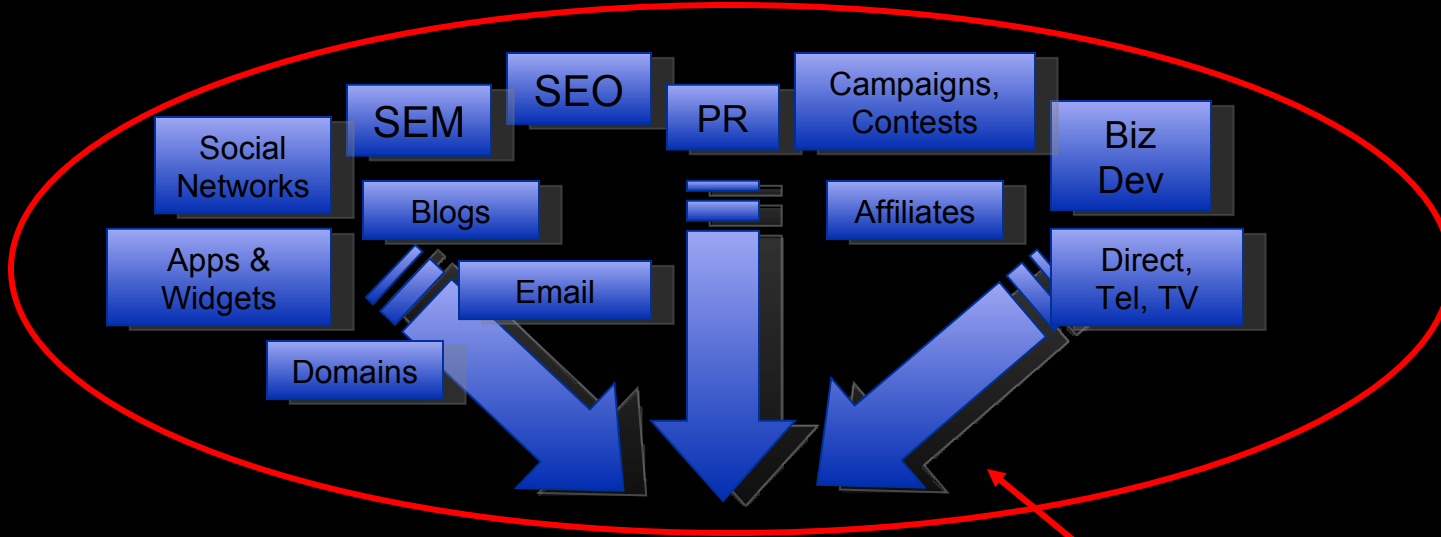   okdork.com/2008/04/10/learning-viral-studying-taggedcom/

Startup Metrics

Acquisition

Acquisition

Social Networks · SEM · SEO · PR · Campaigns, Contests · Biz Dev · Blogs · Affiliates · Apps & Widgets · Email · Direct, Tel, TV · Domains

Website.com

Marketing Channels:
- largest-volume (#)
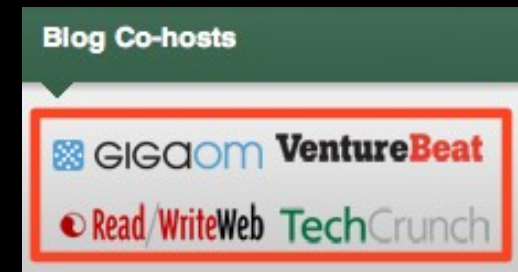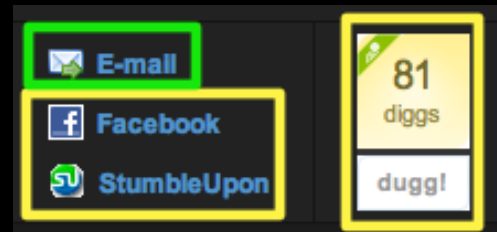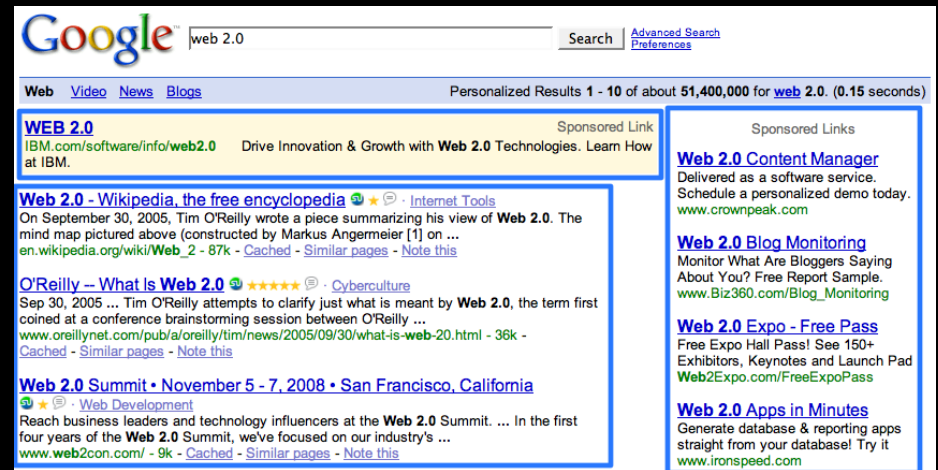- lowest-cost ($)
- best-performing (%)

Acquisition
Where are users coming from?

Acquisition Methods

✓ SEO / SEM

✓ Blogs

✓ Email

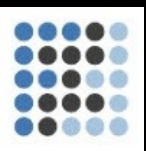✓ Social Media & Social Networks

✓ Domains

Acquisition
Keyword Vocabulary

Top 10 - 100 words
- Your Brand / Products
- Customer Needs / Benefits
- Competitor's Brand / Products
- Semantic Equivalents
- Misspellings

Things to analyze
- Sources
- Volume
- Cost
- Conversion

Acquisition
Where are users coming from?

Key Metrics to Track
- ✓ Quantity (#)
- ✓ Cost ($)
- ✓ Conversions (%)

Example

Google AdWords

	Campaign Name	Clicks	Impr.	CTR	Avg. CPC	Cost	Conv. Rate	Cost/Conv.	Conversions
☐	▬▬▬▬▬	51,100	49,597,617	0.10%	$0.04	$2,198.88	0.34%	$12.55	175
☐	▬▬▬	13,574	23,430,713	0.05%	$0.06	$823.36	0.30%	$18.09	12
☐	▬▬	1	3,961	0.02%	$0.04	$0.04	0.00%	$0.00	0
☐	▬▬	0	0	-	-	$0.00	0.00%	$0.00	0
	Total - all 4 campaigns	**64,675**	**73,032,291**	**0.08%**	**$0.05**	**$3,022.28**	**0.34%**	**$12.90**	**187**

Acquisition

Tools

    Google Analytics (web analytics)

        google.com/analytics

    Google Keyword Tool (keyword research tool)

        adwords.google.com/select/KeywordToolExternal

    SEO Book Tools (SEO related tools)

        tools.seobook.com

Resources

    SEO Book Blog
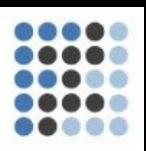
        seobook.com/blog

    The Social Media Manual: Read Before You Play

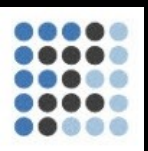   searchengineland.com/071120-144401.php

    Strategies to ruthlessly acquire users

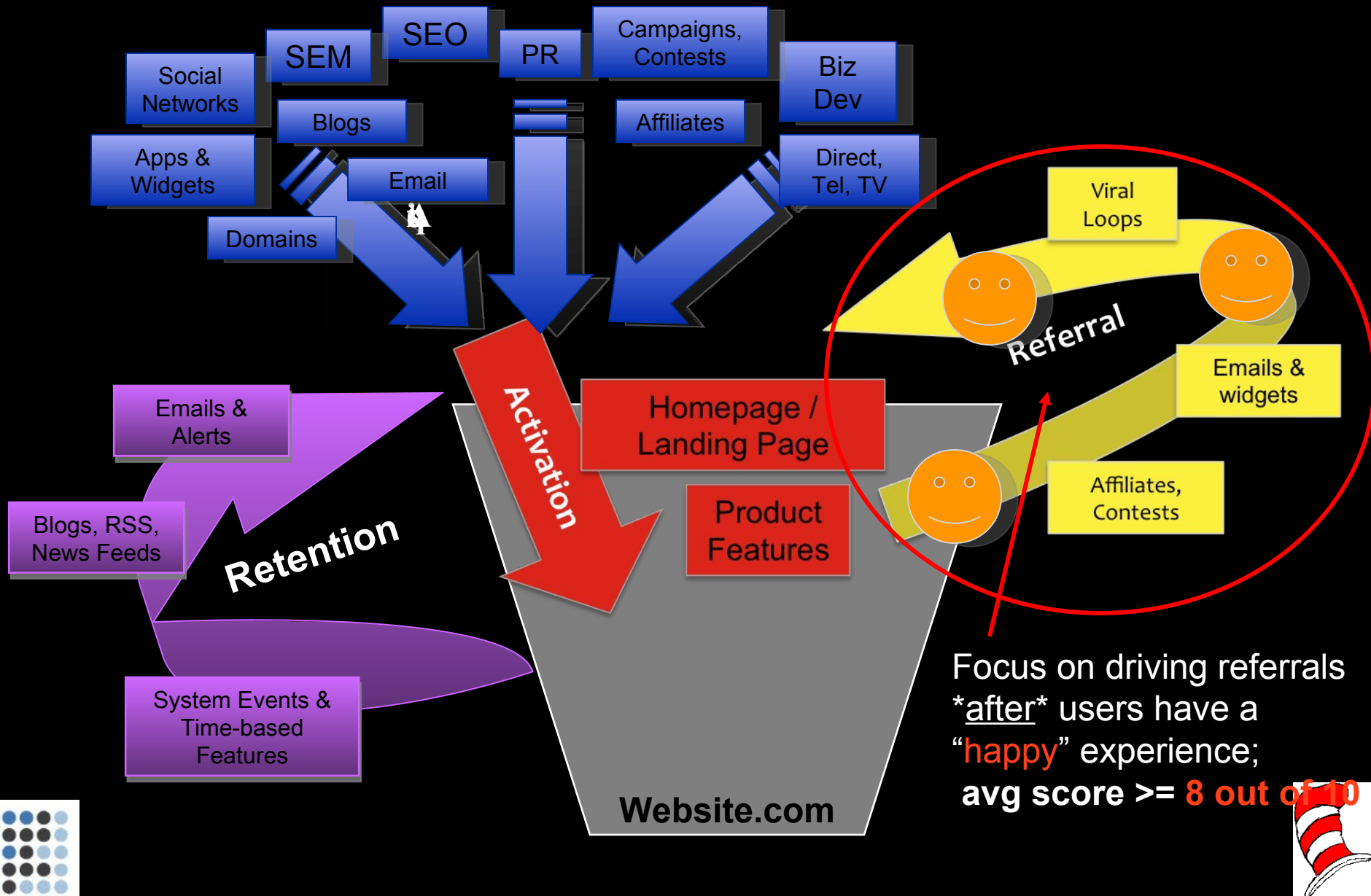   andrewchen.typepad.com/andrew_chens_blog/2007/04/10_obvious_stra.html
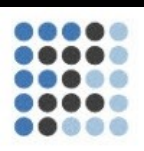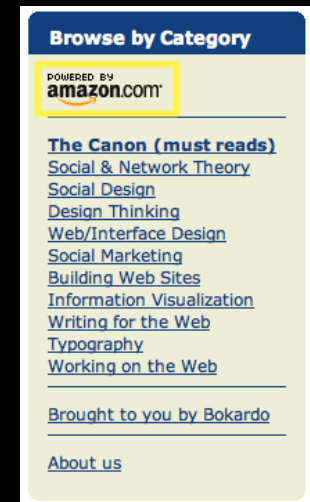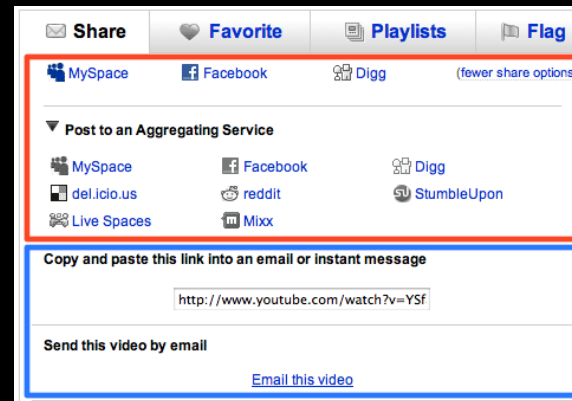
Startup Metrics

Referral

Referral

Referral
How do users refer others?

Referral Methods

✓ Send to Friend: Email / IM

✓ Social Media

✓ Widgets / Embeds

✓ Affiliates

Referral
Viral Growth Factor

Viral Growth Factor = X * Y * Z

X = % of users who invite other people

Y = average # of people that they invited

Z = % of users who accepted an invitation

50% of your existing users told an average of **8** people and **37.5%** of those people converted.

converted

did not convert

Viral Growth Factor

1.5

Your viral growth factor gives an estimate of how many new users you gain per user. Any number above 1.0 suggests exponential growth.

A viral growth factor > 1 means an exponential organic user acquisition.

Referral

Tools

    Gigya (social media distribution & tracking tool)

        gigya.com

    ShareThis / AddThis (sharing buttons)

        sharethis.com / addthis.com

    GetMyContacts (PHP contacts importing & invitation software)

        getmycontacts.com

Resources
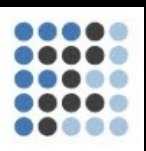
    Seven Ways to GO VIRAL

        lsvp.wordpress.com/2007/03/02/seven-ways-to-go-viral/

    What's your viral loop? Understanding the engine of adoption

        andrewchen.typepad.com/andrew_chens_blog/2007/07/whats-your-vira.html

    Metrics: Where Users Come From

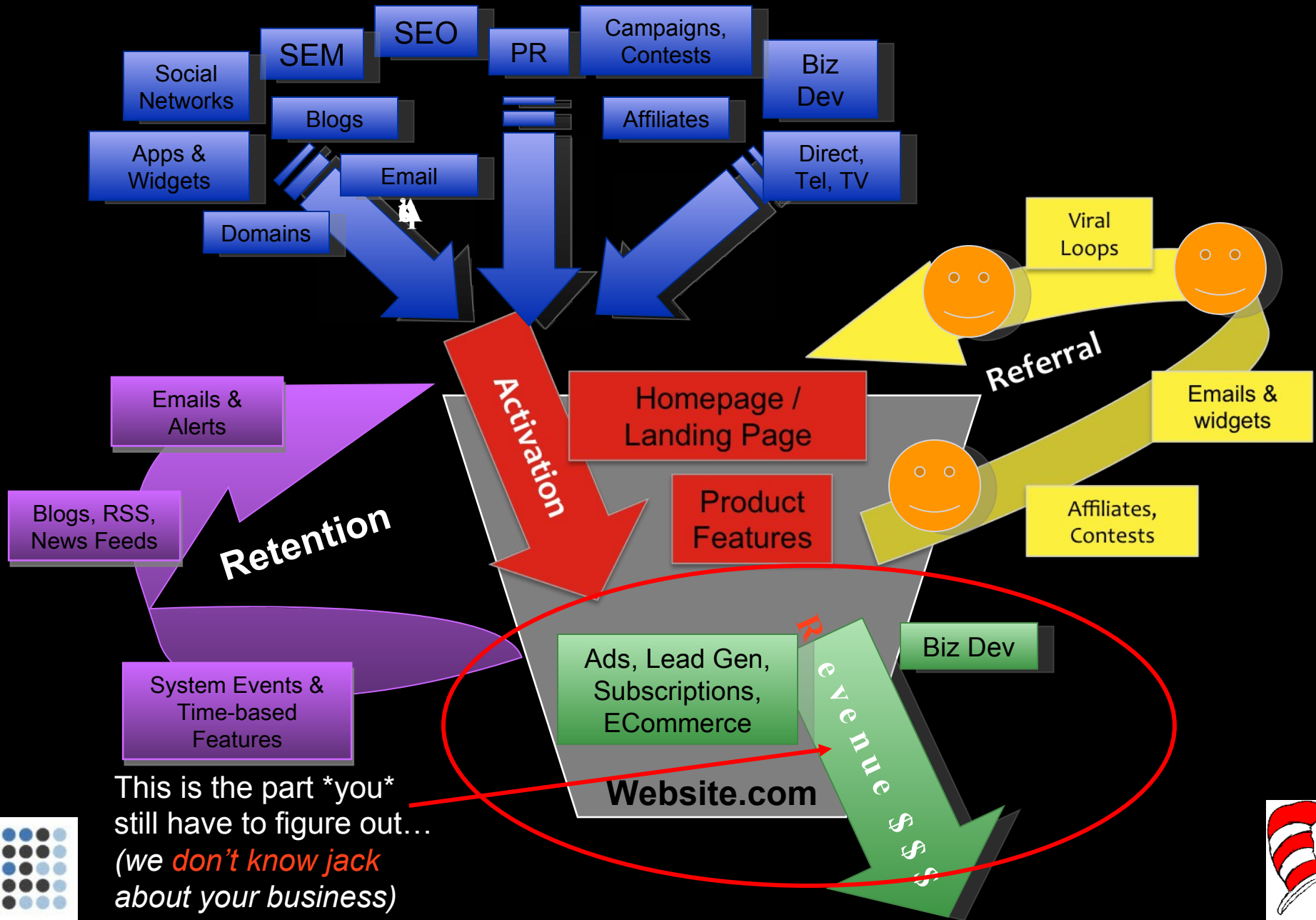   slideshare.net/guest2968b8/rockyou-snap-summit-32508

Startup Metrics

Revenue

Revenue

Social Networks · SEM · SEO · PR · Campaigns, Contests · Biz Dev · Blogs · Affiliates · Apps & Widgets · Email · Direct, Tel, TV · Domains

Activation

Homepage / Landing Page

Product Features

Viral Loops

Referral

Emails & widgets

Affiliates, Contests

Retention

Emails & Alerts

Blogs, RSS, News Feeds

System Events & Time-based Features

Ads, Lead Gen, Subscriptions, ECommerce

Biz Dev

Revenue $$$
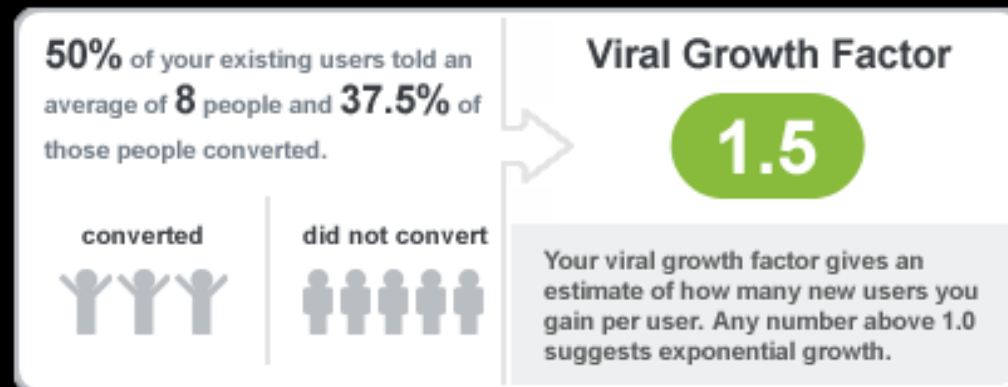
Website.com

This is the part *you* still have to figure out… (we *don't know jack* about your business)

Revenue
How do you make money?

Revenue Tips

- Don't Rely on AdSense (only)
- Start Free => 2% "**Freemium**"
- Subscription / Recurring transactions
- Qualify your customers -> Lead generation (arbitrage)
- Sell something! (physical or virtual)

Revenue

Resources & Tools
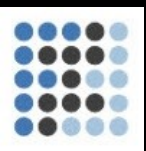- Revenue Metrics (Andrew Chen)
  - http://tinyurl.com/47r63a
- How to Create a Profitable "Freemium" Startup (Andrew Chen)
  - http://tinyurl.com/8z9ygk
- 2008 Affiliate Marketing Review (Scott Jangro)
  - http://tinyurl.com/86wak4

Types of Measurement

1. **Qualitative: Usability Testing / Session Monitoring**
   - Watch users, guess problems & solutions from small # of users

2. **Quantitative: Traffic Analysis / User Engagement**
   - Track users, usage, conv %'s for empirical sample # of users

3. **Comparative: A/B, Multivariate Testing**
   - Compare what users do in one scenario vs another
   - Measure which copy/graphics/UI are most effective

4. **Competitive: Monitoring & Tracking Competitors**
   - Track competitor activity & compare against yours (if possible)
   - Compare channels, keyword traffic, demographics, user sat, etc.