

Growth for Startups

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What I will cover today

1. Product Market fit & Retention
2. Growth channels & tactics
3. Making decisions with A/B testing



Partner

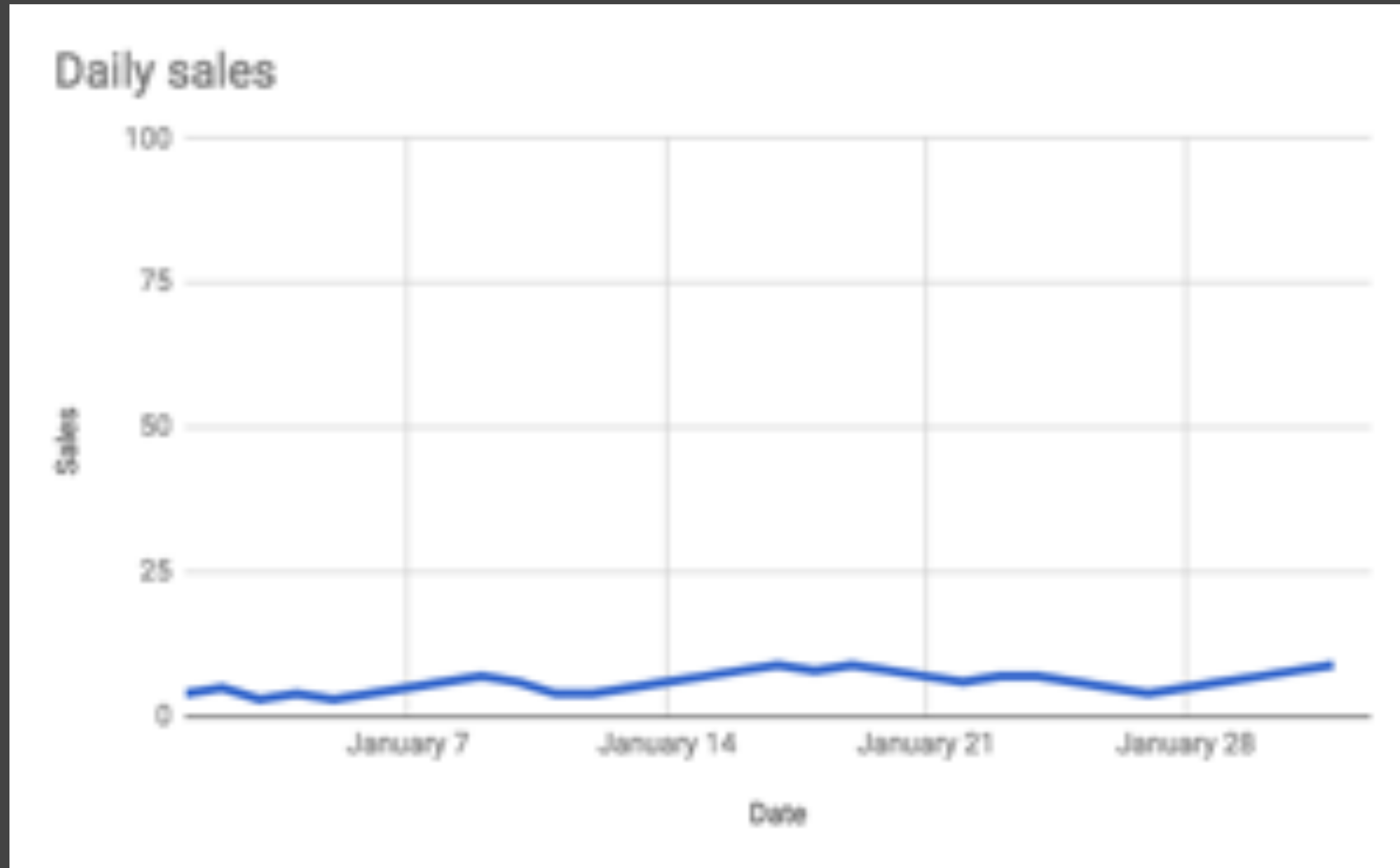


Product Lead,
Growth

Airbnb Growth team 2015



Most startups have nothing



“If you build it, they will come”

~~"If you build it, they will come"~~

"If you build it, they won't come"

DO THINGS THAT DON'T SCALE

Want to start a startup? Get funded by [Y Combinator](#).

July 2013

One of the most common types of advice we give at Y Combinator is to do things that don't scale. A lot of would-be founders believe that startups either take off or don't. You build something, make it available, and if you've made a better mousetrap, people beat a path to your door as promised. Or they don't, in which case the market must not exist. [1]

Actually startups take off because the founders make them take off. There may be a handful that just grew by themselves, but usually it takes some sort of push to get them going. A good metaphor would be the cranks that car engines had before they got electric starters. Once the engine was going, it would keep going, but there was a separate and laborious process to get it going.

Recruit

The most common unscalable thing founders have to do at the start is to recruit users manually. Nearly all startups have to. You can't wait for users to come to you. You have to go out and get them.

“- This idea will not scale”

- Every MBA in YC

Airbnb 2009



AirBed&Breakfast

idsa connecting '07

Two designers create a new way to connect at this year's IDSA conference.

AB&B STORY

FAQ

VACANCIES

LIST YOUR AIRBED

CONFERENCE GUIDE

FIRST TIME TO SF?

PRESS

ADVERTISE

NEWS

AB&B will be blogging live from the conference floor!



IDSA attendees,
welcome to San Francisco.

35 Hotels in Siena (IT)

Book your hotel in Siena online. Good availability and great rates!



Inns Bed And Breakfast

Low rates on Bed and Breakfasts! Compare B&Bs and Save.

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page 101

Richard L. Cunningham

Weekly Productivity Index

Classification: Not-for-profit group

Other profiles



408 *Journal of Nursing*

Model type: Artificial

Keywords: Customer service; customer satisfaction; customer loyalty; service quality

Keywords: *Self-esteem, self-esteem threat, self-esteem threat effects, self-esteem threat effects on self-esteem, self-esteem threat effects on self-esteem, self-esteem threat effects on self-esteem*

Shelley 199

Description:
This is a 100-page booklet in the
English language, 2
100 pages of content, including
written materials, maps, photos,
and other visual aids and
materials.

Located in the heart of South Beach area.

2025
 New Providence, New Jersey
 United States

© 2004 Blackwell Publishing Ltd

Street out
100-100-100-100

\$99
one month

is there a general finding? [View this](#)

“Go to New York”

**(Talk to your users and watch
them use your product)**

Lesson: Startups take off because
founders make them take off.

(What the YC batch is about)

One way to grow when you are small:

Doing things that don't scale



Product Market Fit

Product Market Fit

How to use data to understand

If you've made something
people want

Product Market Fit

1. Identify the **metric** that represent the value my users get from my product
2. Measure the **repeat usage** of that metric

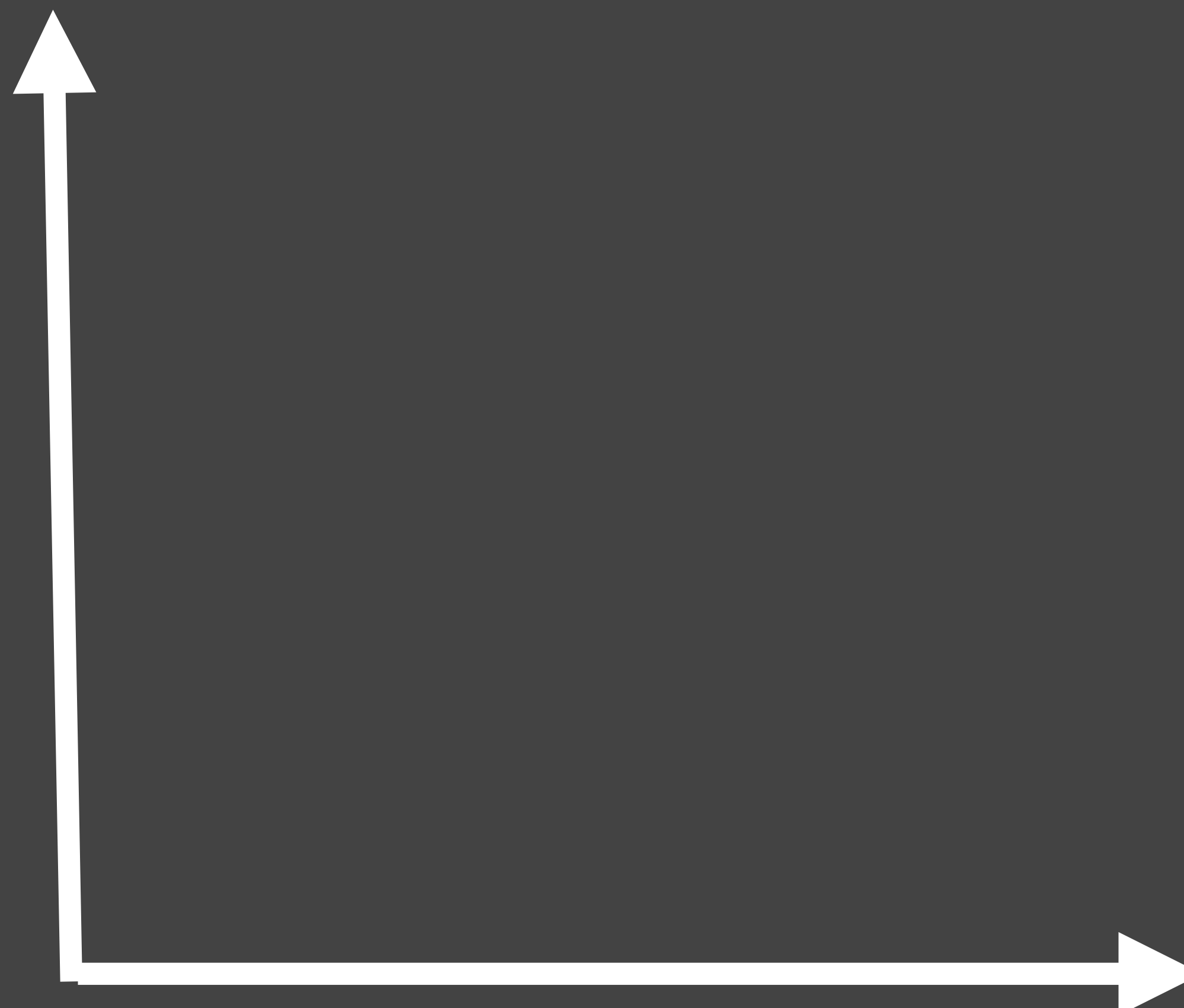
Measuring product market fit

Company	Metric that represent value	Ideal frequency
Airbnb	Bookings / Stays	Annual
Instagram	Active users	Daily
Gusto	Running employee payroll	Bi-weekly/Monthly
Lyft	Riders	Weekly/Monthly

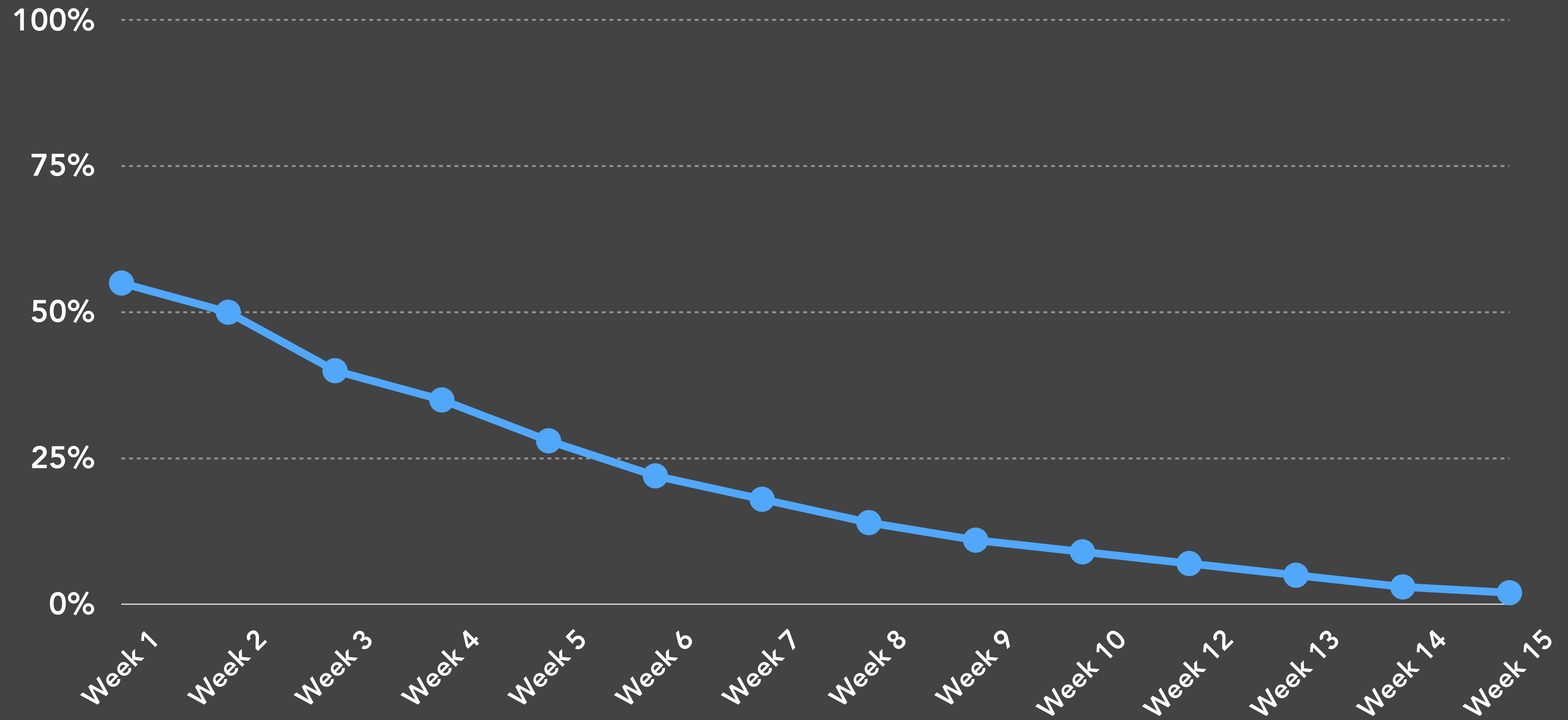
Now, measure your retention

Metric
(in %)

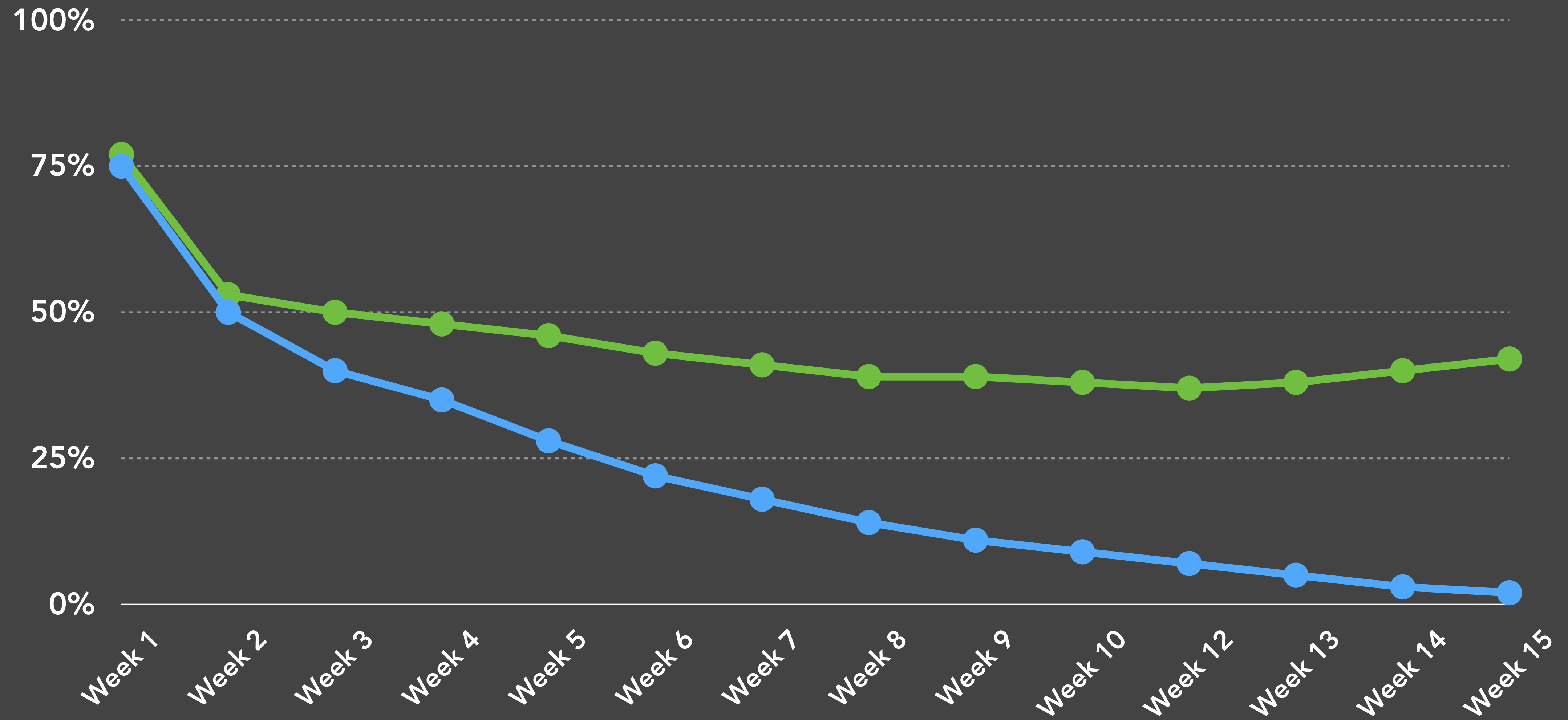
Time



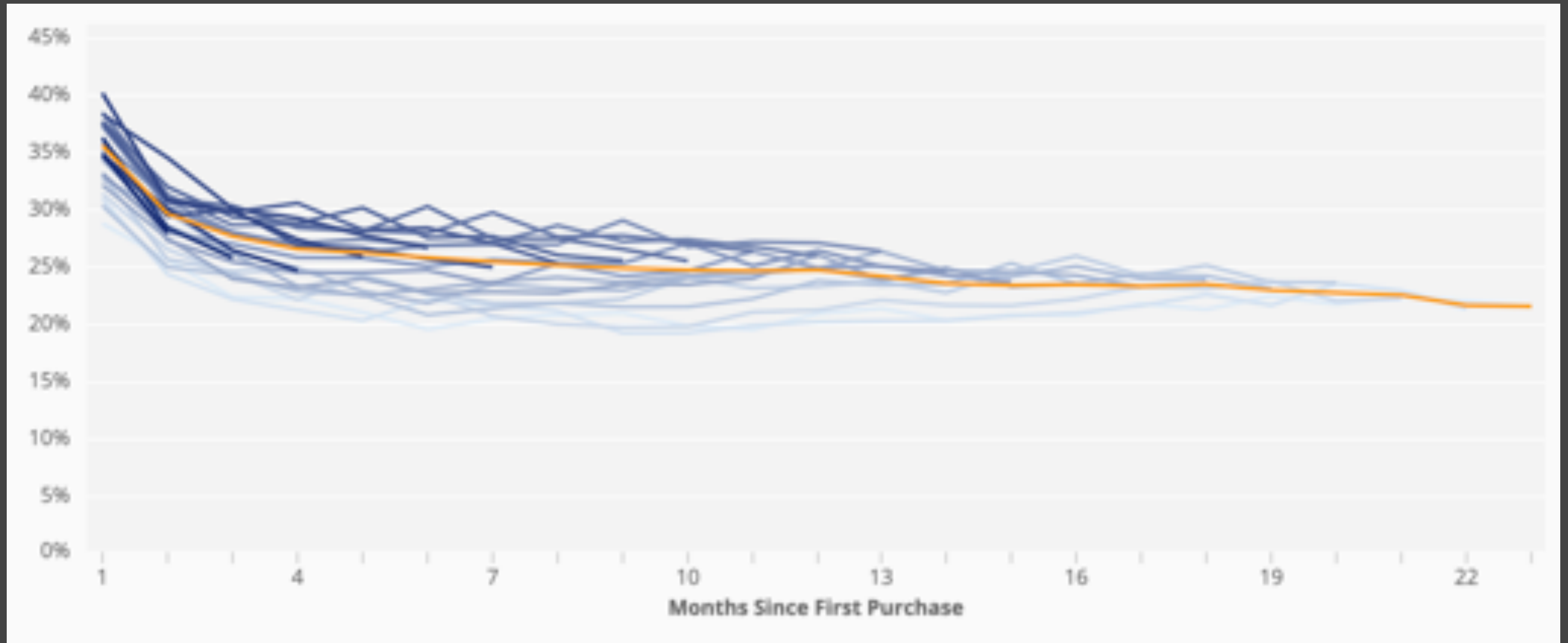
Measuring retention. This is a bad product



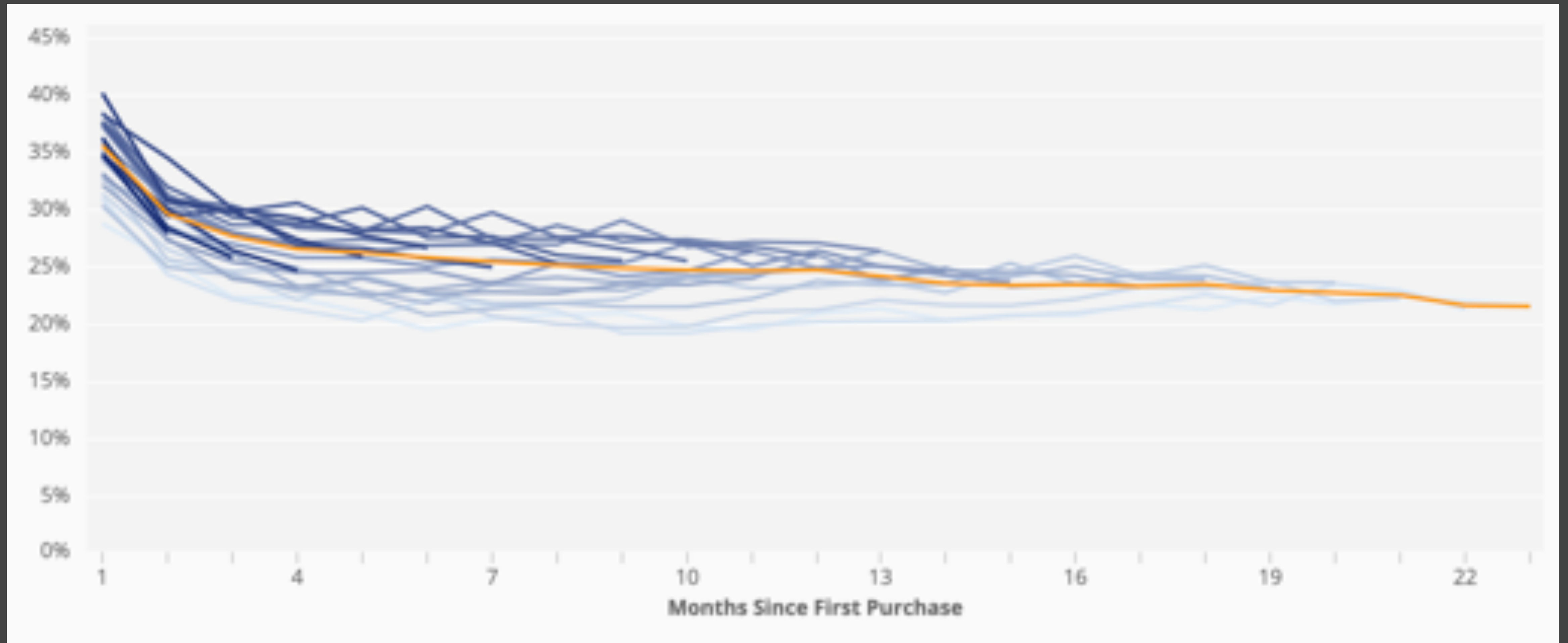
This is a great product with product market fit.



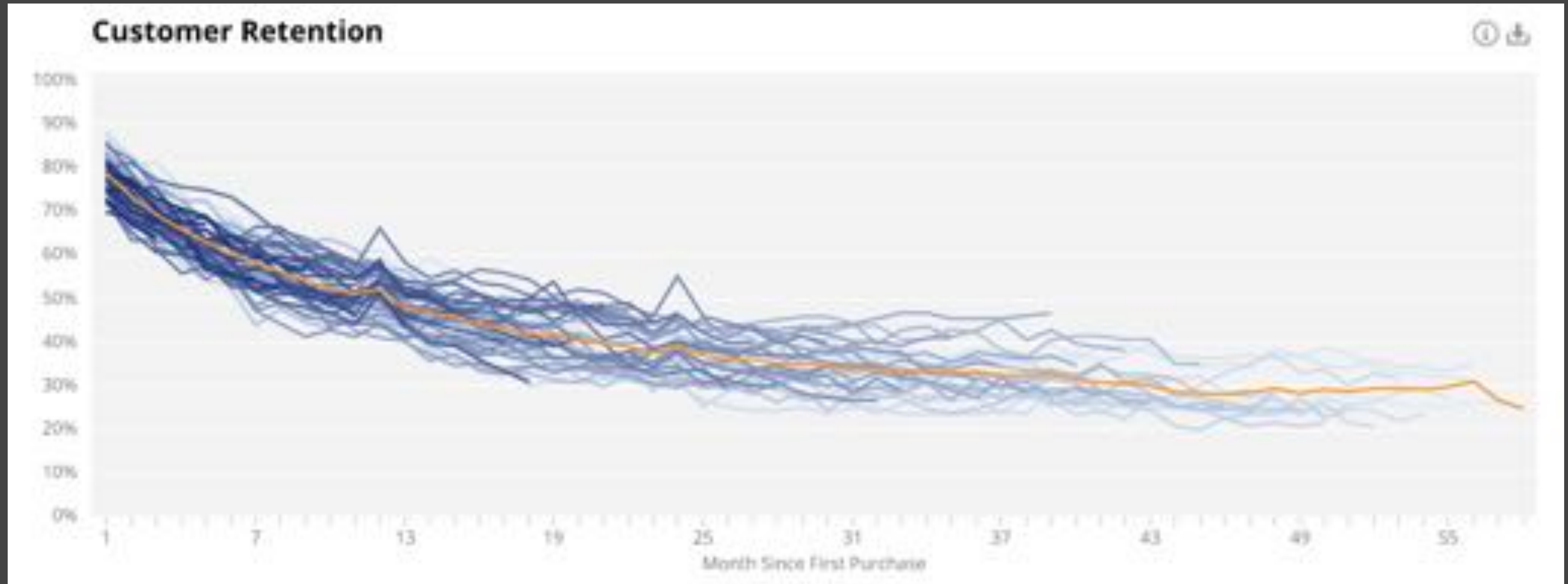
30% after 2 months. 21% after 20 months.



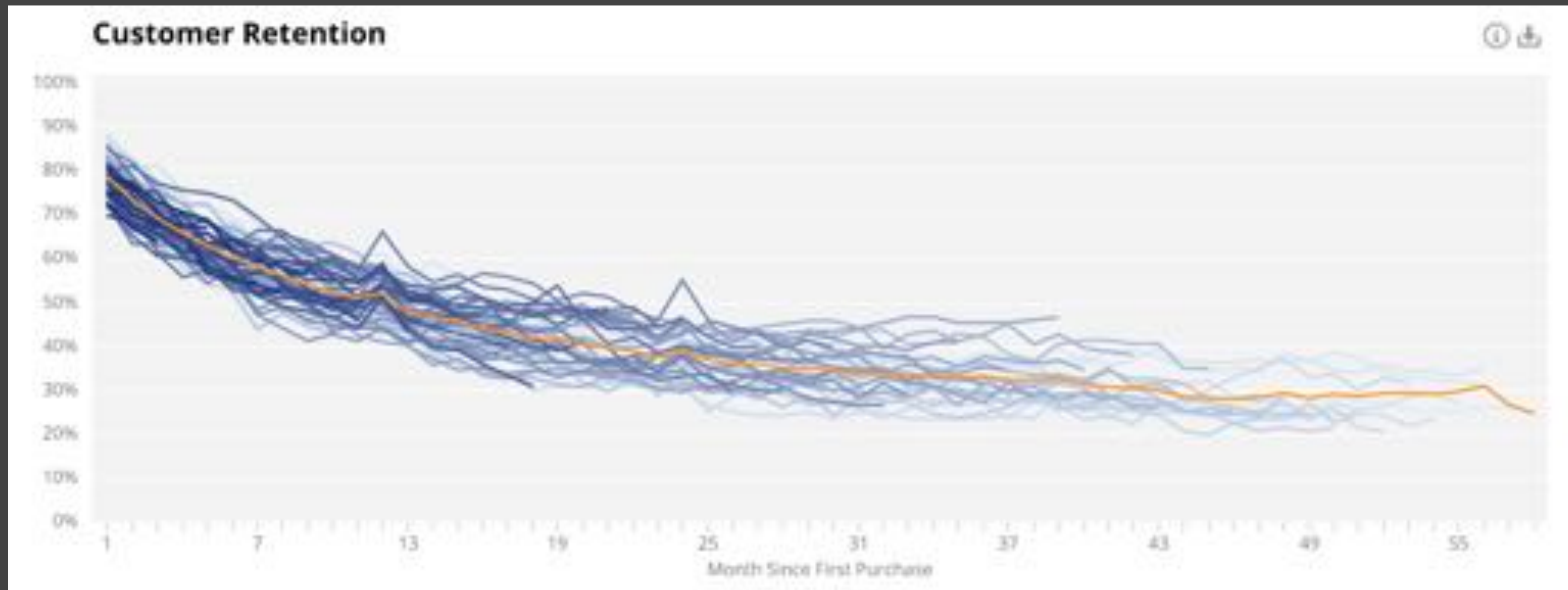
Doordash



80% after 1 month. 30% after 60 months



Github



**Retention is the best way to
determine product market fit**

Other (worse) ways to measure PMF

1. Net promoter score - not great
2. Surveys - often biased
3. "How would you feel if you can no longer use this product"

These are not good metrics for PMF

1. Registered users
2. Visitors
3. "Conversion rate"
4. "Customers that aren't paying"



Growth channels & tactics

Two ways ways to grow at scale

1. Product Growth / Conversion rate optimization

2. Growth Channels

Product Growth:

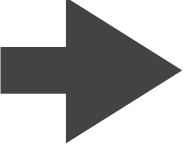
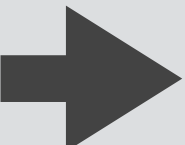
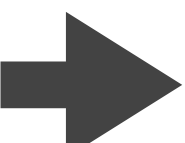

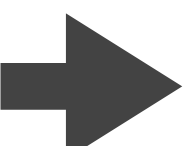
Conversion rate optimization

- Your product is a funnel / growth loop
- Every step in the funnel has drop-off

Conversion rate optimization areas

- Internationalization
- Authentication
- Onboarding
- Purchase conversion

Growth channels to explore

Company	Channel
Is this a rare behaviour that people use Google to find a solution?	 Google SEO & SEM
Do existing users already share your product via word-of-mouth?	 Virality & Referrals
Does having more users improve the experience?	 Virality
Do I already know who each of my future users are?	 Sales
Do my users have high LTV?	 Paid Acquisition (Facebook, Google etc)

**Most companies grow huge using
only 1 or 2 of these channels**



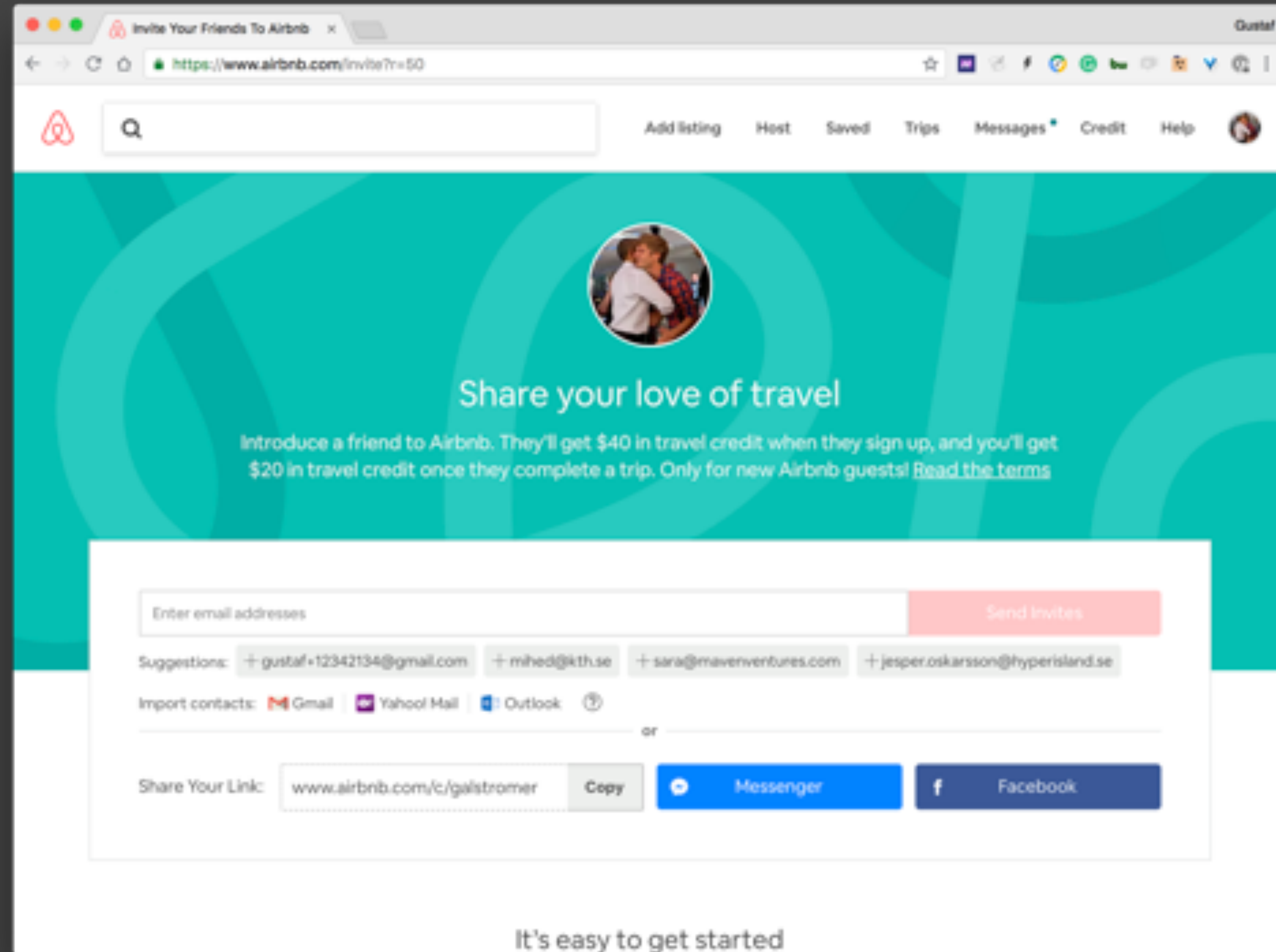
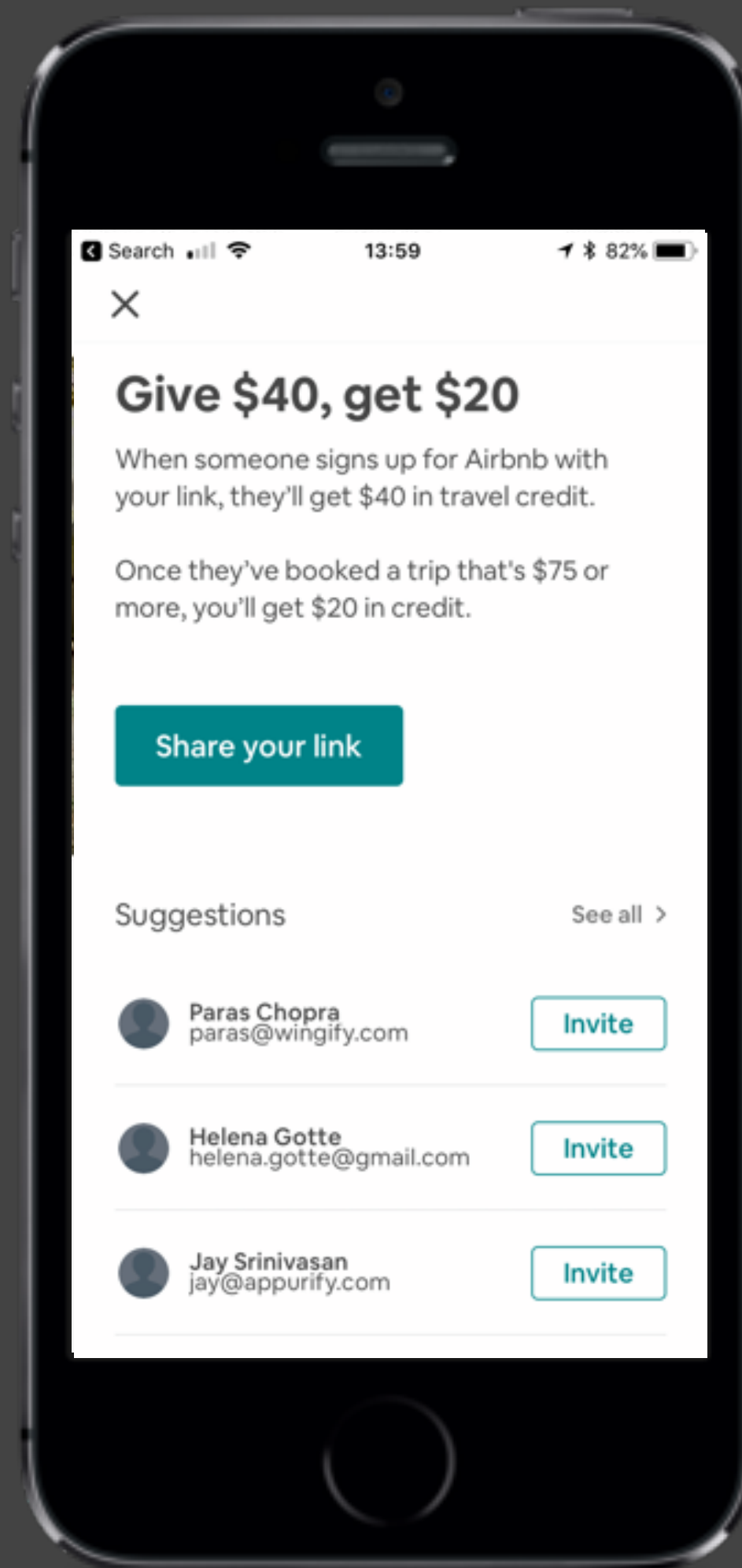
Referrals & Virality

Referrals

Word-of-mouth is Airbnb's largest growth driver

Referrals is engineered word-of-mouth

Referrals Product



Referrals Funnel

Referral "Hooks"

Weekly active users who saw entry point

View referrals page

Users sending invites + Sharing

Invitations

Reach (Invitees Per Inviter) + Sharing

Email Direct

Direct

Email Import

Sign Up

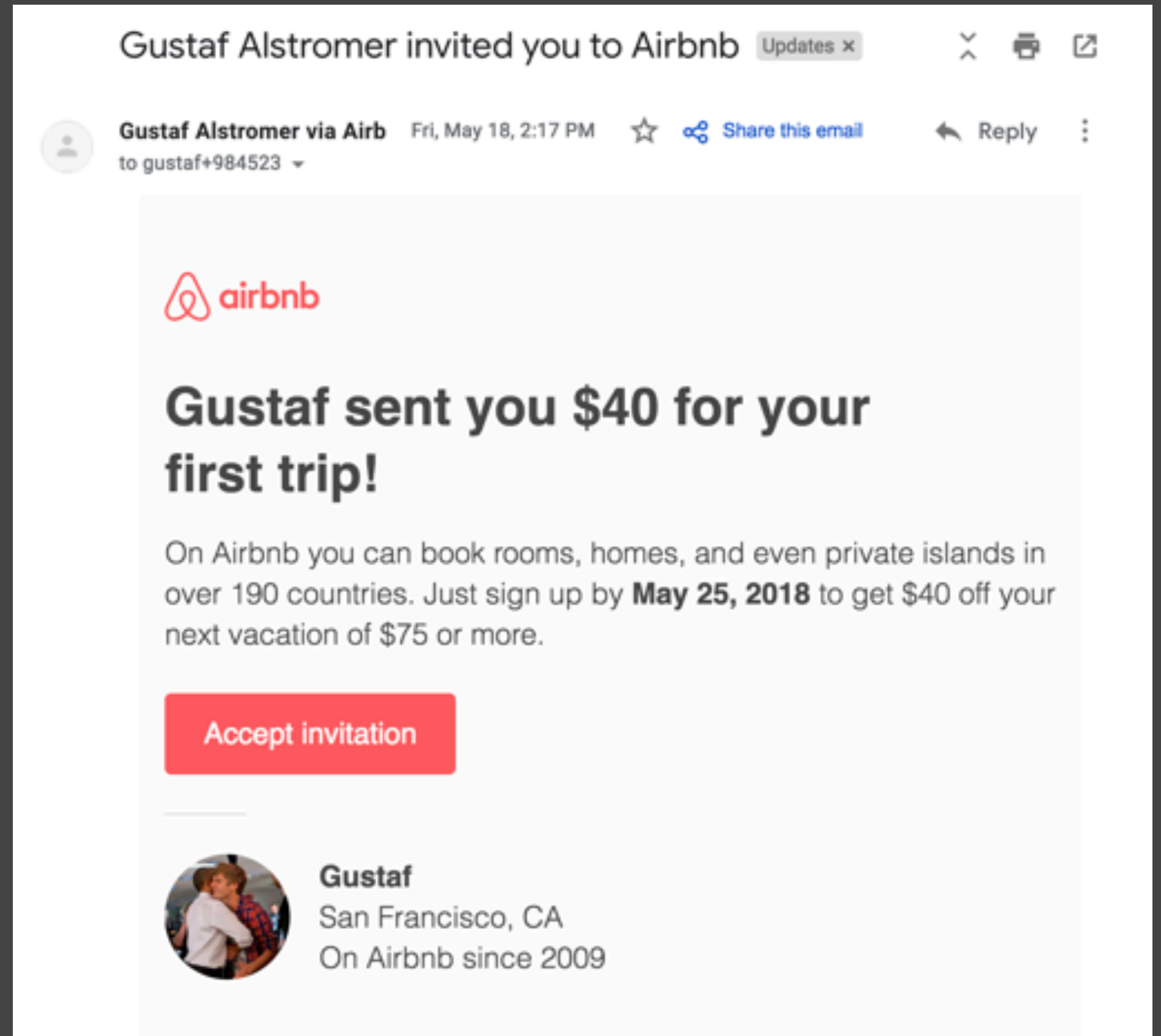
Conversion Rate to New User

Conversion Rate to New Guest / Host

Bookings

First time nights

Referrals Invite email



Referrals Invite email

Social proof

Gustaf Alstromer invited you to Airbnb

Updates x



Gustaf Alstromer via Airb
to gustaf+984523

Fri, May 18, 2:17 PM



Share this email



Reply



Clear value

Gustaf sent you \$40 for your first trip!

On Airbnb you can book rooms, homes, and even private islands in over 190 countries. Just sign up by **May 25, 2018** to get \$40 off your next vacation of \$75 or more.

Exclusivity

Accept invitation

Urgency

Social proof



Gustaf

San Francisco, CA

On Airbnb since 2009



Paid Growth

Paid Growth

- Don't do paid growth if you don't have revenue
- CAC = Customer Acquisition Cost
- CAC / Payback time (Most important metric in online marketing)
- Attribution
- Channels: Facebook, Instagram, Google, Youtube



Search Engine Optimization

What you see

The screenshot displays the Airbnb search results for Stockholm, Sweden. The top navigation bar includes the Airbnb logo, a search bar with "Stockholm, Sweden", and user options like "Host", "Messages", "Help", and a profile icon for "Gustaf".

Search Filters:

- Dates:** Check In, Check Out, 1 Guest
- Room Type:** Entire Home (selected), Private Room, Shared Room
- Price Range:** A slider from \$65 to \$1000+, with a red line indicating the current range and a label for "\$128 Average".
- More Filters:** A button to expand additional filter options.

Search Results: 300+ Rentals · Stockholm

The results are shown in a grid of four listing cards. Each card features a main image, a price tag, a heart icon for favorites, and a circular profile picture of the host.

- Listing 1:** "Charming apt@ perfect locati..." with a price of \$95. It shows an outdoor balcony with a pink chair. Rating: 4.8 stars, 13 reviews.
- Listing 2:** "Near water with balcony, Söd..." with a price of \$175. It shows a modern kitchen and dining area. Rating: 4.9 stars, 10 reviews.
- Listing 3:** (Partially visible) shows a room with white walls and a heart icon.
- Listing 4:** (Partially visible) shows a room with a window and a heart icon.

Map: On the right side, a map of Stockholm shows the city's layout with various neighborhoods labeled. Red pins indicate the locations of the search results, with price tags like \$125, \$163, \$128, \$100, \$105, \$118, \$119, and \$70.

What Google see

[Your Trips](#) [Wish Lists](#) [Edit Profile](#) [Invite Friends](#) [Account Settings](#) [Business Travel](#) [Log Out](#) [Log In](#) [Sign Up](#) [Help](#) [Messages](#) [0 Host](#) [0 Host Dashboard](#) [Manage Listings](#) [0 List](#) [Your Space](#) [Your Reservations](#) [Refer Hosts](#) [New Reviews](#) [Groups](#) [Hospitality](#) [Recently Viewed](#) [Become a Host](#)

Filters **Dates**

Check In Check Out

Number of guests

1 Guest

Room Type

Entire Home
Listings where you have the whole place to yourself.

Private Room
Listings where you have your own room but share some common spaces.

Shared Room
Listings where you'll share your room or your room may be a common space.

☐ Entire Home ☐ Private Room ☐ Shared Room **Price Range** € € **Size**

Minimum number of bedrooms Bedrooms **Minimum number of bathrooms** Bathrooms **Minimum number of beds** Beds

Options

☐ Book without waiting for your reservation to be accepted

☐ Instant Book
Secure a reservation instantly. [Learn More](#) ☐ Superhost
Stay with recognized hosts. [Learn More](#) **Neighborhoods** ☐ Södermalm ☐ Norrmalm ☐ Kungsholmen

☐ Bromma ☐ Enskede-Årsta-Vantör ☐ Farsta ☐ Hägersten-Liljeholmen ☐ Håsselby-Vällingby ☐ Rinkeby-Kista ☐ Skarpnäck ☐ Skärholmen ☐ Spånga-Tensta ☐ Älvsjö ☐ Östermalm [+ More](#) **Amenities** ☐ Wireless Internet ☐ TV ☐ Kitchen

☐ Air Conditioning ☐ Breakfast ☐ Buzzer/Wireless Intercom ☐ Cable TV ☐ Carbon Monoxide Detector ☐ Doorman ☐ Dryer ☐ Elevator in Building ☐ Essentials ☐ Family/Kid Friendly ☐ Fire Extinguisher ☐ First Aid Kit ☐ Free Parking on Premises ☐ Gym ☐ Heating ☐ Hot Tub ☐ Indoor Fireplace ☐ Internet ☐ Pets Allowed ☐ Pool ☐ Safety Card ☐ Shampoo ☐ Smoke Detector ☐ Smoking Allowed ☐ Suitable for Events ☐ Washer ☐ Wheelchair Accessible [+ More](#) **Property Type** ☐ Apartment ☐ House ☐ Bed & Breakfast

SEO - Two main levers

On-page optimization

- Every optimization starts with keyword research.
- Which page am I trying to rank for what keyword?
- SEO Experimentation

Off-page optimization

- Who is linking to you?



Making decisions using A/B testing

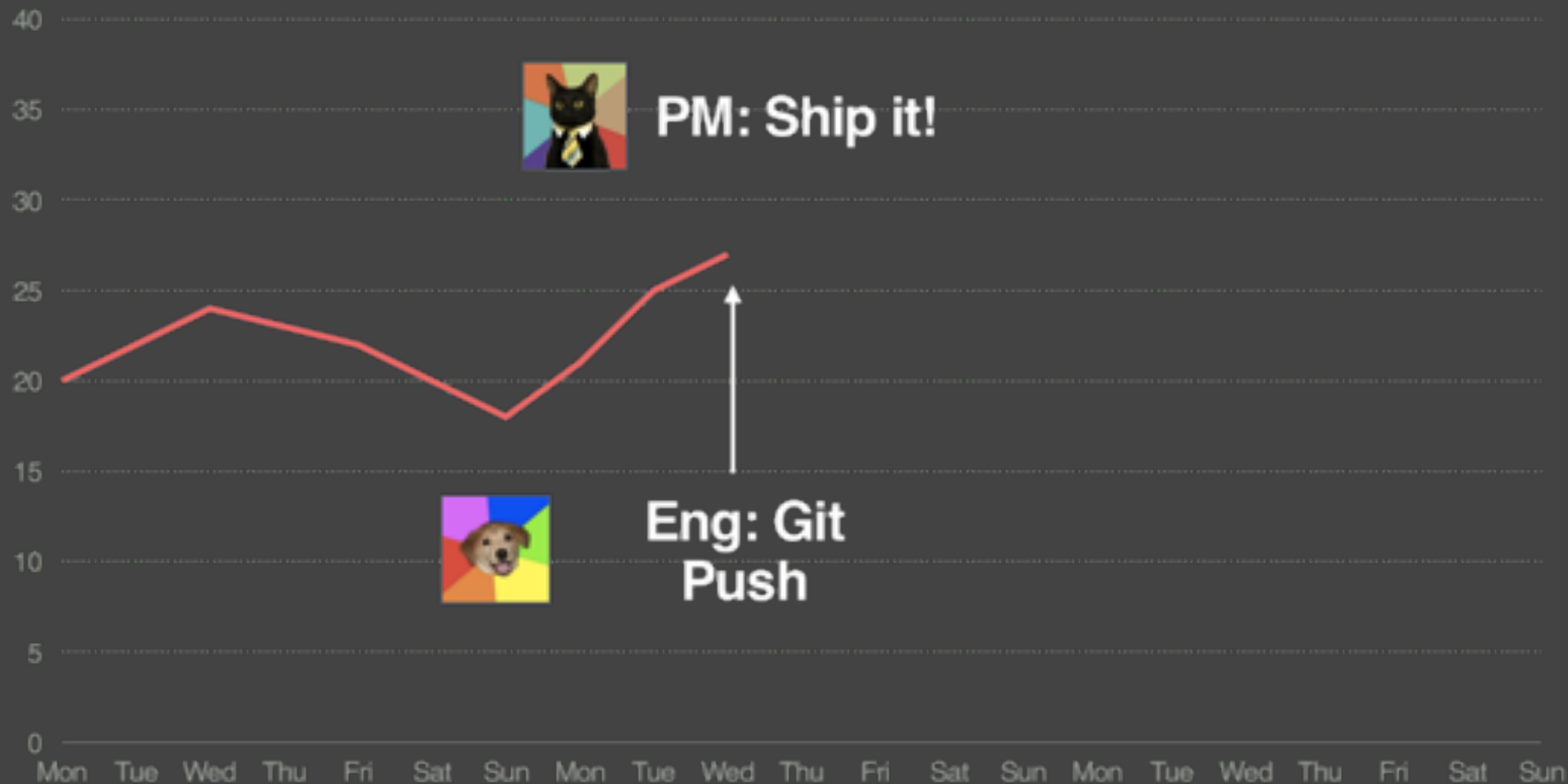
**"I want to launch a new
design of our homepage"**

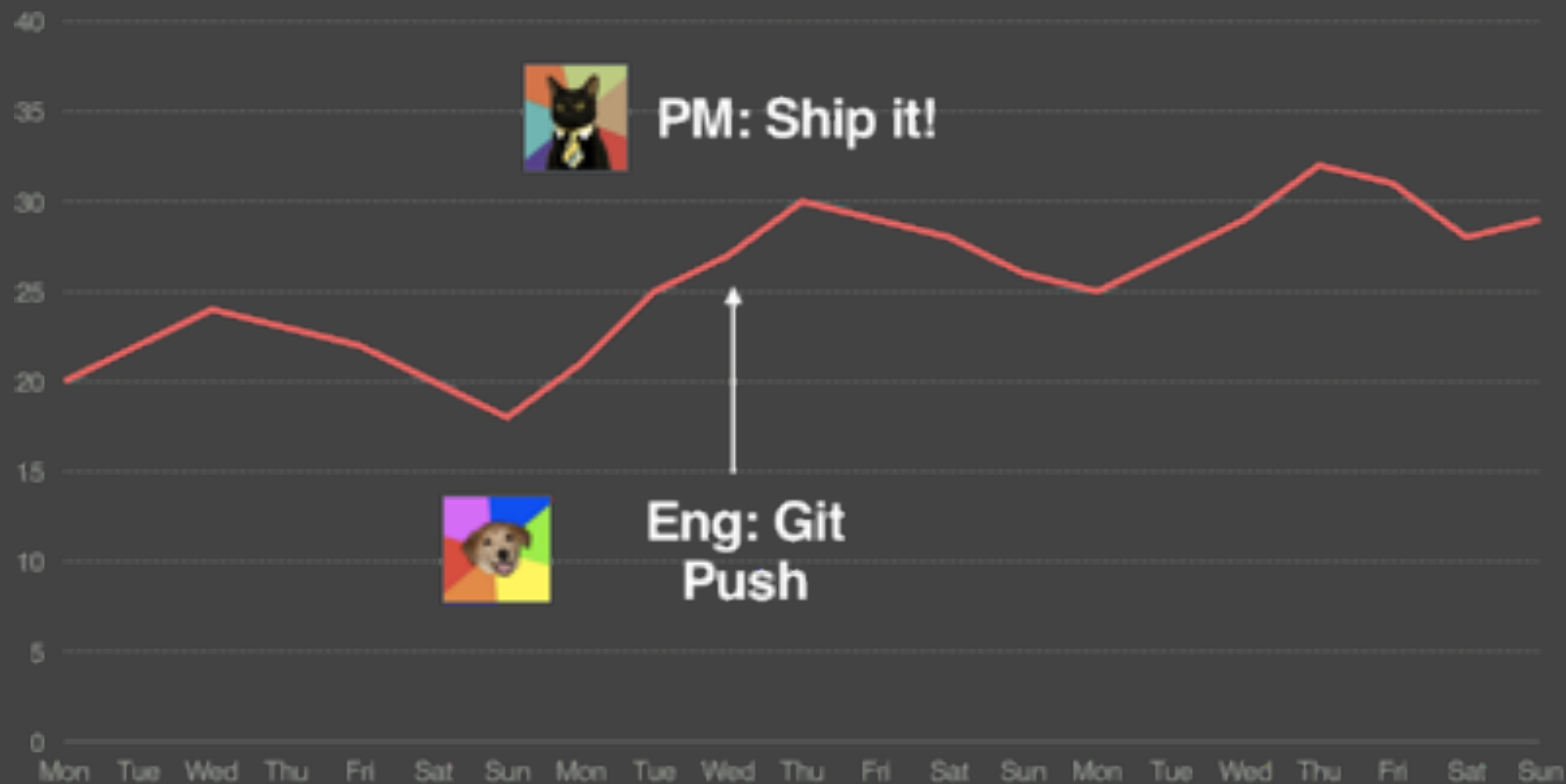
Most of you don't need this
right now (don't do it!)



a/b testing calculator

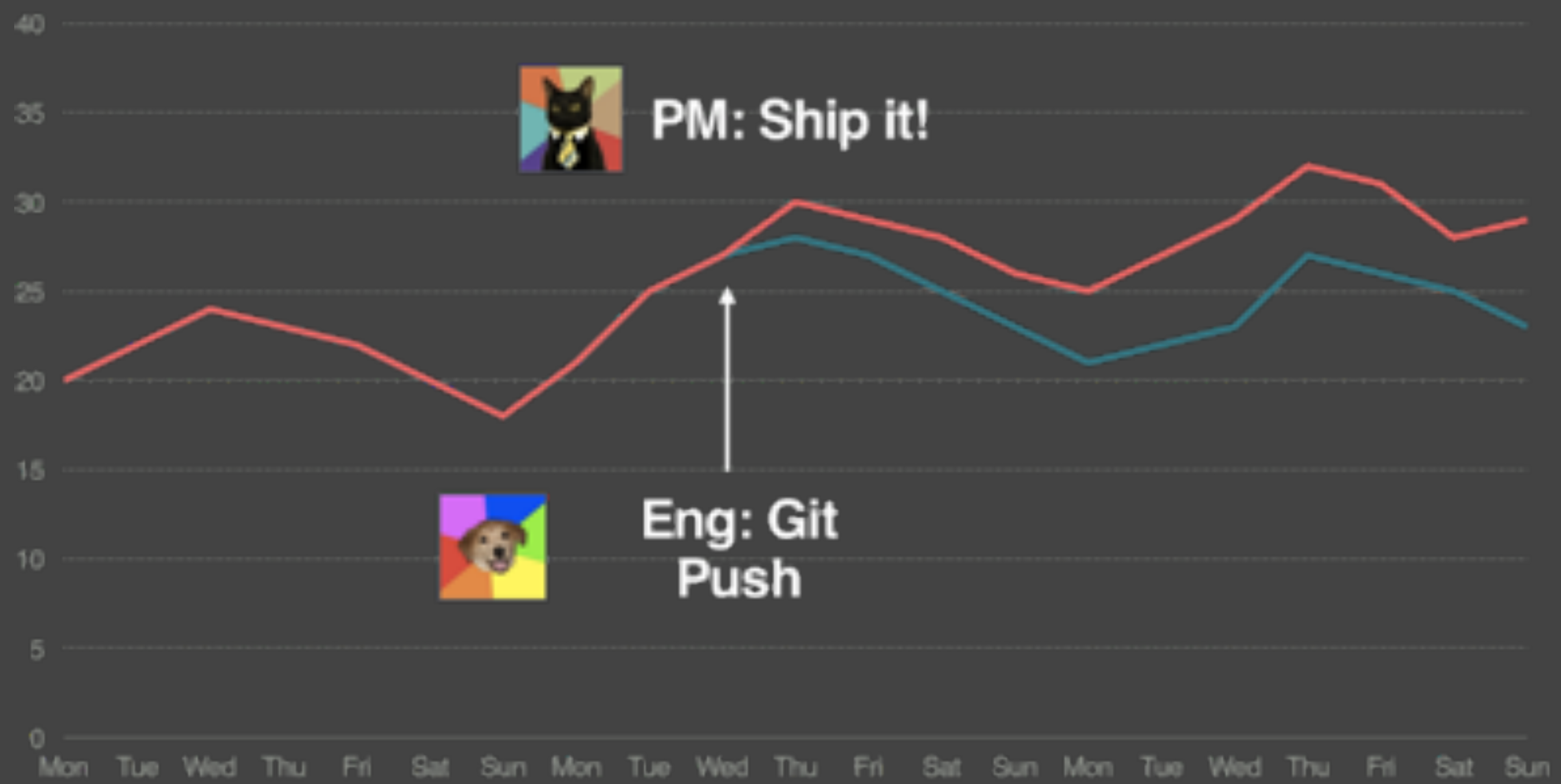






**Yay! Metric is
going up. Win!**

**But how do you
really know?**



What you need
is a counter-factual
to understand what
would've happened
if we didn't launch?



Experiment Review



Growth Experiment Review
May 18, 2019

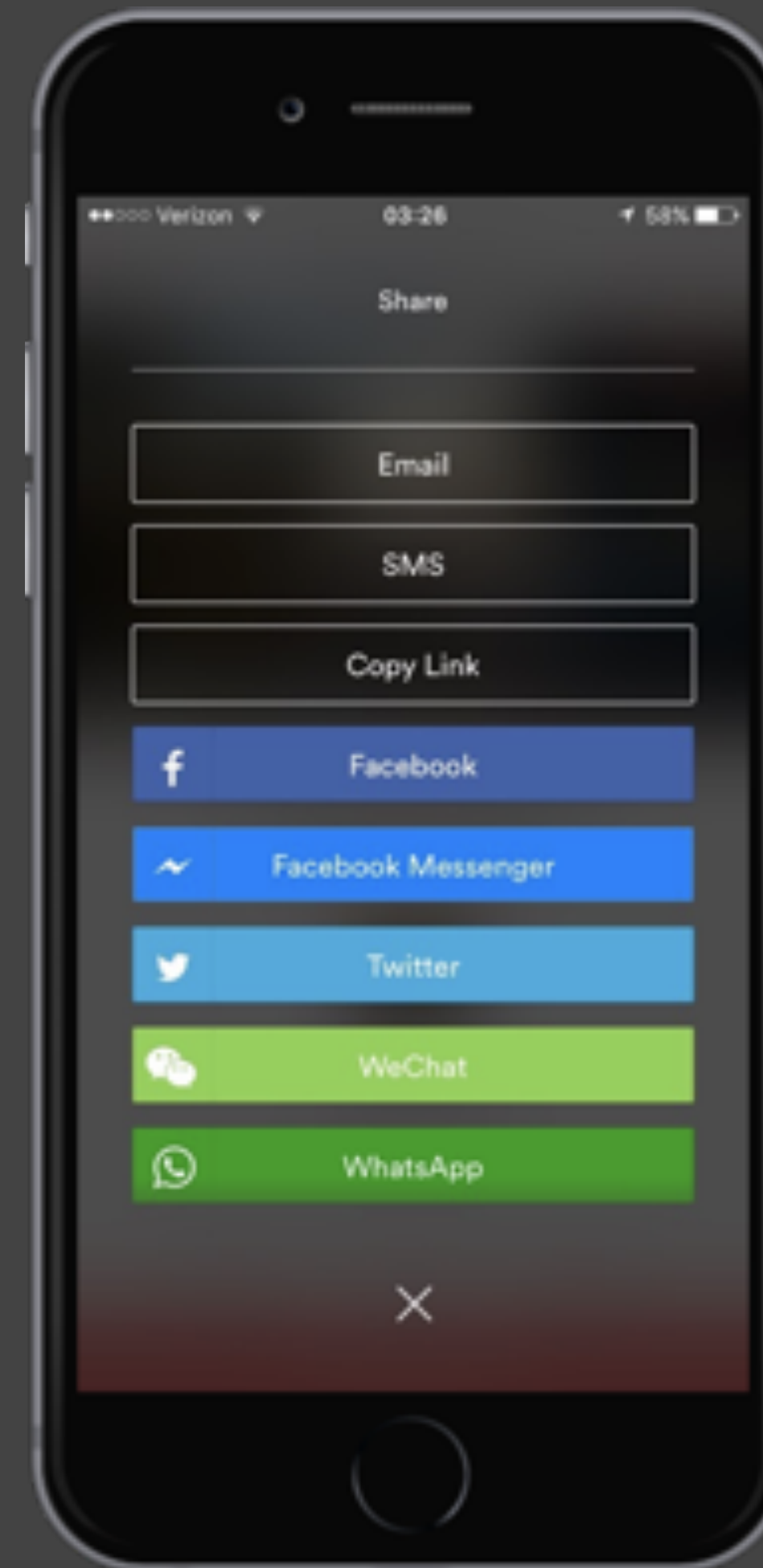
Raise your hand if you have
“good product instincts?”

iOS Sharing Sheet

Metric: Shares



Control



Experiment

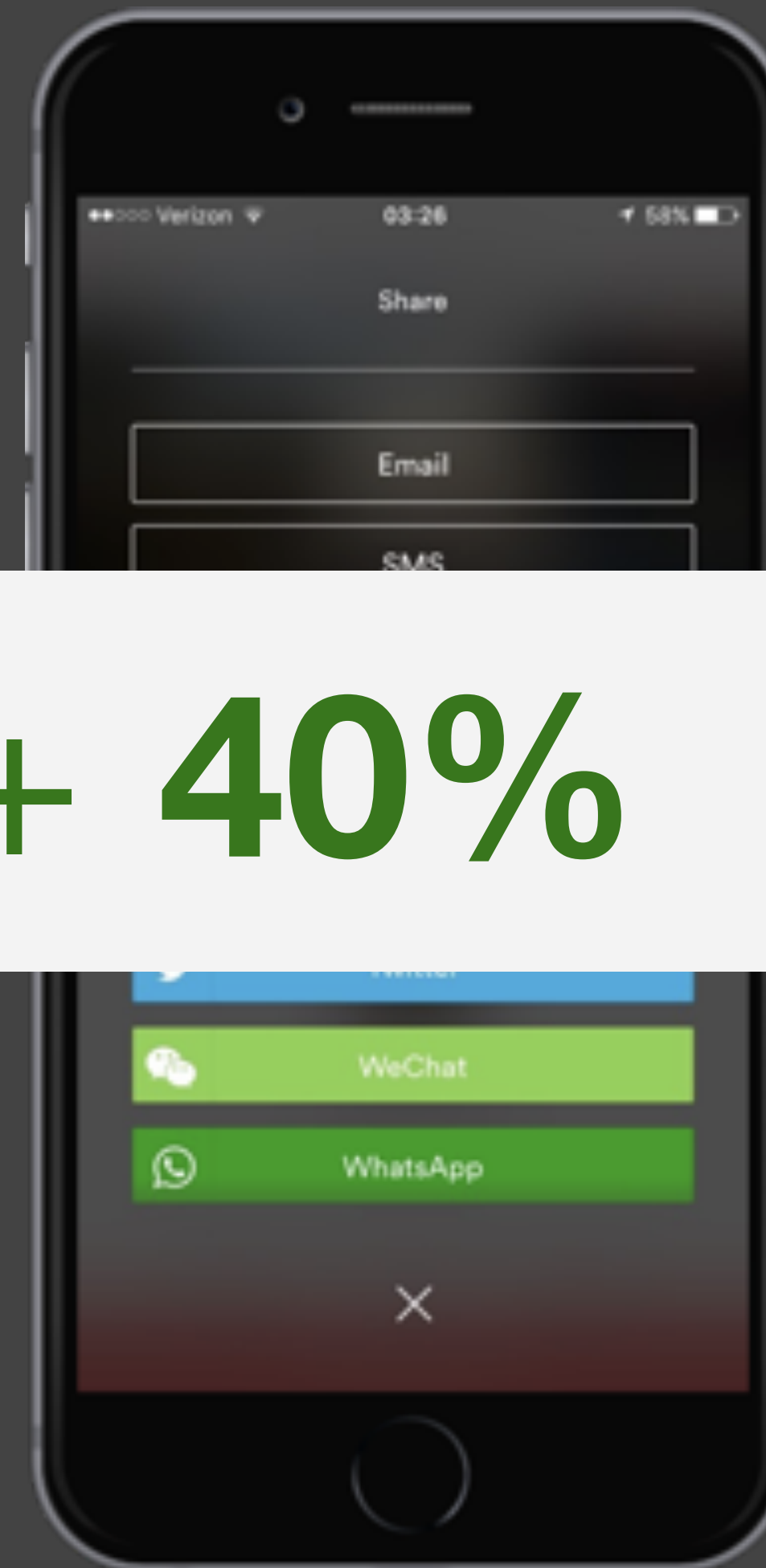
Place your bets

iOS Sharing Sheet

Metric: Shares



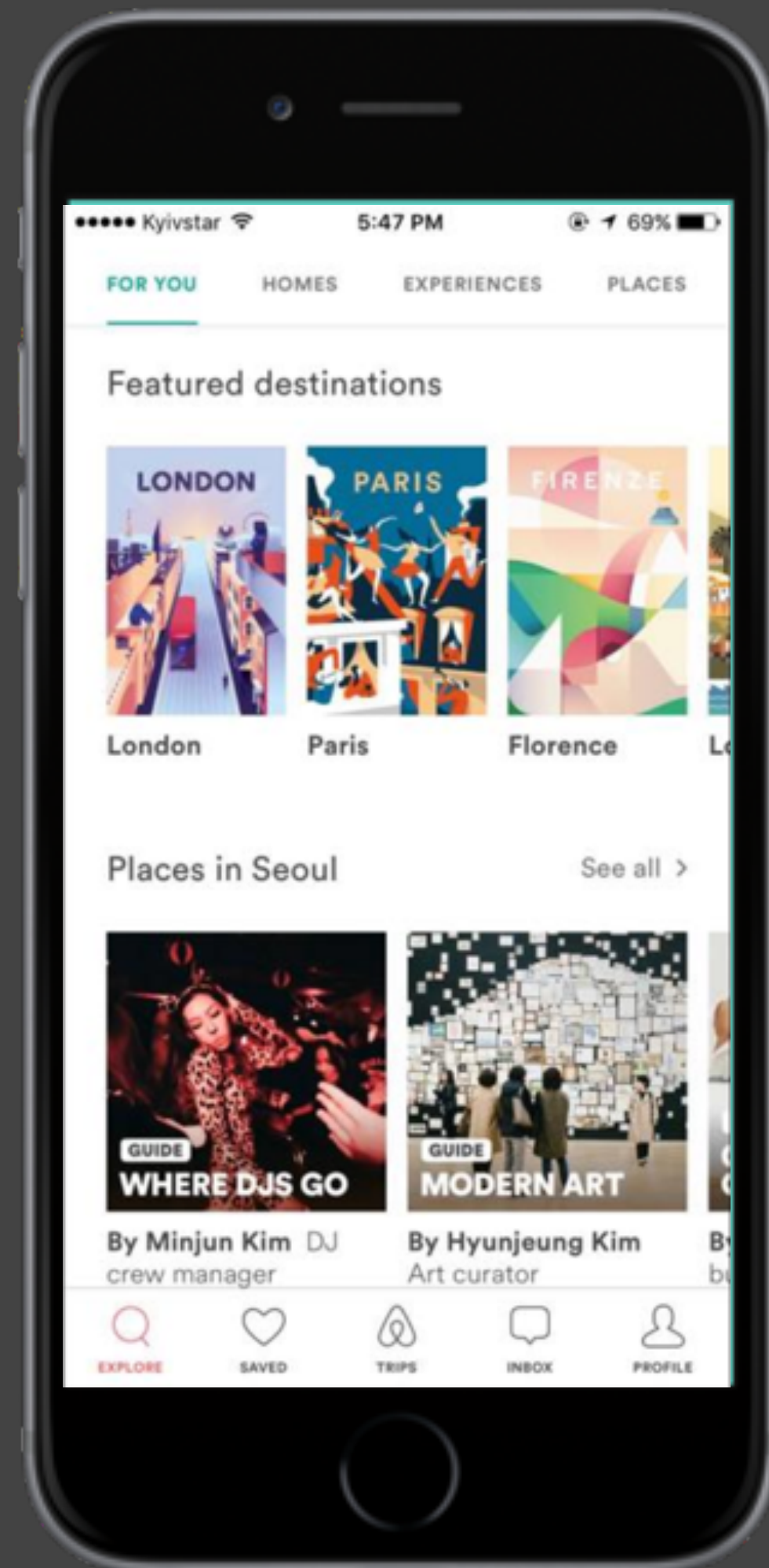
Control



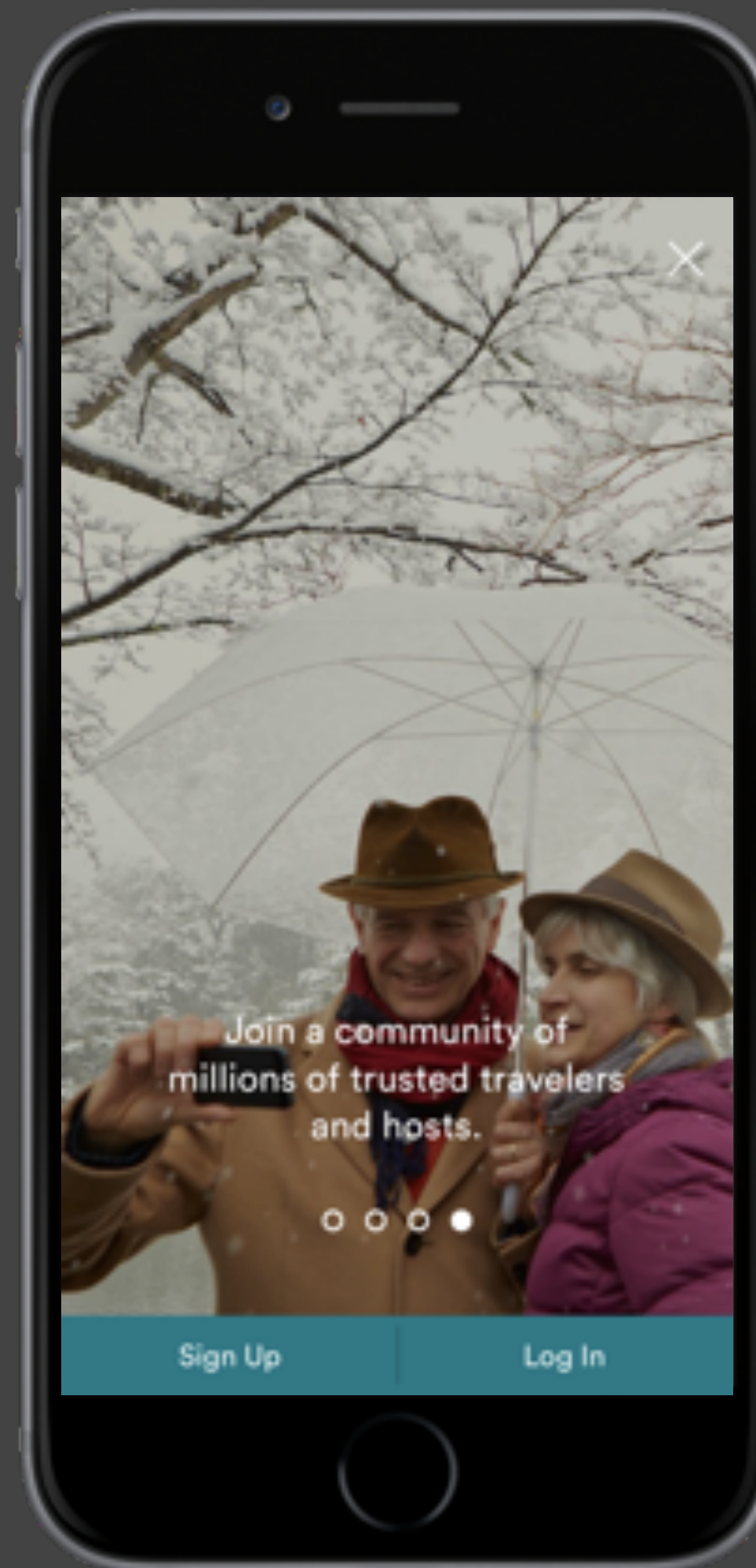
Experiment

Signup wall or not?

Metric: Signups & Bookings



Control



Experiment 1



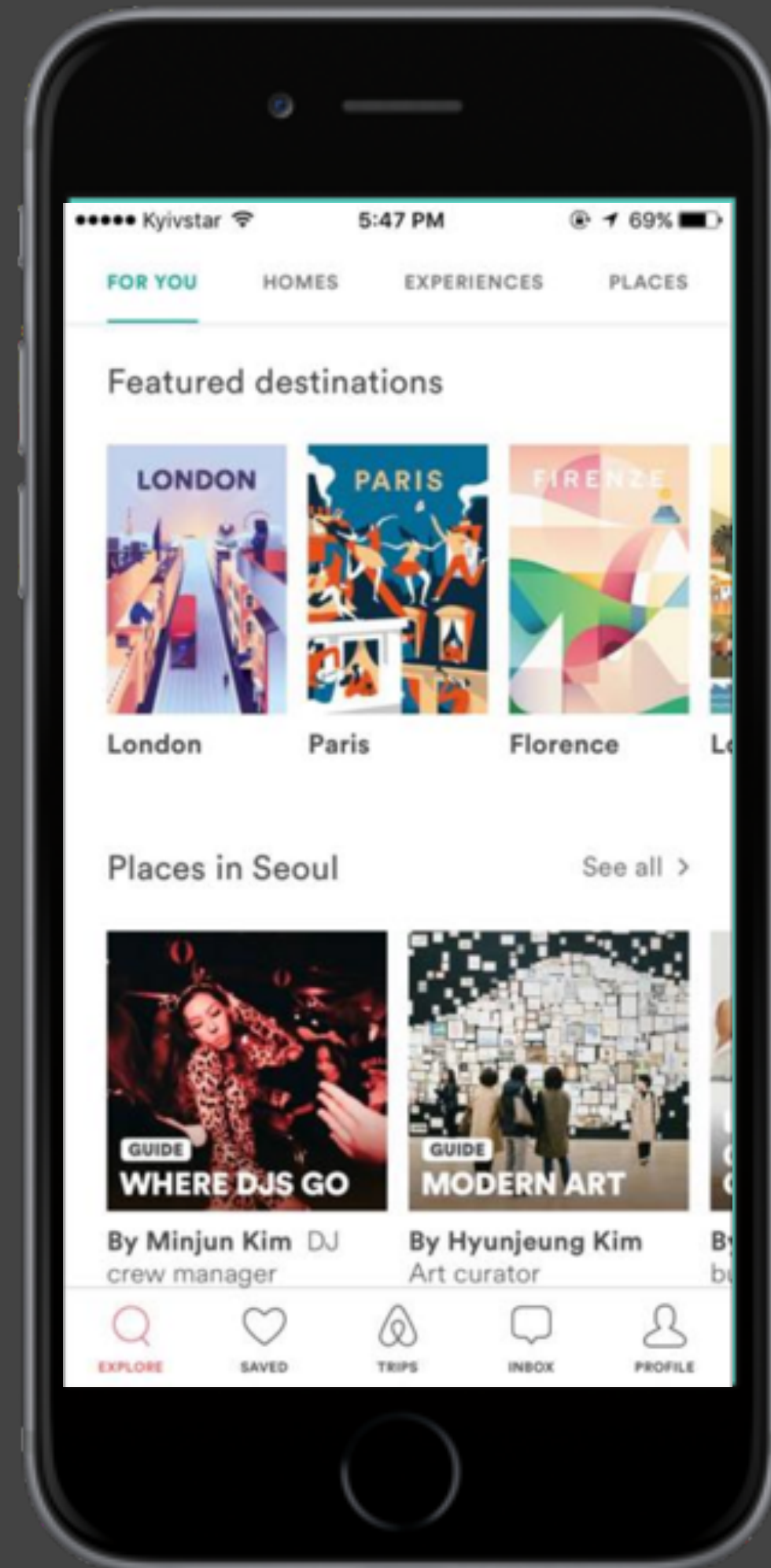
Not dismissible

Experiment 2

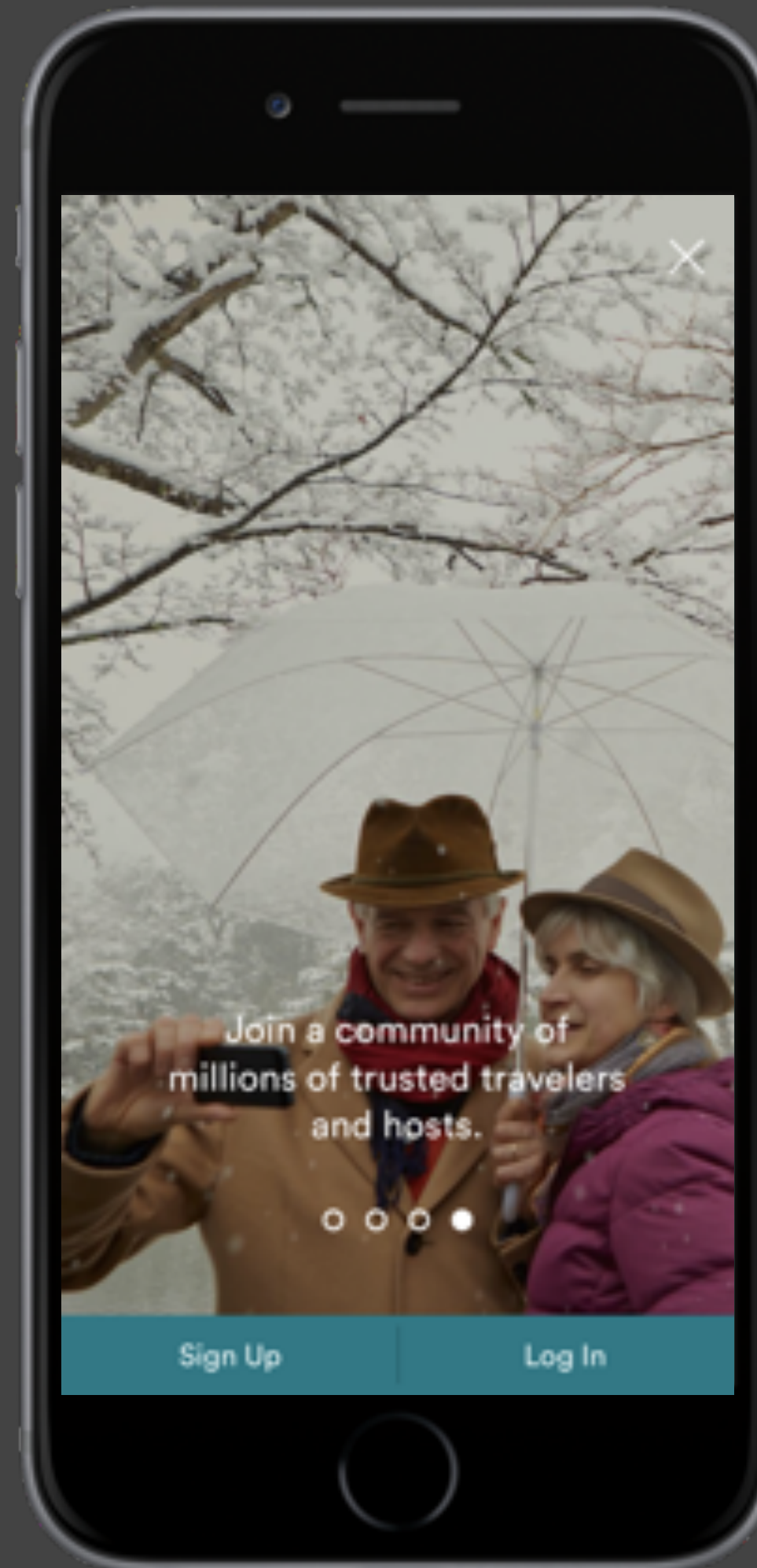
Place your bets

Signup wall or not?

Metric: Signups & Bookings



Control

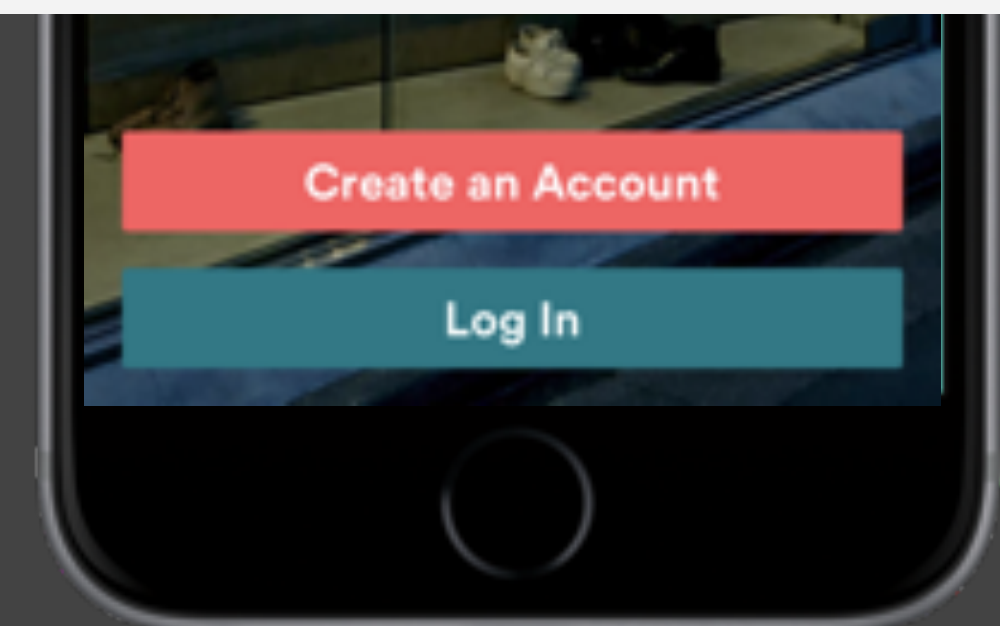


Experiment 1



Not dismissible

+ 40.6% (signups)
+ 2.6% (bookings)



Experiment 2

Product decisions are hard

**Most of you won't be doing
A/B testing for a long time**

Summary

1. Start by doing things that don't scale
2. Measure your retention / PMF
3. Build a culture of experimentation

Thank you