

Estonian Business School

Department of Entrepreneurship

GROWTH HACKING IN ESTONIAN START-UPS

Master's thesis

Raili Vunk

Supervisor: professor Tiit Elenurm

Tallinn 2017

I herewith declare that I have written the Master's Thesis independently.
References have been indicated for the publications, claims, options and different
sources by the authors.

May 25, 2017

...../R. Vunk

TABLE OF CONTENTS

ABBREVIATIONS	5
LIST OF FIGURES	6
ABSTRACT.....	7
INTRODUCTION	8
1. GROWTH HACKING AND DIFFERENCE FROM OTHER START-UP CONCEPTS	10
1.1 The essence of growth hacking.....	10
1.2 The steps of growth hacking	15
1.2.1 Finding product market fit	15
1.2.2 Finding growth hack	17
1.2.3 Going viral	18
1.2.4 Retention and optimization	20
1.3 Difference from other start-up concepts	21
1.3.1 Lean start-up concept.....	21
1.3.2 Guerrilla marketing	23
1.3.3 The touchpoints of the three concepts.....	25
1.4 Criticism on growth hacking.....	26
2. METHODOLOGY OF EMPIRICAL RESEARCH	29
2.1 Data collection methods.....	29
2.2 Formation of the sample	31
2.3 Data processing and analysis	32
3. RESULTS AND ANALYSIS	34
3.1 Start-ups' background info.....	35
3.2 Finding product market fit	37
3.3 Finding growth hack and going viral	39
3.4 Marketing	41
3.5 Retention and optimization	44
3.6 Interpretation of growth hacking essence by respondents	46
3.7 Suggestions from start-ups	49
CONCLUSIONS.....	51
REFERENCES	54
APPENDIXES	58
Appendix 1. Interview questions	59

Appendix 2. Proposed translations of growth hacking in Estonian language by author	61
RESÜMEE	62

ABBREVIATIONS

API	application programming interface
CEO	chief executive officer
CPM	cost per mille
CTA	call to action
MVP	minimum viable product
PR	public relations
SEO	search engine optimization
SEM	search engine marketing
SMM	social media marketing
SMO	social media optimization
URL	uniform resource locator

LIST OF FIGURES

Figure 1. Essential parts of growth hacking.....	11
Figure 2. Customer Lifecycle/ Conversion Behaviour based on AARRR model.....	13
Figure 3. The lean start-up process /Build-Measure-Learn model.....	22
Figure 4. The touchpoints of start-up concepts.....	25

ABSTRACT

Vunk, R. Growth hacking in Estonian start-ups, Master's Thesis, Estonian Business School, 54 pages, 4 figures, 2 tables, 42 references, in English.

GROWTH HACKING, START-UP, PRODUCT MARKET FIT, VIRALITY, MARKETING, DATA ANALYSIS, RETENTION

The problem of present research is to understand how growth hacking as a concept is interpreted and how its steps are used among Estonian successful and potentially successful start-ups, since the concept is rather new and is differently executed and interpreted worldwide. It is studied which activities have brought them success and what are the start-ups focusing on to be successful in marketing and growth. For meeting the research purpose and questions, qualitative method is used. Primary data is collected by conducting semi-structured interviews among nine Estonian user-based start-ups, who have used growth hacking to some extent.

The results show that just as worldwide, among studied start-ups growth hacking concept is comprehended and executed in very different ways. Among four companies, it is strongly related to technology and automation, where the key is to create the model which could be copied to reduce the expenses and find scalability. Three start-ups emphasize the untraditional ways of marketing, and only two of the start-ups have understood the whole concept of growth hacking, mentioning the importance of finding product market fit.

All the start-ups emphasize the step of finding product market fit for start-ups, it is just not associated in most of the cases with growth hacking. Regarding finding the growth hack and going viral, the clear difference between those two are not made, and those steps are just thought of as a creative or analytical marketing activities. Creating strong content is emphasized as the main keyword here among six interviewees. Respondents keep retention and optimization phase extremely important, emphasizing also the importance of consistent data analysis and building the community.

INTRODUCTION

There is a revolution taking place lately in the field of start-ups. There are hundreds of examples of new companies which have reached their target group fast and gone viral within just few years or even within few months. There is a new phenomenon and competitive advantage which is needed to be studied deeply in order to reach viral results. This phenomenon is called growth hacking. Growth hacking is a new marketing mindset and technique, which gathers new users at low cost and turns the excited users into a viral marketing force (Holiday 2014).

The research problem is to find out how growth hacking has been interpreted and the steps of it used among local succeeded and potentially succeeding start-ups. As the topic has not been previously studied on Estonian level and the term is interpreted differently among start-ups worldwide, then the investigation on local level is conducted. It is also studied which specific hacks or activities have brought them success and on what are they focusing to be successful in marketing and growth.

In theory part, the different start-up concepts are studied and compared. Those are growth hacking, lean start-up concept and guerrilla marketing. Growth hacking is the most concentrated on, its steps and main principles are investigated in order to choose the suitable methodology and to conduct the research based on the theory.

Qualitative research is chosen as the research method, primary data is collected by conducting semi-structured interviews with nine user-based start-ups. Interviews include 21 questions, which are divided into 8 sections and there is also free discussion. For analysing data, content analysis is used.

Research outcome should show how local start-ups have interpreted and used growth hacking, also patterns on specific methods that are used to grow the user base in studied start-ups and give suggestions for effective growth possibilities for raising start-ups in the field of user-based websites. The research questions to get the answers to are following:

1. How do studied start-ups interpret the essence of growth hacking and to what extent have they used it in their start-ups?
2. Which specific activities have brought them success?
3. What are those start-ups focusing on to be successful in marketing and growth?

In the last part of the thesis, the results are presented and analysed. Also in the end will be given suggestions on how to proceed with studying growth hacking concept on local level.

1. GROWTH HACKING AND DIFFERENCE FROM OTHER START-UP CONCEPTS

1.1 The essence of growth hacking

For almost 100 last years the typical marketing manager's day has included buying advertisements, planning events, pitching reporters, designing „creatives“, approving promotions and using terms like „brand“, „CPM“, „awareness“, „earned media“, „top of mind“, „added value“ and „share of voice“ (Holiday 2014). The problem of this approach is that the traditional marketer has very broad focus and the outcome of mentioned activities is not measured, even though there are millions of dollars invested in new releases' launches and marketing campaigns. Their skill set is extremely valuable for larger companies, but it is not as necessary in early start-up's life, when the main focus is on growth with limited budget, if any. Due to 21st century's fast technical development, it is possible to measure basically every step in digital marketing.

To make clear the terms, present master's thesis disserts the term start-up us such: „A start-up is an organization searching for a repeatable and scalable business“ (Blank, Dorf 2012). The team's job is to quickly validate the model by seeing if customers behave as the model predicts, if not, then to change it until it does. The phrase “growth hacker” itself was coined by Sean Ellis in 2010, who had helped a number of small internet companies achieve fast growth, and only few of them even had an IPO (Patel, Taylor 2015). Growth hacker is a new specialty in start-up marketing, which has been already long held practice among the highest level internet marketers and product managers in Silicon Valley. It can be said that growth hacker's job is very challenging- first task is to find product market fit and then make the product viral with creative ideas and with no or really limited budget. During all the steps, the moves are measured and analysed in detail in order to discover a way which helps to grow fast. Ellis has stated that the growth is is growth hacker's true north- everything they do is scrutinized by its potential impact on scalable growth (2010). Dropbox, Groupon, Instagram, Pinterest, Airbnb, Snapchat and many more companies, which are now worth billions, have used

creative solutions with almost no budget at all. So basically, when the main task for traditional marketer has been raising awareness, then growth hacker's main focus is growing users base very fast in a measurable way. In their newest book, Sean Ellis and Morgan Brown have brought out the core components for creating a base for that fast growth (2017):

- The creation of a cross-functional team that breaks down the traditional silos of marketing and product development
- The use of qualitative research and quantitative data analysis to gain deep insights into user behavior
- The rapid generation and testing of ideas followed by rigorous data analysis to take action on the results

To understand it more, let us discover the essence of growth hacking. The following statement was put forward by Elman (2013): Growth hacking marketing is a new process for acquiring and engaging users combining traditional marketing and analytical skills with product development skill. This demonstrates well that if traditionally product development and marketing have been separated progresses, then now growth hacker needs to be involved in product development from the first step. Growth hacker needs to combine creative marketing, automation and engineering and work well with data to analyse every new step (figure 1).

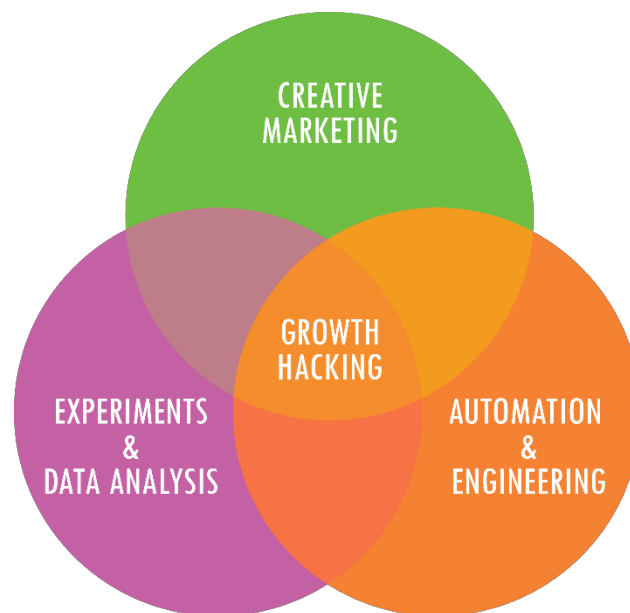


Figure 1. Essential parts of growth hacking
Source: (Holiday 2014)

Andrew Chen, growth hacker of Uber, has stated that they are considered more of programmers or scientists than marketers (2012). It can be agreed, since every move is measured- how many users did company get from a campaign, which landing page works the best for engaging users, how many people opened the sent email and how many of them clicked on the CTA button (call to action button, which provokes an immediate response by the audience) and all that could be done if there is a technical knowledge and coding skills. On the other hand, they still need strong marketing mindset and empathic understanding of clients by communicating with them by validating the product- so the balance between marketing and programming mindset needs to be met.

One of the cornerstone reference for growth hackers is Dave McClure's "Startup Metrics for Pirates" called „AARRR!" which introduced the following five components that constitute the central conversion funnel to measure for start-ups (2007):

- Acquisition: users come to the site from various channels
- Activation: users enjoy 1st visit: "happy" user experience
- Retention: users come back, visit site multiple times
- Referral: users like product enough to refer others
- Revenue: users conduct some monetization behavior

To get the better understanding of the stages, figure 2 shows the model with different possibilities in each stage involved.

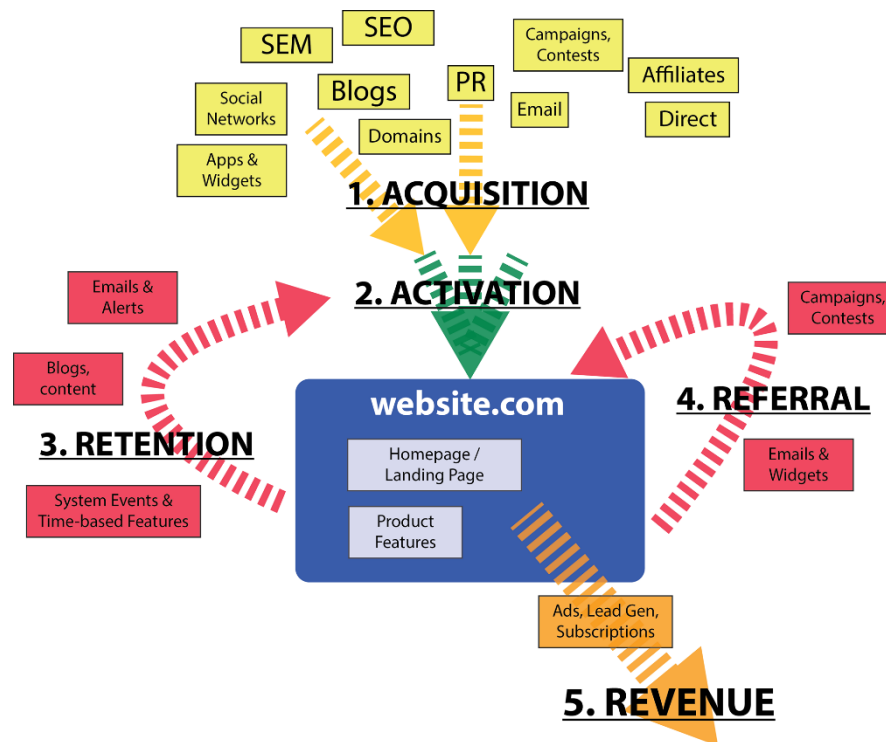


Figure 2. Customer Lifecycle/ Conversion Behaviour based on AARRR model (modified by author)
Source: (McClure 2007)

Firstly, acquisition is made by using different channels like social networks, apps and widgets, using domains, SEM (search engine marketing, meaning increasing website's visibility in search engine results pages primarily through paid advertising), blogs, emails, SEO (search engine optimization, process of affecting the visibility of a website or a web page in a web search engine's unpaid results- often referred to as "natural", "organic", or "earned" results), public relations, running campaigns and contests, using affiliate marketing or having direct visitors (et al 2007). After certain period it is useful to measure how many people came to website from each channel, which cost is the lowest, and which perform the best to optimize the channel usage.

In activation phase growth hackers should do lots of landing page tests, A/B tests and product tests in order to iterate quick. There should be concrete criteria when user is activated for a company- whether it be how many seconds he needs to stay at the website, how many pages are needed to be viewed, how many clicks made and key features used. If some criteria is not met, then the tests should continue.

To keep up the retention, users need to remember about the product. For that, automated emails are easy retention features- lifecycle email alerts, weekly or monthly status emails or event based emails as they occur are widely used. Also system notifications or blogs and other great content work. For apps, push notifications when someone has reacted to user's content, work usually very well to get users back to website.

In referral stage, users should refer to the website only after they have become "happy" users. Referring can be triggered by running campaigns and contests as well as using emails and widgets. Here can be also used asking users NPS (Net Promoter Score)- evaluating the website on scale 0-10, 0 meaning that user would not at all likely suggest you, rather damage the brand and impede growth through negative word-of-mouth and 10 meaning a loyal enthusiast who will refer and fuel growth. When users are evaluating the website with 8-10, it is great time to add some referral opportunity for them. In general, subtracting the percentage of detractors from the percentage of promoters yields the Net Promoter Score, which can range from a low of -10, if every user is a detractor to a high of 100, if every user is a promoter (Net Promoter Network).

What regards revenue, it is up to each company itself. The way to earn money from users is individual- it can be freemium or premium model, subscription based, earning from advertisements or big data, from which the last of course, takes a lot of time to reach.

Generally considered as the main tools of growth hacking are emails, pay-per-click ads, blogs, and platform APIs (a set of functions and procedures that allow the creation of applications which access the features or data of an operating system, application, or other service) instead of commercials, publicity, and money. The average growth hacker is working on the web with deeply measurable tactics. Measuring is their main habit throughout the flow while doing A/B tests, sending emails, creating landing pages and more in order to grow user base. Importantly, they are also in a small enough businesses and teams that they can make their product a central part of their marketing, like Twitter's "suggested users" list, or Dropbox offering free storage to people who introduce a friend to join (Russell 2013.) This shows well how efficiently grow hackers work, being really focused on the results. If there is no measuring, there is no effective managing. They can see immediately what works and

what does not by analyzing the results and depending on that they can quickly change their action plan. It is a lot about experimenting as well and being courageous and excited about this might drive to huge success.

1.2 The steps of growth hacking

As following, there are discussed the steps of growth hacking approach. There are four stages, which growth hacking concept consists of and growth hacker works on daily: finding product market fit, finding growth hack, going viral and finally, retention and optimization.

1.2.1 Finding product market fit

The biggest mistake a company could ever make is creating product or service nobody wants to use. For long, marketers have advertised the product which has not been feedbacked before by the potential target group. This is a huge mistake, since it is needed to gather constant feedback right from the phase of idea (Holiday 2014). In this way the product can be changed and improved before its marketing. A founding member of Facebook's original growth team Andy Johns has stated: "You can't sustainably grow something that sucks. No story (no matter how compelling), no inception (no matter how well-implanted), no on-boarding experience (no matter how brilliant) makes up for a product that doesn't add lasting value to the people who use it" (Kaplan 2014). Still, the constant feedback asking before launching can be tricky. Many people might not know what they want before they actually see the result as the example of Facebook or Apple has shown. Neither Mark Zuckenberg or Steve Jobs were taking into consideration the feedback before the product was launched, since they stated that people do not know they need those until they were ready to be represented. It depends strongly on the type of product- if it is really innovative like Apple and Facebook, then the constant feedback's outcome could be rather weak, since people even do not know what to expect in these cases, but if the idea is more common, then validation can be really helpful. Still, those two examples found also very strong market fit later on, which is the main idea in this stage.

For finding market fit, there are different methods to do it. There can be surveys ran, tests and then improvements made and iterated. Growth hacker is hands-on right from the beginning of product development and afterwards as well, forwarding feedback from target group to product development. Does not matter how much time market fit search would take, it can be some months to many years, but if this first step is not completed perfectly, then the growth hacking process would not work on next steps. Sean Ellis, CEO of Qualaroo, was studying 100 start-ups in order to understand when the product market fit is actually found. Start-ups asked their users how would they feel when they could no longer use the product. Product market fit required at least 40% of users saying they would be “very disappointed” without the product (Ellis 2015). This is rather general feedback, but it might work well for getting an overview of the market fit and need. In case of using such method, users base should be already with representative amount. Also, there should be enough and thought-through answer possibilities in order to get adequate results and interpret them correctly.

There are also many examples of companies, which now make billions, but at first many years struggled with slightly other idea which did not fit the market. For example, Instagram started as a location based social network, having photo sharing as an optional feature, but after some time they understood that its core group has started to use photo sharing as the main functionality. After realizing that, they improved photo sharing possibilities with filters, got 100 000 users within a week after relaunching and after eighteen months Instagram was sold to Facebook for one billion dollars (Segall 2011). It is a good example how actually having MVP of additional functionalities can help to find market fit. If there would have not been any and the people would have been just asked about how they would see the location based network, the photo sharing functionality would not have got any attention.

Finding a market fit is not about just a feeling that it has been found, but again, regarding growth hacking, it is about numbers and statistics that can approve it, which depend on the industry and company's goals. No matter in which way it has been found, either involving possible target group to give constant feedback or developing MVP to understand which functionalities people tend to use the most.

1.2.2 Finding growth hack

In the second step, the main idea is about finding right people to try the product, not yet people finding the product themselves. It is not about creating massive launching campaigns and growing awareness, but finding key persons, core audience and this needs to be done again in a cheap, effective and some unique way. Article by Hinz states that seeding to well-connected people is the most successful approach because these attractive seeding points are more likely to participate in viral marketing campaigns in the next step of growth hacking as well. Well-connected people also actively use their greater reach (Hinz et al 2011).

For getting the right people, it makes sense to not be targeted to everyone, but to start with target group which may be more specific or more adoptive to a new idea. For getting this target group together, A/B tests are made, also experiments with landing pages which address the target and also email marketing is often used (Holiday 2014). With A/B tests it is good possibility to compare different designs, functionalities and processes and choose the best working solutions to stay. From personal experience, A/B tests should be the part of ongoing process during all the products' lifetime in order to stay up to date. Landing pages tests can be also made on core group, but landing page in this phase should be already really clear - presenting clearly the main purpose as well as having easy design, so it would catch the audience's attention from the first sight. It is also suggested to make sure the person understands what the page is about within 5 seconds, if he/she can not understand, then it must be improved. Also emails are crucial part of marketing and finding the very first audience. When sending out relevant emails, adding the trigger and CTA buttons which lead potential user to the page and keeping on track with emails' impact, it is a great potential source of getting interested users. Then again, the landing page needs to be strong. It makes a systematic circle of process and each part should be polished in detail.

Let us see some famous creative examples of growth hacks: with American Spotify, it was Facebook integration. With Airbnb, it was hijacking Craigslist to get new users and traffic. With Zynga, it was cheap online advertising and Facebook alerts (its CEO later explained they were willing to do anything to get users early on). Author and entrepreneur Timothy (Tim) Ferriss gave parts of his last book away on BitTorrent and

sold around 250 000 copies as a result (Holiday 2014). This demonstrates well that creative ideas have brought success. It is important to know where company's target group is and reach them as soon as possible. Sometimes it can be done by cooperating with platforms for which this integration brings also benefits, but there are also examples of just "stealing" users from competitors, which may not be ethical, but if the action is not against the law, then actually it is the easiest way to grow users' base especially if competitor has millions of users already. The ethical issue might be still brought up by the competitor and this is an issue which needs to be considered before using such method.

1.2.3 Going viral

The third phase is about people sharing the word themselves about the product, convincing their acquaintances and friends about the product and make them share as well. The product needs to have really easy and triggering built-in online possibilities to support the word spreading. Going viral is not about luck, though there can be helping coincidences, but it is a science and totally thought through processes behind it.

Viral marketing is loosely defined as network-enhanced word of mouth and it is said to be more powerful than third-party advertising because it conveys an implied endorsement from a friend (Jurvetsen 2000). The history of viral marketing is considered to have started with free email service Hotmail, which involved the tactic of appending messages originating from Hotmail accounts with the tag line "Get your private, free e-mail from Hotmail at <http://www.hotmail.com>". Using this technique, Hotmail managed to exceed 10 million users in a mere seven months (Porter, Golan 2006).

For going viral, the product should be worth spreading the word (which is based on completing previous two growth hacking steps successfully, so the product is ready to be marketed), users should be triggered to do word-of-mouth marketing and it should be really easy to share. It should not be communicated as a favor for the company, but something that really benefits the user, when he/she gets to share it. For example, Holiday has brought out in his book two daily deal pioneers- Groupon and LivingSocial. During launching, Groupon used possibility to refer a friend and thus to get 10 dollars

after this friend made his first purchase. LivingSocial used getting the deal for free, when possible user recommended it to three of his friends, no matter how expensive the deal was (2014). It can be said that it was really clever move, since it had remarkable and direct benefit for possible user and due to such trigger this person made a deal right ahead. Still, it can be argued if the price of 10 dollars per user is high or acceptable. Regarding Groupon field, it is rather low price, since the user would assumably spend much more money during his lifetime on Groupon's products. When thinking about social websites, then author's experience has shown that the price per user should stay under 5 dollars to collect users beneficially.

There is also one really outstanding example, which dealt well with users who wanted to hack the system. DistroKid helps artists to get their songs to Spotify, iTunes and Amazon. DistroKid made a campaign where the product is given away to everyone who referred five friends to sign up. The problem was that there were people who made fake accounts to get the product for free. The owner's response was creative, if someone was caught, he was offered two options on screen: pay or accept a free membership on the house (Kaplan 2013). This move got a lot of attention to the company and the cheaters became evangelists of DistroKid.

Factors that help the product or some content go viral have been researched from many points of views and it mainly comes down to emotional triggers. In one representative research, the outcome shows that the content that evokes high-arousal positive (awe) or negative (anger or anxiety) emotions has higher possibility to become viral than evoking deactivating emotions like sadness. There is no noticeable difference whether the content is surprising, interesting, or practically useful (Berger, Milkman 2012). The factors also influencing the success of viral marketing campaigns are following: overall structure of the campaign, the characteristics of the product or service, the content of the message, the characteristics of the diffusion and, the peer-to-peer information conduit (Woerdnl 2008). All of those stages need to be strategically analysed before launching the campaign, since with virality the main idea is to give the positive image of the company and it can be ruined easily with some unadvised messages or functionalities.

Growth hacker in this stage uses tools that help the product go viral- add-ons to the site, emails, campaign with good copywrite and benefit for user, which makes him/her feel like he has made a decision to make a great deal or shared great content for himself/herself as well as for his acquaintances. It is the phase where usually company actually sees if the last steps are done right or there needs to be done some improvements by going back in the circle.

1.2.4 Retention and optimization

The last step is to keep users actually active. One measure of well working company is the number of users, but even more important is how active they really are. Through ages, usual marketer's task has been just to find the leads, meaning getting as many users as possible to create accounts, but growth hacker needs to work on high conversion rate- it means to keep users active and keep them coming back over and over again.

Studies have shown that users are significantly more likely to stay active when they create some content on the website. Content creation leads to retention which leads to increased DAU (Patel, Taylor 2015). This must totally be agreed with. It is psychological hook- if someone has contributed in content creating, it is usually really personal and gets the user want to come back and check if someone has contributed to it. From this author suggests to use it to the maximum- if someone has notifications (comments, likes, new followers or friends) on site, then it would be helpful to send also emails and push-notifications to those users, since the comments and likes regard their content's feedback and it helps users to get used to coming back to the site more often. Of course, there are some felt limits according to the website's purpose, since these days people are very sensitive to spam and the possibility to get blocked and thereby sent to the „black list“ in emails also for others is high.

There is another example from Josh Elman, growth hacker of Twitter: „When I first joined the company, the suggested user list had 20 random people who were default selected to follow. Given this data insight, we reset the new user flow to encourage people to follow their first 10 people and offer them a lot of choices, but no default selection. Then we later built a feature that continually suggested new users to follow on the sidebar of the website. These two changes helped people get started following,

and more importantly understand that following was important to get most out of Twitter. So over time more people did just this and became more likely to be retained“ (Holiday 2014). This technique is also used f.e by Pinterest and Instagram, pushing new users to follow quality accounts right in the beginning. This is a good trigger to keep the user interested to come back. Also there is oportunity to send relevant content by followed users to users' emails, which does not let them to forget about the website.

It is said that it is 60%-70% probability to sell for existing consumer, but selling for new is just 15-20% (Dunford 2010). That shows also why keeping existing users satisfied and maximizing their activity is extremly important for every company.

1.3 Difference from other start-up concepts

As building start-up companies has become popular, there have been many different approaches and theories discussed which would help companies in their early stage to develop the product customers want and start growing rapidly. There have been many discussions on lean start-up theory as well as only from marketing perspective Guerrilla marketing. They are studied in current paper since they have some similarities with growth hacking. Current chapter is giving an overview of named theories and of their main characteristics.

1.3.1 Lean start-up concept

Lean start-up concept is also created for early-stage start-ups who are yet to launch a minimum valuable product. The methodology was coined in 2008 by Eric Ries, who used his personal experiences adapting lean management principles to high-tech startup companies. The concept provides a scientific approach for creating and managing start-ups and getting a desired product to customers' hands with minimum time (Ries 2011). Lean principles are suggested as ways to increase the odds of succeeding as a startup, as it advocates close customer collaboration and short feedback cycles focusing on delivering direct customer value. (Bosch et al 2013). It is not related with viral marketing, but making the process of product development as efficient as possible and finding the product market fit. That thought is supported by Eisenmann, who has stated following: „Lean startups don't try to scale up the business until they have product

marketing fit, a magical event- more easily recognized in retrospect than in the moment when they finally have a solution that matches the problem“ (Eisenmann, n. d.).

The key in lean start-up concept is eliminating the conditions of extreme uncertainty. Companies need to create order not chaos by providing tools to test a vision continuously. Lean is not simply about spending less money, but about failing fast, failing cheap. It is about putting a process, a methodology around the development of a product.

Lean start-up concept emphasizes building the product that costumers need, meaning that customers are included in product development right from the beginning. Figure 3 explains how the lean start-up model works.

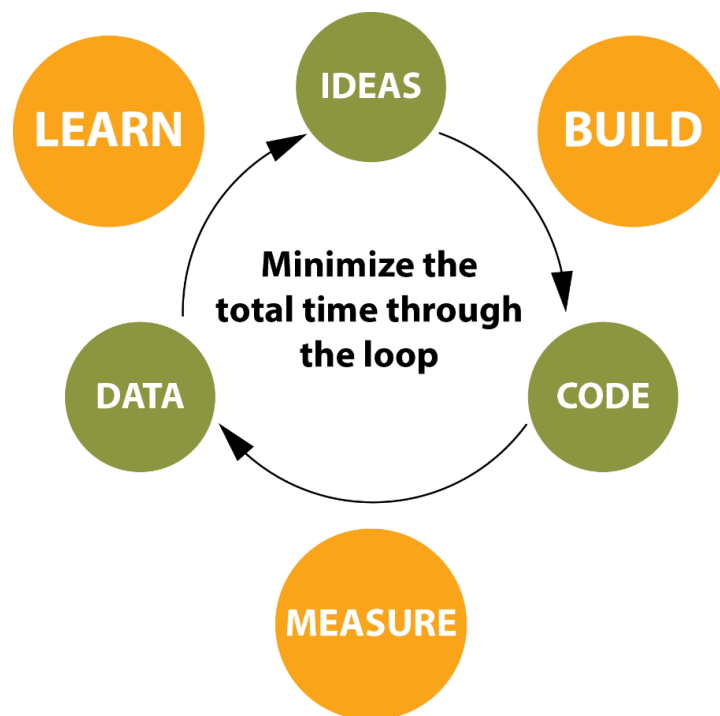


Figure 3. The lean start-up process /Build-Measure-Learn model
Source: (Ries 2011)

The build-measure-learn model describes the lean start-up process. The main message this model teaches is to minimize the total time through the loop. The first step is to build the product while involving the possible customers, then getting it out to the public to see and measure the reactions and in the end of the loop learn from this to build it better continuously. It is important to not build the final product right ahead, but building a minimum viable product and start developing and testing it (Ries 2011).

When building the version or new functionalities, it is suggested to code faster by doing usability tests, continuously integrating, using free or open-source components, try cloud computing, do refactoring. Measuring results might be done by split tests, also usability tests, real-time monitoring, funnel analyses, using Net Promoter Score, real-time alerting or Search Engine Marketing. To be efficient in learning phase, user interviews, customer development, customer advisory board, falsifiable hypotheses, custom archetypes or smoke tests become handy (Abdevlabs 2013). All those methods are very efficient when developing the product, but it matches mainly only with first phase in growth hacking- finding product market fit, and also with finding growth hack, since growing this first core group is also tied in the model. If lean method builds the product by having strong involvement with potential customers, they are most probably becoming a strong marketing force in future.

1.3.2 Guerrilla marketing

Guerrilla marketing is geared towards small businesses and focuses on low-cost unconventional marketing tactics that yield maximum results. The original term itself was coined in 1984 by Jay Conrad Levinson and the term „guerrilla marketing“ was inspired by guerrilla warfare which is a form of irregular warfare and relates to the small tactic strategies used by armed civilians (Creative Guerrilla Marketing 2016).

This alternative advertising style involves high energy and imagination focusing on getting the attention of the public in more personal and memorable level, it is about taking the people by surprise and making them create social buzz around the topic. In guerrilla marketing the follow-up with the customers is really important. Without it, all that is invested into getting customers is like a dust in the wind. At the same time it promotes the fast growth, so it can be said that as opposite to traditional marketing, where it is suggested to grow a business linearly by adding new customers one person at a time, guerrilla says that the way to grow a business is geometrical by enlarging the size of each transaction, engaging in more transactions per sales cycle with each customer, tapping the enormous referral power of each customer, and growing the oldfashioned way at the same time (Levinson 2007).

Although guerrilla was originally a concept for small businesses with small budget, many big companies have adopted the same ideology, stating to use guerrilla marketing. It is argued, if big companies like Coca-Cola and Red Bull make outrageous campaigns with big budget, can even be considered as guerrilla Marketing representatives, but they have succeeded with the advertisements which are extremely memorable, creating the fun reputation and buzz as the concept states to some extent. For example, in 2012, Red Bull and Austrian extreme athlete Felix Baumgartner set a world record for the highest death defying skydiving jump at over 128,100 feet into the stratosphere. Athlete broke the speed of sound reaching an estimated speed of 1,342.8 km/h after jumping out of a helium-filled balloon. The trip back to earth lasted 9:09 minutes, out of what 4:22 was spented freefalling. Red Bull attracted much deserved attention for this. On this day, they also broke social media records when they reached over 8 million confirmed concurrent views on YouTube. By visiting the Red Bull Stratos website, users could tune in to the jump live, stay engaged via the twitter stream and connected with others on Facebook (Creative Guerrilla Marketing 2016). It can be seen as a extremely well succeeded marketing hack, which guerrilla marketing needs to be, but still, it is not a representative guerrilla campaign from the original term's perspective, since it involved huge amount of money.

There is one classical guerrilla marketing example, which was highly successful, called the Blair Witch Project. It began with a few film students with a very low budget and one camera. The documentary styled thriller probably would have ended up as just a laughable movie if the creators would have not come up with innovative marketing strategy. By setting up an internet campaign devoted to spreading rumors about the fictitious legend of "the Blair Witch", the film's creators created buzz out of almost nowhere. The movie grossed \$250 million globally, according to CNN (Entrepreneur 2010).

The idea is to be innovative, run advertisements or campaigns that make people talk and find the hacks with almost no money. It is to some extent comparable with growth hacking and can be identified with growth hacking's third phase- going viral, since guerrilla is all about that- starting the buzz and trying to reach as many people as possible. Guerrilla marketing might hold a bit bigger risk of doing harm to company's

reputation. As it needs to be brave and unforgettable, those campaigns could scare, upset or provoke people in a negative way, also be annoying. There was a study conducted determining ethical aspects by evaluating different guerrilla marketing strategies among different companies, for example fear-appeal or distracting attention in traffic and it was found that those kind of ads that do not take into account ethical, legal or social boundaries mostly reduce the effectiveness of the campaign, and commonly lead to disliking the company, which is argued to lead to biased reactions towards future campaigns in general (Ay et al. 2010). There are also ethical problems with intruding private property, breaking public or private property, when not having any permission to use it beforehand (Zuo, Veil 2006). Therefore it is extremely important to be able to analyse the campaign's effect beforehand to different sides. The doubting spot is also the product or service itself- guerrilla concept does not say anything about the market fit, so it might awake the attention, but not get people really stuck with the company.

1.3.3 The touchpoints of the three concepts

To sum up the differences between growth hacking, lean start-up and guerrilla marketing concepts, the author has compiled a figure for getting the better overview. It shows the touchpoints of the approaches and the main differences (figure 4).

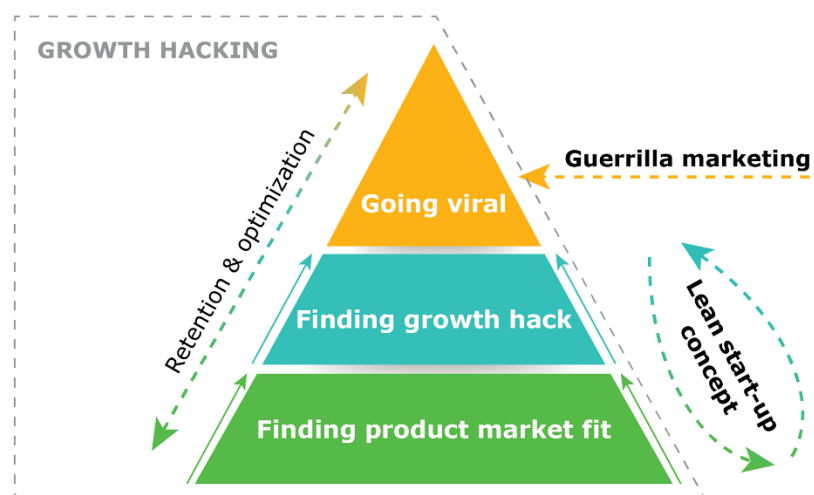


Figure 4. The touchpoints of start-up concepts
Source: (Compiled by author)

In the figure 4, with grey contour the concept of growth hacking is separated. It covers all the four parts, the first one is finding product market fit, following finding growth hack and the third step is going viral. The darts on the sides represent that none of the

next steps could be made before completing the previous, f.e if there is no product market fit found yet, then there can not be growth hack discovered, not to mention virality factor. Throughout the steps retention and optimization are included, trying to maintain the users and optimize all the activities. As it might be seen, growth hacking is a whole process, which starts with trying to find the product fit, ending with becoming viral. Based on the theory worked through for current study, lean start-up concept focuses mainly on first two steps in growth hacking- finding product market fit and slightly touching also finding growth hack. Besides that, it includes strongly retention and optimization, so it leaves out just the virality phase and does not focus on marketing. It focuses on named steps really deeply, making the product development as efficient as possible, trying to give the desired product to user's hands with minimum time. As lean start-up concept focuses on assembling the core group of excited users as well, then it can be said that it covers finding the growth hack. Guerrilla marketing only covers the third phase of growth hacking, its aim is to conduct memorable viral marketing campaigns. It might be considered a bit more shocking and not as technical as in growth hacking's case, but this stage's goal is the same- to get people know about the product and make them talk about it. Roughly it can be concluded that if to put together lean start-up and guerrilla marketing concept, the main stages would be the same as in growth hacking. Still, growth hacking as a concept is the most complete as a whole for the start-up to follow throughout its lifetime.

1.4 Criticism on growth hacking

As still quite a new term, growth hacking has been criticized from many points of views. The term itself is very popular in tech area, but as people perceive different concepts and meanings behind it, the initial concept is scattered and meets misapplication or is not taken seriously.

The biggest problem is the term's different interpretation. Growth hacking has become a popular term in the Silicon Valley, and beyond, being used in thousands of blog posts, where many authors have slightly different opinion on it. Also start-up press have said it to be buzzword that is surrounded by buzzwords (Hockenson 2013). There are approaches where online marketers and growth hackers are thought to be the same

position in a company, having the same responsibilities and tasks. One example is from award-winning marketing consultant Saleem who claims that growth hacking is just online marketing- taking care of content marketing, SEO (search engine optimization), SEM (search engine marketing), SMO (social media optimization), SMM (social media marketing), analytics, A/B testing, sales funnels workflows and conversion optimization. He argues that growth hacking is nothing new, just a modern name for doing the job of marketer that we have known for years (2014). To some extent it can be agreed- growth hacker really uses those tools, taking the measuring and analysing data also very seriously, but this is only one part of growth hacker's daily job. Being involved right from the beginning in product building to find the market fit and finding ways to make a product viral is missing. Growth hacking is not just about marketing and measuring, it is a lot about engineering and being able to work towards finding the product market fit is crucial. Concerning to what extent the programming skills should be developed, that is still debatable and for that there is no common ground found, which makes this concept still a bit vague.

In many times, growth hackers are hired to get users stick with the product and share it more, using some innovative ways for doing so. The basic error that lays here again is that growth hacker is not a solution when there is no appealing product, one can not create something out of nothing in long-term and the money will be just wasted. Tran suggests in his article to hire a dedicated product manager in the beginning to build a product that accumulates users, and that manager needs to run user interviews and tests periodically (2017). As start-ups mostly have no money in the beginning, it would be hard to involve many people at first, so product manager really needs to be the one communicating with users to understand that the product is developed in the right direction if there is no growth hacker helping to do it. Kaplan describes that the products that have the good foundation for rapid growth, do three things at once: they make you look smart to the people you invite, they give real value to you when the people you invite join and they give real value to the people you have invited once they sign up (2014). That is one of the ways to understand if the product is already appealing or not. And if there is already this fit, then there is a big difference if recruiting a marketer or someone focusing on growth. Marketer would deal with user acquisition, but growth can be reached when a person takes an established product/feature/page and runs experiments on it to move a specific engagement metric (Kaplan 2014).

There are also ethical concerns regarding growth hacking. Firstly, the term „hacking“ itself refers to something slightly suspicious. Cambridge English Dictionary defines the word „hacking“ as following: „The activity of illegally using a computer to access information stored on another computer system or to spread a computer virus“ (Cambridge Dictionary, n. d.) This creates already some assumptions for the ethical growth possibilities with this concept. To go further, there are really many examples raising up the questions of ethical behaviour and risking with company's reputation, which, in turn, affects the image of growth hacking. There are doubts if Airbnb's most known hack of hijacking from Craigslist was ethical. Airbnb was able to build a bot to visit Craigslist, snag a unique URL, input the listing info, and forward the URL to the user for publishing, although there was not sanctioned way from Craigslist to do so (Brown 2015). This hack was really on a borderline, since it has given base for many discussion about ethics in media and also example how successful growth hacking should be done. Of course, it was extremely clever and as Airbnb has today more than 5 million guests per year, it could only benefit from it. When looking for fast and rapid growth, it might be hard to understand during the process that some behaviour might be unethical, since start-ups need to make everything to survive, but this is something that should be kept in mind, since sometimes it could end up with penalties or legal risk.

2. METHODOLOGY OF EMPIRICAL RESEARCH

2.1 Data collection methods

The purpose of the research is to find out growth hacking interpretations and use among local successful and potentially successful start-ups, as it has not been investigated on local level. Research outcome should show patterns on specific methods that are used to grow the user base in studied start-ups and give suggestions for effective growth possibilities to raising start-ups in the field of user-based websites. As the topic is new and not much academically studied, there are no hypothesis to prove, but research questions to get the answers to- how do studied start-ups interpret the essence of growth hacking and how have they used it, which activities have brought them success and what are they focusing on to be successful in marketing and growth.

Academical studies in current field are limited and on local level there have been no similar ones as far as the author has investigated, except tens of blog articles. That is why primary source needs to be collected. The types of primary sources needed for this study are sources of behavior, attitude, knowledge and intention (Ghauri, Gronhaug 2004). As the field needs to still be discovered and investigated, qualitative research is chosen as the method. That method lets to uncover the meaning of a phenomenon for those involved, understanding how people interpret their experiences and what meaning they attribute to their experiences. The key concern is to understand the phenomenon of interest from the participants' perspective, not the researcher's (Merriam 2009, 5-14). Mason states that this method is flexible and focuses on the context (Mason 2002, 2). As the opposite to quantitative method, where research instrument and researcher controlling the instrument are two distinctly different entities, then in qualitative methods the researcher is the instrument, observations are registered through his or her mind and body (Tracy 2013, 24). In this way, self-reflexivity about one's goals and biases are important to keep in mind. All that information concludes that qualitative research method fits well in this study's frame.

For collecting the data, author will carry out interviews. That leaves the possibility to ask for more, repeat the questions and to have face-to-face conversations. Qualitative interviews provide opportunity for mutual discovery, reflection, understanding and explanation in an organic and adaptive way. Interviews also enable the author to stumble upon and explore further the phenomena that may otherwise stay hidden or unseen (Tracy 2013). There are three types of interviews- tightly structured and planned “structured” interviews, totally free-flowing and spontaneous “unstructured” ones and that differ slightly from both are called “semi-structured” (Ghauri, Gronnhaug 2002, 112). Semi-structured interview is chosen in order to have flexibility with the questions and to have possibility to discuss some topics more in detail accordingly to each startup’s specifics.

Choosing such methods is also reasonable since the author has worked as a marketing manager in one of the user-based Estonian start-ups, where she was looking for ways to grow the website traffic and users’ retention as well. It is suggested that the interviewer has deep knowledge about the topic when conducting qualitative interviews and the person, especially if the participant belongs in an elite group (Tracy 2013). This generates the trust to open up for giving more information when answering and gives interviewer better ability to lead the conversation.

Semi-structured interviews include 21 structured questions and additionally discussion in free form about the topics that are more relevant for the certain company. The interview is divided into 8 topics that will be covered in every interview. All those topics are needed to be covered by the end of the interview, but the questions may vary in their order or amount. Those topics help to keep the focus and interviewer can ask for extra information when it is needed or skip some of the questions if they have been covered already. Interviewee can add in some other points of views which are not directly asked for, when it feels like it would be beneficial or would be adding something interesting to the outcome. Also it is not needed to answer to each question, if there is no information or it is too confidential. This information is also given in the beginning of the interview in order to avoid inconveniences.

Interview questions are divided into 8 parts (see Appendix 1): 1) company background; 2) finding product market fit; 3) finding growth hack; 4) going viral; 5) marketing; 6)

retention and optimization; 7) interpretations of growth hacking; 8) conclusion and suggestions. The section about company's background helps to open up the interview, acting as an ice-breaker and it can help to make some conclusions later on regarding the stage the company is at in this moments, f.e the possibilities of money usage. The second topic covers the first stage of growth hacking and helps to comprehend with which methods discussed start-ups have made clear their product market fit or in which way are they searching for their product market fit. The third topic opens the exploration for finding the growth hack (as being the second stage in growth hacking concept) and the fourth brings out the ways that start-ups have tried to get people talk about them (virality phase in the concept). The fifth phase focuses more on overall marketing- what is its role among start-ups, what activities and channels do they cover, what are their goals in marketing today. The sixth part is about retention and optimization as the last and connecting stage in growth hacking concept in order to understand which data is important to measure and why. In the seventh topic interviewees open up about their opinions on growth hacking and define it as they have understood and used it. The last part gives an open opportunity to suggest anything that comes to mind to other userbased start-ups based on their experiences.

2.2 Formation of the sample

For this research non-random sampling is used, since it provides a range of alternative techniques to select samples based on subjective judgement and is often used in business researches to find the best representative cases (Saunders et al. 2009, 233). Purposive sampling enables to use judgement to select cases that will best enable the author to answer the research questions and to meet the objectives of the study. This form of sample is also often used when it is wished to select cases that are particularly informative and the sample is rather small (Neuman 2005). The logic of choosing the cases will be based on current purpose of this study and the sample will not represent all the user-based start-ups in Estonia.

For non-probability sampling, the sample size is dependent on research question and objectives, what needs to be found out, what will have credibility and what could be done within available resources and analyzing skills rather than with the size of the sample (Patton 2002). Still, the question of how many start-ups should be interviewed

is staying a bit up to air. It is recommended that the interviews should be continuing till additional data provides few, if any, new insights and in a research, where the aim is to understand some commonalities within a fairly homogenous group, 12 interviews should suffice (Guest et al. 2006). Taking into account the timeframe and the purpose, the goal is to have interviews with five already successful and five very potentially succeeding Estonian start-ups, which have user-based websites. Startup Estonia has listed start-ups accordingly to their investments and based on this information, there are altogether ten user-based companies that have had more than one million dollars investments (Startup Estonia 2017). Those are regarded as the already successful ones, also they need to meet the fact that they generate turnover, which restricts the sample to eight. Author contacted six of them, which contacts were available. The other five start-ups are the ones who have shown fast growth potential by raising recently money and users to their websites, being similarly user-based websites, but as there are many of them, they were chosen to represent different business areas, but to also be similar with successful ones in order to be comparable.

2.3 Data processing and analysis

For preparing the data for analysis, the audio-recorded interviews are transcribed. This means reproducing verbatim as a word-processed account. Also the way the interviewees stated something will be marked in order to not lose additional contextual information. After transcription it is needed to check if it is accurate by correcting any transcription errors. This process is called data cleaning. (Saunders et al 2016, 572) In current paper, author will do the transcriptions manually to ensure the needed quality, although there are different options to accelerate the process by using professional transcribers, transcription machines or voice-recognition software.

The analysis will be based on content analysis, since it helps to make conclusions based on text. It aims to describe qualitative data quantitatively, count frequencies and examine relationships between variables in data (Saunders et al. 2016, 612). This method is a suitable approach to the analysis of texts rather than generating data, and can also be any technique for making inferences by objectively and systematically identifying specified characteristics of messages (Bryman et al. 2007). As this research

studies a new topic and the aim is to discover the field, then the content analysis would be reasonable.

After transcription, author makes sure what needs to be counted. For this paper, these are keywords, subjects and themes to provide some reasonable outcomes. Firstly, the author gathers answers to content based categories by coding. Data coding is a systematic way to condense extensive data sets into smaller analyzable units through the creation of categories and concepts from the data (Lockyer 2004). Coding would help to select the important data out of the primary data and connect it with the theory, also would help to make interviews more easily comparable.

For making conclusions, coded data needs to get wider meaning, since it needs to answer the research question. Author will organize, analyze and interpret the data by finding similar themes, identifying related events, subjects, repeatable keywords and patterns. Still, there would be shown many direct quotes to open up the opinions and represent deeper ideas behind just the keywords and themes.

3. RESULTS AND ANALYSIS

The interviews were conducted from February 1- April 17, 2017. Out of 14 contacted start-ups interviews were conducted with nine. Four of them (first ones in table 3 before the division line) were successful start-ups with more than 1 million dollars funding involved and having turnover, and the following five on their way to become successful. Three of the start-ups did not reply and two were working on too tight schedule during that study time. The final sample is presented in table 3.

Start-up	Interviewee	Position
Taxify	Pavel Karagjaur	Marketing Manager
Scoro	Karola Karlson	Digital Marketing Manager
Jobbatical	Lauren Proctor	Head of Marketing
Teleport	Elen Veenpere	Content and Marketing Manager
Likealocal	Ülane Vilumets	Founder and Community Manager
Goworkabit	Kristjan Vanaselja	CEO / Co-founder
Speak Languages	Chris Thompson	CEO / Founder
Clanbeat	Kadri Tuisk	Head of Product
Shipitwise	Sander Gansen	Chief Marketing Officer

Table 1. Final sample of the interviews
Source: (Author)

One interview took in average one hour, the shortest lasting 34 minutes and the longest 1,5 hours. The location and specific time was chosen by interviewees, three were conducted in start-ups' offices, three via Skype since the interviewees were not currently in Tallinn and three in cafes. The questions were not previously sent, except for one interview, when it was specially asked for. Participants were asked on average 21 questions, mainly following the structure, but each interview was adapted depending on the discussion flow. All the interviews were recorded on the permission of the interviewed person for letting the author to totally focus on listening and leading the interview. The answers and opinions are coded, meaning that one start-up's answers are matching to certain sign in order to ensure confidentiality. Those signs for successful start-ups are start-up 1- start-up 4, and for potential ones start-up 5- start-up 9, which do not match with the exact order in table 3.

3.1 Start-ups' background info

Following will be given the overview of participated start-ups- their age, investments, users base, business model and their key success reasons.

Regarding the age of operating, from start-ups that are considered as already successful in current study, one has been operating just for 2 years, two of them for 3 years and one of them for 4 years. From the ones that are potentially becoming successful, two are operating for their first year, two for the third and one for its fifth year. Regarding the last, it has been more as a side project from 2012 for trying to find the market fit slow and steady.

There have been different ways to raise the money within the start-ups. Among the successful ones, the most popular way has been collecting the first investments by founders, which has been followed by raising through angel investors, each round helping to raise more than 1 million Euros. In total the start-ups have raised 1,9 million Euros to 3,9 millions per company till now. All of them have used angel investors and none of them has used crowdfunding opportunities. The main reason behind it could be summarized with one of the representative comments below:

Start-up 2: „I would say that the problem with crowdfunding is that the amount of money is actually so little. Like if you really want the huge growth, then there is no point to work hard on raising that 200 000 Euros. Also you can get know-how and support from investors which has so big benefit for the company. . . Plus in crowdfunding you get this feeling of collecting little sums from people and you kind of are responsible in front of each and every one of them.“

Regarding the potential start-ups, the methods vary much more. There have been founders' or family members investments involved (in 3 cases), also different angel investors (in 2 cases) and accelerators used (in 2 cases). One of them has also used crowdfunding platform Funderbeam. None of those start-ups has raised more than 300 000 Euros per one round, the average amount per round staying below 200 000 Euros. One of the representatives comments the way money should be raised in the beginning:

Start-up 6: „There's no point to raise money if you are not sure you build the needed product- better build with less money, think everything through, build the necessities, not irrelevant features since you raised a lot of money.“

There are different thoughts and methods, but the amount needed might also be based on what it would be used for. Most of the succeeded ones needed money for growth, expanding the teams, the development forces and marketing budget, while already having found the initial product market fit. The others do not need to raise huge amount of money and expand before finding at least the initial market fit to start growing up on.

All of the start-ups have generated some turnover, but for four out of five of the potentially successful start-ups it is not yet sustainable. Those companies are in different phases- some of them have discovered the way that works, but there is just not enough income and users yet, but the others are still looking for the business model that would work. They have put lots of time into testing different opportunities- either it earns from all service users, premium accounts, service providers or from advertisements. The struggle for many of them is that new users need to see already reliable numbers on site, so that there are enough users already for making it more appealing, many purchases or relevant and useful information for that user. The successful ones earn their income from really different sources and there is no pattern found- from service users (per purchase, sign up or monthly fee), service providers or advertisements. One company's plan is also to start selling big data for the cities, municipalities and corporations, since the user base of 250 000 with detailed information supports it.

There are different ways start-ups see that they are or will be successful for. At the beginning when it was asked about the key success reasons, there were many specific advantages of the products described, but when investigating a bit more, then there are actually many deeper level reasons as well, that in the end really matter. Some of the reasons that were really emphasized during one interview:

Start-up 1: „Our CEO is fearless, she believes in the idea and just puts it up to the world. She went to seven countries to find the initial funding and the manager's attitude really reflects to the company's inner work as well. . . It's also powerful idea of global world, where people are connected and it turns up the different part of your brain. It's so much more than just a software.“

The other honest and rich opinion was also about much more than just the product advantages:

Start-up 8: „It doesn't really matter how smart you are, how cool is the product you are building or how big your vision is. The primary is that you could maniacally focus on one thing until it's done and that you are ready to put up with more crap than others. You can't hold back on anything, you just need to put up with it. . . And your company needs to be totally customer-driven.“

So the possible key success reasons do not lay only in the product itself, but have to do also about the mindset and resistance. Also, in most of the cases it was mentioned that there needs to be fit in the market for the product, there must be people who really need or want the product and someone who is willing to pay for it. That topic is covered in the next subchapter.

3.2 Finding product market fit

In this subchapter it is discussed how intervieweed companies have been finding their product market fit or how are they leading this process now. In case of successful start-ups, everyone states to have found their product market fit. Two of the potential ones claim to have found it as well, three are in the process of finding it.

Two of the successful start-ups have had their market fit already from the beginning. Both of them had founders' personal need for such product and there were people in validation process that got excited from the first time they heard about it, since they had the same problem needed to be solved. On both cases, they still gathered feedback when building the product, which was very appreciated and taken into account, but the general direction has not changed from the beginning till now. Regarding the other two successful ones, they started off with slightly different idea and the target group differs a lot from the one that is there today. The market fit was clucked to place through just consistent validating and asking for feedback from people- before building the product, during the process and after user experience on website. Importance of user involvement is something that everyone brought out. Also it was mentioned that this is suggested in almost every start-up related book, but it still lacks of execution, since it is not so easy. For one, the target group has grown from start-ups to basically everyone who would like to move somewhere or think about it. For anothr, there is fit, but they are struggling still with teaching companies to understand the benefit of their product:

Start-up 1: „The fit is definately there. From job seekers side, there is a market out there already for millenials. They are already digital nomads, we are on sweetspot, since if they want reliable income when moving somewhere, they can just use us. . . We're moving on a trend. On the employer side there is fit since there are job shortages in some countries where they are struggling to find right people, but we are still struggling with teaching employer what benefit it brings to move someone to complete other country- they don't need to be so afraid anymore about all this process.“

There is another comment on struggling with teaching the users to use the product and winning the trust, which was the key element for achieving some growth:

Start-up 5: „The process of validation was so long. It was so hard to make a shift in people's mindset, that there is such a possibility that we are providing. Human resources managers were used to have a process for hiring someone lasting for many weeks and if we are providing it with one day or within even some hours, it just created trust issues. We needed to get the trust through face-to-face communication, we needed to break the traditions also for users, there were times we really thought about giving up. . . There was no gold key for us, just heavy work and winning the trust.“

When analysing the market fit exploration within potential start-ups, then the opinion of everyone is the same- the most important is to strategically communicate with a user the product is built for, even though there seems to be market product fit already found. Also it is important to understand if and how some new functionalities or features are used by customers. Following is the comment on how one start-up is strategically trying to find their fit:

Start-up 7: „There has always been a market for us, but we are still looking for the product market fit. We have a pipeline of product experiments in order to understand which of them fit the market and they need to be validated before developing them. Till now, we are doing it by user interviews. Ideally we should prototype and A/B test it, but we have limited resources. I measure very precisely how some new feature changes the behaviour of our user. I have also determined our client, there is no point to talk with everyone, but to put the effort where it pays off.“

While finding the market fit might be something cognitive, then the process itself should be structured and well thought through, as it has been in case of 5 start-ups: they have all used some funnel or pipeline to test their solutions. When this process is done systematically, then the findings are more valid and there can be general direction peeled out within all the different functionalities tested or people talked to.

Among potential start-ups mainly the idea started with the need from the founder or someone who approached the founder or team member with this idea. Still, the idea can be good and there is someone's need, but that does not insure the fit for wider world. As mentioned before, there are many possibilities to get closer to finding out if there is the market fit: validating, communicating with users, A/B testing, tracking users'

journies. In two cases it also has come down to teaching people to use the product and generate the need, since the solution has not been known about before. In one case, understanding the discovery of product market fit was following:

Start-up 6: „It was self-made early validation. I started building the product as a side project and people just started to visit the site already. Then I decided to make it as a business. It was easily found in Google for everyone interested in that topic and as I expended the content, Google just took all the traffic in. I just published some pages in Google, also some popular bloggers in Thailand and Vietnam picked it up.“

Starting off as a side project was suggested in two times. The idea of trying something meanwhile being involved in other projects versus putting all the effort in building up one start-up faced contradictory and intense opinions. In two times it was suggested to not put too much effort in something that is not validated yet and it is not known if that idea would kick off, rather to have many projects going on at the same time and if some of them shows the sign of bigger potential, then to move forward with just that. The others did not believe that something big is achievable if you are not 100% on it right from the beginning. That previous example showed the opposite and it could be concluded that both ways could work successfully. Still, the general suggestion based on the outcomes is to start with side project when there is no validation round conducted and when there is no clarity if there is someone out there besides founder who would become active user. If it is clear that there is huge potential and excited people about the idea, then it can be suggested to put the whole focus on it.

3.3 Finding growth hack and going viral

Following subchapter's purpose is to investigate ways how start-ups have discovered their growth hack or are on their way to explore it. When asking about finding growth hack and going viral, distinguishing those two parts seems not easy or clear. Finding growth hack as separated step is obscure and in most of the cases not taken as a totally separated step- if the product market fit has been found, then the goal has been to test and find ways to get the product viral.

The intersection in this part is the content, which is mentioned by 6 respondents. When creating easily findable quality content with interesting topics covered which people want to be covered somewhere or get the information about, they find it and additionally they start sharing it (which already covers the going viral part).

In following, there has been brought out one interesting way of growth, even though start-ups had never thought about growing their user base that way. Quite similar bath occurs in cases of two start-ups and it can be considered as an overnight growth case.

Start-up 4: „Global disasters pay off for us. We are not happy that those situations occur, but that is how users have found their way to us. . . When there was Brexit, people started to look for places to move to and then our website was easily found in Google search. The same thing happened during Paris riot, people were scared and we got organic growth. That is really interesting to see how we have tons of new people registered by the mornings after those occasions.“

The other comments their situation like this:

Start-up 1: „Records just went up when Russia closed up LinkedIn, bunch of people from Russia signed up to find jobs. If some country becomes more isolationist as a whole, people start signing up as well to leave their countries, where their believes are not anymore represented. . . For example Trump elections or Brexit. . . We also got users when Skype did the layoff, firing 1000 people- we got many new users by hitting the possibility to advertise just to them.“

As those start-ups claim, it has never been their wish to get users this way, but in overall, this brings them users and they are happy for the growth. As they have seen those events anyway will bring them users, then they try to take advantage in a tasteful way, posting blog articles, stating where they stand on those occasions and communicating with media to promote that they are there to help people on those situations. What is very important is to be easily findable via Google search with all the relevant keywords on certain situation, being already prepared when people start massively looking for solutions. Also they have prepared landing pages and advertisements with messages that are easy to be indentified with.

When moving forward to the phase of going viral, then sometimes influencers pick the articles or posts up themselves and share them, which takes considerable amount of people back to the start-up's pages. The good example is following:

Start-up 2: „We started to generate lists of project management softwares to our blog and as we were new, we were listing ourselves up with the famous ones. The next ones picked up this article and listed themselves as well. It popped up in Google fast and that is how also Forbes got us in. Also infographics we have compiled have helped us, they were backlinked, since we had the name on it.“

That again emphasizes the need to be easily findable in Google search engine (putting effort to SEO). As it is combined from the page titles, descriptions and overall content,

then analysing and getting the website to show up naturally is important. Of course, if there already is some marketing budget, then it can be also paid for to have amplified results. There are also useful tools to help monitor and maintain the website's presence in Google Search results. Still, as there are many companies who hire SEO specialists to their teams these days, then the competition is high and the process and content needs to be very precisely analysed.

Referral systems have not been as much used as might have been thought. Only four of the start-ups have had advised discussions about the possibilities and two have actually used it. One of them has used providing promotion codes to get the cheaper purchase when friend would have a ride as well- both of them get the benefit of using cheaper rides. The other has used giftcards receiving possibility, which was a failure to learn from:

Start-up 2: „Once we provided the possibility to receive Amazon or iTunes giftcard when suggesting our product to someone. It did not work, because if you offer a person a giftcard just for recommending us to someone, then he feels that he is just paid and it is unethical for him to suggest it. A person needs to believe in the product himself at first in order to start promoting it, especially for his own friends.“

It is also stated in three times that it is quite easy to get spreading in Estonia, since the ones that have really benefited from the solution, just start doing the word-of-mouth marketing themselves. Referring back to last subchapter, then that is when start-up could also understand that the product market fit is found.

3.4 Marketing

In present subchapter, the overview of marketing activities will be given, describing marketing role among intervieweed start-ups, their marketing team positions covered, main channels and tools used.

The main focus in marketing for all of those start-ups is user acquisition and supporting the growth. As in growth hacking, three start-ups mentioned that it is senseless to focus on growth before knowing the product is great and fitting the market, otherwise users will not be maintained.

Start-up 8: „We believe that marketing is important, but not if we want to sell something at any sacrifice. It becomes important when the great product is ready and I know who I can help with it. The role of marketing is to get this message to people. And this needs to be done with anything that works, not getting stuck with one thing that does not work.“

The other key factor that is kept in mind is the importance of consistency in marketing. That keyword was noticed in five interviews. Any activity that is practiced in marketing needs to be continuous, especially regarding the content. Five start-ups out of nine stated the relevant and continuous content creation to be the foundation for their successful marketing, mainly focusing on blog. Blog articles in those cases have different content, which are about teaching potential users, changing people's mindset, product's updates for current users and just interesting travel stories. If people feel they get some benefit or entertainment from reading those, the initial goal is met- they keep coming back and if they do not register as a user, they become more and more prepared and influenced by the benefit that the product would give them in the future. For example, one start-up is teaching their potential customers like this:

Start-up 8: „Today we are focusing on raising the awareness about the possibility we have created. We teach people how to travel „hands-free“, if we would just put our money in Google ads and people do not even know, what their benefit or possibility is, then we just throw this money into the wind. Nobody would search for it as such, we need to teach them that way of traveling is even possible. We need to give examples and ideas through stories, how they can even use us.“

Also social media is widely used, at least one channel in each start-up and there, the need for continuous activity is also mentioned. It is emphasized in two times that if using some of the social media channels, then it is extremely important to keep up with it, especially if there is already reasonable amount of followers- there needs to be a strategy, enough content prepared to post regularly and the style should stay the same. That applies also to visuals. The opposite can entail disappointment, massive unfollows and thoughts that this start-up is not active anymore. After that, it is already harder to revive that account. The most used social media channel is Facebook (in all cases), also are used Instagram (in seven start-ups), LinkedIn and Twitter (in two cases) and Snapchat (only in one case). The general difference between the contents among different channels is that in Facebook, LinkedIn and Twitter the useful and teaching articles are shared to trigger new users. In some cases also the bigger updates are shared regarding the fate of a start-up. In Facebook, everyone is testing with paid advertisements, since its targeting possibilities are great way to reach the desired

audience, the budget can vary a lot and it is easy to measure the results in detail. Instagram and Snapchat show more of the intra-team activities and daily life, giving a transparent look on the backstage. As in the last channels are active mostly millennials and younger generation, who are potential workforce for the future, then it is a clever trick to make them aware of the „cool“ teams.

SEO is mentioned as the great marketing channel in four times, which has been already covered before. Adwords has found usage within three start-ups. Its benefits are said to be paying only when someone clicks on the ad and that it is cost-efficient, when the keywords are well analysed. Inserting the negative matches is said to be very important as well, since sometimes the company name or service is related to some other services which has nothing to do with specific company's field and then company pays for someone that was not interested in such product at all. Also Adwords needs to be observed periodically for not paying too much for one lead. It is suggested to take a freelancer or specialist for optimizing the SEO, since the time put in learning the field, getting some experience and the great outcome are not usually the ones expected, especially when there are lots of other focuses on marketing going on in a start-up.

Other than traditional marketing activities, also customer support is considered as important part of marketing activities in two start-ups. One start-up has described their importance as such:

Start-up 5: „Also customer support personnel is part of marketing people. How should the offers look like, which would help to get us new people- how they communicate with users and get their insight is highly important for us. We have just fantastic people for it. Customer support is not more important than usual marketing activities, but extremely important part.“

Using AARRR model is mentioned only by one start-up throughout the interviews. They are using it systematically and they put a lot of attention to the outcome of marketing activities in order to get people to stay, refer and become paying clients. Though every respondent makes quite strategical marketing, then using AARRR model makes it easier to systemize the activities and get the most out of the user or even firsttime visitor.

3.5 Retention and optimization

As the last step of growth hacking, retention and optimization possibilities usage is studied among local start-ups. It turns out that this part is something everyone considers extremely important.

The discussion about retention and optimization showed that the most important is measuring the results to make conclusions on and change the activities. Measuring the data is important for all the participated start-ups, but in slightly different ways. There are mostly Google or simple Excel spreadsheets (in four cases) or some inside systems (in five cases) created for keeping on track on how the data is changed through the month or week depending on activities, also by days. Based on the results, different channels and functionalities are optimized. The most common data to measure in all of the cases is new users or leads. Different channels are analysed after certain period, for example if some blog article converts well, then its ads are boosted, if some new targeted region is not bringing the assumed outcome, it is cancelled or changed. In at least two cases it is measured if the cost acquisition is higher than user's lifetime value and if it appears to be, then those campaigns/channels/activities will be simply cancelled. Analyzing target groups and impressions in different regions is also important to understand where marketing should focus for users intake on and where it would be easiest and most cost efficient to grow.

Here is one example of the importance of right targeted regions:

Start-up 6: „I'm obsessed about the traffic. I observe deeply how some targeted regions are getting popular or not and why. It is important to understand where you are advertising for a certain region, once I changed the channels a bit and the revenue changed 50% by the end of the campaign, so the placement is really important.“

Getting new users and leads is important, but in the end, five of the interviewees mention that user acquisition is great, but it does not say anything about how excited the users are about the product and it might be taken sometimes even as a vanity metric. One of the start-ups does not even focus on new users that much:

Start-up 8: „We check afterwards, when we have put some money to ads, what is the retention rate, so we have the analytics constantly open. But we don't focus on getting 1 user from 1 investment. Compounding interest is much more important for us than getting a user from each investment.“

What data is measured from the user engagement side among interviewed start-ups, is following: do they come back (mentioned in six cases), how often do they come back (mentioned in eight cases) and for how long (mentioned in four cases), through which channels and key messages they find their way back (mentioned in five cases), which pages they visit on website and which functionalities they use (mentioned in four cases), how many drives/job applications/interviews/shippings they do (mentioned in three cases) and which obstacles they face while doing (mentioned in three cases). It is about understanding how the user thinks, what triggers him/her to get back and how could user experience be improved to get him/her coming back more frequently. If there are mostly inactive users, who have never come back, it might refer to not having found the product market fit yet- there have just been successful campaigns or ads to get the users, but there is no benefit or amusement for them in the product. How often they come back, can be influenced by emails and notifications, also different social media ads or posts directed to website or blog. For how long they stay, depends a lot on how thought-through is the user experience process on the website or on the content attractiveness (regarding the blog, it was said repeatedly that it comes down to selling the idea of reading the article in few sentences and with the shrews title, so the first part needs to get a person's attention to continue reading). For marketers, it is important to understand which channels work for user retention in order to focus on them and understand the key messages users are activated with. Analysing user behaviour on site is important in order to understand which functionalities to develop further, which have bugs to be fixed and which processes are not logical from the user's point of view.

As mentioned, emails are considered as a great channel for user retention. There are different types of emails used: automated, semi-automated and manual ones. Automated ones can be notifications from websites, if someone has commented, liked, followed, shipped your product, shared your content, made a job offer for you etc. Semi-automated can include machine learning possibilities, suggesting user the articles or content that he might be interested in. Manual emails cover the newsletters, monthly or weekly updates, team updates, new articles. All of them are a trigger for user to visit the website, especially when having an appealing CTA. Also, the more personal the email seems, the more the user might be interested to check what is there on the website. The example representing two of the start-ups is following:

Start-up 9: „We are trying to involve our users as much as possible by building a community, where they can help each other by providing info about the city they live in. If someone asks about your city, then you receive this question on your email. People are willing to help each other and as the inhabitant, you want to leave the good impression about your city and the people by helping others. . . We also send emails about new features, but the personal notifications on email work the best.“

That also emphasizes the role of community effect in having higher retention. People feel the connection with like-minded ones and like to represent their mindset and views together. When those people can create content, it triggers users to come back to see what has been updated, if someone has commented, liked, followed or shared their content or there has been some new content generated that would be interesting for them. At least at first it needs to be evoked and supported by reminders and notifications.

3.6 Interpretation of growth hacking essence by respondents

In this section the growth hacking meaning to start-ups is revealed. As there are very many different interpretations in articles, books, social media and blogs, then also representatives of start-ups have their own ways of putting it. Also how they have used this theory varies a lot.

In four cases, growth hacking is strongly related to technology and automation. The key is to create some model which could be copied to reduce the expenses and find scalability. One interpretation related to technology is such:

Start-up 1: „Growth hacking is marketing at scale, so using technology to grow your audience in a way that is bigger than you would have done without technology. It requires a lot of ability to program and measure and optimize, I think it's incredibly technical. We've had experiences with it and our aim is to automate as much as possible.“

Three renderings emphasize the untraditional ways of marketing, discussing that growth hacking is alternative and untraditional way to grow user's base really fast, while keeping the expenses low. In those cases, there is no clear difference from Guerrilla marketing theory, so the total model of growth hacking is comprehended.

Only two of the interviewees bring out the importance of finding product market fit when applying growth hacking. One of them describes the meaning of the term for her as such:

Start-up 7: „It is multi-leveled. I’ve never read any book or listened to lectures about it, but for me it is firstly about finding a right target group for your product. You can think it’s one thing, but during the process you might find out that it suits to many target groups that you have not assumed. We have many special use cases and we need to figure out if those are scalable. If you have found the fit, then you proceed with growth hacking by marketing and sales.“

It needs to be mentioned that in overall finding product market fit is important for participants and they apply it in their daily operations, but they just do not link it with the current term. The ones that do, think about it as the key factor to be successful in growth hacking. One of them still mentions that growth hacking as a term might be a bit misleading, since it already includes „growth“ in it and that is why people usually do not think that it has something to do with finding product market fit as the first phase. As the results of interpreting the term show, it can be agreed with.

For two of the interviewees, growth hacking as a term itself is contradictory. One of them thinks that they use it, but they just do not name it that way:

Start-up 4: „I really don’t like this term, growth hacking is something that is done anyway in each start-up’s marketing naturally, there is no need for such fancy termin, which relates to sneaky tricks, especially „hacking“. For me it’s just user intake, everything that we do regarding that, we just don’t call it that way. It’s just expanding the user and customer base.“

The reason behind perceiving the term like being something sneaky might also lay in the examples which were described in criticism part in theory. Brought examples played on the ethics boundary and as said, it might give people wrong idea about the model itself. Though, in this example again growth hacking is everything but finding product market fit. In the other example, growth hacking as such is not linked with something phenomenal:

Start-up 8: „It helps you to improve some things for about 2-3% by testing different elements or you approach ways that noone else has used before and hack new clients through that. For me, growth hacker is just a marketer who operates analytically. It does not need to be some breakthrough to call it growth hacking, but rather all that analytical process.“

Though this example also highlights the importance of technology in growth hacking, it does not mention anything about scalability or automation. Also in this case this term

is taken just as a digital marketing skill and the viral growth is not important to be achieved.

As assumed, growth hacking as a term is interpreted in many different ways, and it does not only concern the wording itself, but the core meaning behind it. All start-ups claim to use growth hacking in their daily life to some extent, but the activities they are doing differ a lot. In most of the cases, the phases of growth hacking are not clearly separated or not even known about. Following has been compiled the overviewing table to understand the main differences between local use and the initial model of growth hacking. On local use side, the intersections which are mentioned more than by three start-ups are presented (table 2):

	Initial concept	Local use
1. Finding product market fit	<ul style="list-style-type: none"> - Strong user involvement - Systematic validation - MVP with some additional functionalities - No marketing before product market fit found 	<p><i>*7/9 times not perceived as the part of growth hacking, but important for start-ups.</i></p> <ul style="list-style-type: none"> - Strong user involvement - Systematic validation - Teaching users, switching mindsets about opportunities - Customer support teams
2. Finding growth hack	<ul style="list-style-type: none"> - Sprouting a core group - Specific target groups - Using A/B tests, landing pages, emails 	<p><i>*Finding growth hack and going viral not distinguished.</i></p> <ul style="list-style-type: none"> - Enthralling and continuous content creation - Specific target groups - Using A/B tests, landing pages, emails
3. Going viral	<ul style="list-style-type: none"> - Network enhanced word-of-mouth - Referral systems - Sharing not communicated as a favour to company, but benefit for user and a friend 	<ul style="list-style-type: none"> - Emphasize on SEO - Listings to blogs, backlinks - Not profitable referral usage: Sharing communicated as a favour to company, but benefit for user and a friend
4. Retention & optimization	<ul style="list-style-type: none"> - Regular track keeping on data - Content creation for DAU - Emails, reminders, notifications for retention 	<ul style="list-style-type: none"> - Regular track keeping on data - Emails, reminders, notifications for retention - Community effect

Table 2. Differences between the initial concept of growth hacking and its local use
Source: (Author)

In the table, with bold have been marked the common functionalities and purposes of the growth hacking phases. Seven out of nine are not aware that finding product market fit is the part of growth hacking, yet they are trying to find it or have pervaded that stage

already, that is why this part is marked with lighter color. Between finding growth hack and going viral the difference is not made and understood. Roughly said, this term is perceived among respondents as an untraditional way of marketing or successful automated marketing, where technology plays an important role.

3.7 Suggestions from start-ups

In following subchapter, respondents are sharing their suggestions for other user-based start-ups, who are eager to succeed. It needs to be mentioned that all of the interviewees were really helpful and supportive for giving suggestions and talking about their experiences, even if this information might help indirect or direct competitors. It is said in many times that Estonian start-up culture is really supportive, which might also come from the fact that the country is small and if someone becomes successful, it helps to get the attention of investors and media to Estonian start-ups field in general.

Two of the most repeated suggestions were to put lots of effort in user development and also create a quality and continuous content. Regarding quality content, it is mentioned in three times to keep in mind videos as well, as it will be the future's trend. Right now it is great to focus on just written blogs, photos and texts when creating the posts or ads, but in some time (nobody knows exactly when) the shift occurs and by that time, companies need to be already great in this field to maintain their success, and that comes just by practicing and testing, so the time to start it is already now. Also is mentioned the importance of thinking big, it is not acceptable to think that start-up's content is good enough for Estonian market, it is needed to be thought worldwide right from the beginning, to be the great one among the international content creators.

Which regards user development, then talking to customers is extremely important (mentioned in six times). There are many thoughts on this:

Start-up 5: „Let the product development be, the first thing you ever need to do is to talk with your customers. Everyone says that, but not everyone does that. We had only landing page while launching, nothing else. If client needed something, we just typed it in Word and sent SMS manually. . . But those customers stayed loyal, since they were heard.“

Another rich example on the importance of user communication:

Start-up 2: „That info that you get from your users is the only one you need to improve your product. People don't change themselves for your product, they don't make any discounts to make themselves like the product, you need to continuously change the product for them. You need to test as well and not assume what is needed, and it is done so many times.“

People can give negative or positive feedback, and both of them should be really appreciated. Negative one brings out the directions or functionalities which should not be focused on and positive one confirms the plans or gives some new possible directions. Also the ones giving feedback should be really appreciated, since they could be the core group to suggest and spread the idea.

In this section also team's importance is emphasized. It is said that there should be people in the team that can be relied on, who are ambitious and believe 100% in the product's breakthrough, no matter how hard the times are. If there are people in team, who are half-educated, they need to be changed, since they have demotivating impact for all the team. One interesting thought on combining a successful team is also following:

Start-up 2: „I would suggest to hire at least one sales or marketing person, who knows exactly what to do and is experience, the other ones can be totally unexperienced, but with great ambition and are focused on success.“

Sometimes having unexperienced people brings new and innovative thoughts in previous case for sales and marketing area, but in general to any fields. Also the more different personality types there are or people with different backgrounds, the more they complement each other and see the product from different perspectives.

For conclusion, the suggestions subchapter could be finished with a great motivational thought from a respondent who has never been afraid of taking risks, who is living her life fully and injects her high motivation and ambition also to the team:

Start-up 1: „Be bold, stand for something. There are so many opportunities out there, you need to make emotional connection. Don't be afraid to try something crazy as long as it matches your beliefs. If it doesn't work, people will not know about it anyway, but oh when it does... Keep trying and fail fast.“

CONCLUSIONS

Current paper's problem was to understand how Estonian start-ups have interpreted and used growth hacking steps, as it is a new concept and very differently interpreted worldwide. The research questions to support the research problem and to also give the deeper knowledge about the success factors were how have they interpreted and used the concept, which activities or hacks have brought them success and what are the key areas start-ups focus on to be successful in marketing and growth. For meeting the research purpose, qualitative method was used by collecting primary data from semistructured interviews. Interviews were conducted among nine Estonian user-based startups, who have had experiences in growth hacking, the interviews were transcribed and content analysis was made.

As there are many start-up concepts out there, then the ones having the most similarities were compared in theory part. Growth hacking was compared with lean start-up and guerrilla marketing concept. Growth hacking is a whole process, which starts with trying to find the product fit and ending with becoming viral. Lean start-up concept focuses mainly on first two steps in growth hacking- finding product market fit and slightly touching also finding growth hack. Guerrilla marketing only covers the third phase of growth hacking. It might be considered a bit more shocking and not as technical as in growth hacking's case, but this stage's goal is the same- to get people know about the product and make them talk about it. Also the model and steps of growth hacking were studied to create the basis for empirical study.

The results of the study showed that likely to the worldwide trend, among local studied start-ups growth hacking concept is also interpreted differently and executed in varied ways. In four companies, it is strongly related to technology and automation, where the key outcome of growth hacking concept should be the model which could be copied to reduce the expenses and find scalability. Three start-ups have related the concept with untraditional ways of marketing, and only two of the start-ups have understood the

whole initial concept of growth hacking, mentioning the importance of finding product market fit as one of the steps as well.

All the start-ups emphasize the step of finding product market fit, it is just not perceived as the part of growth hacking in seven start-ups out of nine. Regarding finding the growth hack and going viral, the clear difference between those two are not made, and those steps are just thought of as creative or analytical marketing activities. Creating strong content is emphasized as the main keyword here among six interviewees, also SEO, landing pages and emails are repeatedly mentioned. Respondents keep retention and optimization phase extremely important, emphasizing also the importance of consistent data analysis. What is not mentioned in the theory, but is relevant for local start-ups, is building the strong community that keeps users coming back.

What concerns finding product market fit, all the four succeeded start-ups have found it. Two of the potential ones claimed to have found it as well, but everyone brought up the importance of strategic communication with a user the product is built for, even though there seems to be product market fit already found. Some also mentioned that in order to find a fit for a product which is really innovative, it is extremely important to change users' mindset and teach them about the possibilities that they have not known about, otherwise there can not develop the need for certain product. Also the systematic approach of product validation is mentioned repeatedly, since there is too much assumptions what users might want or the plans are too tilted by some opinions.

As the outcomes show, the concept is perceived really differently and the initial steps of growth hacking are not well known among Estonian start-ups. The main reason behind it is that there are hundreds of blog articles interpreting the concept in different ways, which mostly do not bring out the separated steps of the concept. If the start-ups would know the whole initial concept, they could use it much more beneficially to grow their start-up right from the beginning till going viral in a systematic way, which is not covered in other start-up concepts. It is suggested to educate Estonian start-ups on this concrete concept by organizing start-up meetups, where this model is discussed and explained by guest speakers from Silicon Valley, who have been applying this model to their businesses and are teaching it in San Francisco's accelerators. This concept could be integrated also to local accelerators' programs for introducing different

possibilities by what models start-ups could start growing with. Which concerns the future studies, then author suggests to concentrate more on each step separately, since they all take a lot of time for start-ups to take into use and the complexity of them could be more revealed when studying the steps more deeply. The other way could be studying and putting the concept into practice inside one start-up, which is still in the beginning of finding its product market fit and then to develop it throughout the phases based on growth hacking theory to see how easily applicable it is and what could be the setbacks.

REFERENCES

- Ay, C., Aytekin, P., Nardali, S. 2010. Guerrilla Marketing Communication Tools and Ethical Problems in Guerilla Advertising. *American Journal of Economics and Business Administration*. 2 (3), 280-286.
- Berger, J., Milkman, K., L. 2012. What Makes Online Content Viral? *Journal of Marketing Research*. 49 (2), 192-205.
- Blank, S., Dorf, B. 2012. *The Startup Owner's Manual*. K&S Ranch
- Bosch, J., Olsson, H., H., Björk, J., Ljungblad.J. 2013. The Early Stage Software Startup Development Model: A Framework for Operationalizing Lean Principles in Software Startups. *Lean Enterprise Software and Systems*. 167, 1-15.
- Brown, M. 2015. Airbnb: The Growth Story You Didn't Know. *GrowthHackers* (online). <https://growthhackers.com/growth-studies/airbnb> (22.04.2016)
- Brown, P. M., Ellis, S. 2017. *Hacking Growth: Today's Fastest- Growing Companies Drive Breakout Success*. New York: Crown Business.
- Bryman, A., Bell, E. 2007. *Business research methods*. New York: Oxford University Press.
- Cambridge English Dictionary* (online). 2017. Cambridge: Cambridge University Press. <http://dictionary.cambridge.org/dictionary/english/hacking> (27.04.2017)
- Chen, A. 2012. Growth Hacker is the New VP Marketing. *Andrew Chen Official Website* (online). <http://andrewchen.co/how-to-be-a-growth-hacker-an-airbnb-craigslist-case-study/> (27.04.2016)

- Creative Guerrilla Marketing. What is Guerrilla Marketing? *Official Website of Creative Guerrilla Marketing* (online).
<http://www.creativeguerrillamarketing.com/what-is-guerrilla-marketing/> (11.03.2017)
- Dunford, A. 2010. Top 5 Customer Retention Marketing Tactics. *Rocket Watcher Startup Marketing* (online). <http://www.rocketwatcher.com/blog/2010/05/top-5-customer-retention-marketingtactics.html> (20.04.2016)
- Eisenmann, T., R. MBA Course on Launching Technology Ventures. Summarizing article by Carmen Nobel. Harvard Business School.
- Ellis, S. 2010. Find a Growth Hacker for Your Startup. *Startup Marketing* (online). <http://www.startup-marketing.com/where-are-all-the-growth-hackers/> (20.01.2017)
- Ellis, S. 2015. The Startup Pyramid. *Startup Marketing* (online). <http://www.startup-marketing.com/the-startup-pyramid/> (27.04.2016)
- Elman, J. 2013. What is “Growth Hacking” really? *Medium* (online). <https://medium.com/@joshelman/what-is-growth-hacking-really-f445b04cbd20#.mm8hc6ji7> (27.04.2016)
- Ghauri, P., Gronhaug, K. 2004. *Research Methods in Business Studies. A Practical Guide*. Tallinn: Külim
- Guest, G., Bunce, A., Johnson, L. 2006. How many interviews are enough? An experiment with data saturation and validity. *Field methods*. 18 (1), 59-82.
- Hinz, O., Skiera, B., Barrot, C., Becker, J. U. 2011. Seeding Strategies for Viral Marketing: An Empirical Comparison. *Journal of Marketing*. 75 (6), 55-71.
- Hockenson, L. 2013. Growth Hacker: A Buzzword Surrounded by Buzzwords. *Mashable* (online). <http://mashable.com/2013/05/18/growth-hacker-buzzwords/#NCEcql2s2sqO> (01.04.2017)

Holiday, R. 2014. *Growth Hacker Marketing*. London: Profile Books.

Jurvetson, S. 2000. What Exactly is Viral Marketing? *Red Herring*. 78, 110-111.

Kaplan, D. 2014. Real Engines Of Growth Have Nothing To Do With Growth Hacking. *TechCrunch* (online). <https://techcrunch.com/2014/03/22/the-real-engines-of-growth-on-the-internet/> (10.03.2017)

Kaplan, P. 2013. How I Deal with Users Who Steal. *Medium* (online). <https://medium.com/@pud/how-i-deal-with-users-who-steal-416b0841dbf1#.pb3lvcsu6> (20.04.2016)

Levinson, J. C. 2007. *Guerrilla Marketing: Easy and Inexpensive Strategies for Making Big Profits From Your Small Business*. New York: Houghton Hifflin Company

Lockyer, S. *Coding Qualitative Data*. California: Thousand Oaks. 137-138.

Mason, J. 2002. *Qualitative Researching*. London: Sage Publications

Merriam, S. B. 2009. *Qualitative Research: A Guide to Design and Implementation*. San Francicsco: Jossey-Bass. 5-14.

McClure, D. 2007. Startup Metrics for Pirates: Customer Lifecycle/Conversion Behaviour. https://www.slideshare.net/dmc500hats/startup-metrics-for-pirates-long-version/3-Customer_Lifecycle_Conversion_Behavior_Websitecom (02.02.2017)

Net Promoter Network. What Is Net Promoter? *Official website of Net Promoter Network* (online). <https://www.netpromoter.com/know/> (01.02.2017)

Neuman, W. L. 2005. *Social Research Methods*. London: Pearson.

Patel, N., Taylor, B. 2015. The Definite Guide to Growth Hacking. *Quicksprout* (online). <https://www.quicksprout.com/the-definitive-guide-to-growth-hacking-chapter-1/> (27.04.2016)

- Patton, M. Q. 2002. *Qualitative Research and Evaluation Methods*. Thousands Oaks: Sage.
- Porter, L., Golan, G., J. 2006. From subservient chickens to brawny men: A comparison of viral advertising to television advertising. *Journal of Interactive Advertising*. 6 (2), 30-38.
- Ries, E. 2011. *The lean start-up: How Today's Entrepreneurs Use Continuous Innovation to Create Radically Successful Businesses*. Crown Business.
- Russell, D. 2013. Growth hackers do not need marketing theories, just lots and lots of testing. *Campaign (UK)*. 23. (18.04.2016)
- Saunders, M., Lewis, P., Thornhill, A. 2009. *Research methods for business students*. Essex: Pearson Education Limited. 233-243.
- Saleem, M. 2014. Growth Hacking is Bull. *Marketing Land* (online). <http://marketingland.com/growth-hacking-is-bull-69635> (12.03.2017)
- Segall, L. 2011. The Startup That Died So Instagram Could Live. *CNN Money* (online). http://money.cnn.com/2011/09/13/technology/startups/instagram_burbn/ (16.04.2016)
- Estonian Startups*. 2017. Startup Estonia (internet homepage). <http://www.startupestonia.ee/startups> (27.11.2016)
- Tracy, S. J. 2013. *Qualitative Research Methods: Collecting Evidence, Crafting Analysis, Communicating Impact*. West Sussex: Wiley-Blackwell.
- Woerndl, M., Papagiannidis, S., Bourlakis, M., Li, F. 2008. Internet-induced marketing techniques: Critical factors in viral marketing campaigns. *Journal of Business Science and Applied Management*. 3 (1), 33-45.
- Zuo, L., Veil, S. 2006. Guerilla Marketing and the aqua teen hunger force fiasco. *Public Relations Quarterly*. 51 (4), 8-11.

APPENDIXES

Appendix 1. Interview questions

TOPIC 1	QUESTIONS
Background info	<ol style="list-style-type: none"> 1. For how long have you operated? 2. How much money has been invested in your start-up? Through which channels? 3. How many users do you have today? 4. Does your start-up make any money yet? If, then what is the business model? 5. What distinguishes you on market? 6. Describe you success/potential success reasons.
TOPIC 2	QUESTIONS
Finding product market fit	<ol style="list-style-type: none"> 7. Describe finding your product market fit. Was it there when you started (how did you make it clear) or has it been found during building the product? 8. Can you say it has been found?
TOPIC 3	QUESTIONS
Finding growth hack	<ol style="list-style-type: none"> 9. Could you provide some examples/stories, how people have really benefited from your product? 10. How have you found possibilities to grow, what has brought people to you?
TOPIC 4	QUESTIONS
Going viral	<ol style="list-style-type: none"> 11. What has made people talk about you? Please provide some possibilities which have supported it. 12. Have you provided possibilities for users to attach new users to your product (referral systems)? Which?
TOPIC 5	QUESTIONS
Marketing	<ol style="list-style-type: none"> 13. Describe marketing role in your start-up through the time. 14. How big was the marketing budget in the beginning and how about now? 15. How big is your marketing team and which positions are covered? 16. What are your main channels and tools used in marketing?

	17. What are your marketing goals today?
TOPIC 6	QUESTIONS
Retention and optimization	18. How frequently do you measure your results? What is the most important data for you to measure and how do you make changes based on results?
TOPIC 7	QUESTIONS
Defining growth hacking	19. How would you define the term “growth hacking” and to what extent have you used in your start-up? 20. Could you provide some good examples of growth hacking in other companies?
TOPIC 8	QUESTIONS
Conclusion, suggestions	21. What would you suggest to other user-based start-up companies?

Appendix 2. Proposed translations of growth hacking in Estonian language by author

Ebatraditsiooniliste kasvuvõimaluste otsimine

Kasvuleiundus (*leiundus- leiutustegevus*)

Kasvukavaldus

GROWTH HACKING KASUTUS EESTI IDUFIRMADES

Raili Vunk

Resümee

Käesoleva magistritöö eesmärgiks oli mõista, kuidas Eesti idufirmad on tõlgendanud *growth hackingut* (vaata eestikeelse tõlke ettepanekuid Appendix 2) kui kontseptsiooni ning selle mudeli osi enda ettevõttes rakendanud. Tegemist on uue idufirmade kontseptsiooniga, mida on maailmas väga erinevalt tõlgendatud. Uurimisküsimused, mis toetasid eesmärgi saavutamist ning andsid taustainfot, olid järgnevad:

1. Kuidas on kohalikud idufirmad mõistet *growth hacking* interpreteerinud ning enda igapäevatöös kasutanud?
2. Millised tegevused ja nipid on neile edu toonud?
3. Millele idufirmad keskenduvad, et olla edukas nii turunduses kui ka kasvus?

Uurimistöö eesmärgi saavutamiseks kasutati esmaste andmete kogumist kvalitatiivsel meetodil, viies läbi poolstruktureeritud intervjuud üheksa Eesti kasutajapõhise idufirmaga, kes on oma töös antud kontseptsiooniga kokku puutunud. Intervjuude analüüsimiseks need transkribeeriti ning viidi läbi kontentanalüüs.

Kuna on olemas mitmeid idufirmade kasvatamise kontseptsioone, siis teooria osas võrreldi *growth hackingut* kahe sellele enim sarnasega- nutika idufirma ning *Guerrilla* turunduse kontseptsiooniga. *Growth hacking* on kogu idufirma kasvatamise protsess, alates toote turusobivuse leidmisest kuni viraalseks minemiseni. Nutika idufirma kontseptsioon käsitleb põhiliselt vaid kaht esimest *growth hackingu* teooria sammu- toote turusobivuse leidmist ning pisut ka kasvupõhja leidmist. *Guerrilla* turundus katab vaid kolmanda sammu, olles pisut šokeerivam ning mitte nii tehniline kui *growth hackingu* kolmas samm, kuid mõlema eesmärk on panna inimesed endast rääkima. Samuti uuriti täpsemalt kõiki *growth hackingu* nelja sammu, et luua baas empiiriliseks uurimuseks.

Tulemused näitasid, et nagu ka mujal, on kohalikud idufirmad tõlgendanud ja kasutanud *growth hackingu* kontseptsiooni erinevalt. Neljas ettevõttes on kontseptsioon tugevalt seotud tehnoloogia ning automatiseerimisega, kus väljundiks peaks olema kopeeritav mudel kulude alandamiseks ning ka skaleeritavuse leidmine. Kolm idufirmat on kontseptsiooni enda jaoks tõlgendanud kui ebatraditsioonilist turundusmeetodit ning vaid kaks on mõistnud *growth hackingu* esialgset neljaastmelist mudelit, mainides ka toote turusobivuse leidmist kui üht kontseptsiooni osa.

Kõik idufirmad rõhutasid toote turusobivuse leidmise olulisust oma tegevuses, kuid seitse intervjuueeritavat üheksast ei pidanud seda *growth hackingu* osaks. Kasvupõhja leidmise ning viraalseks minemise kui kahe järgneva sammu osas ei tehtud vahet ning neid peeti pigem lihtsalt kui uudsete ning analüütiliste turundustegevuste faasiks. Tugevat ning järjepidevat sisu loomist tõsteti viimaste puhul korduvalt esile kui üht edutegurit, samuti läbimõeldud SEO'd, sihtgrupile suunatud maandumislehti ning emaille. Idufirmad pidasid väga oluliseks ka kasutajate säilitamist ning tegevuste optimeerimist, mis on neljas *growth hackingu* faas. Selle faasi juures rõhutati andmete mõõtmise regulaarsuse olulisust, mille põhjal tegevusi muuta või võimendada. Mida küll teoorias välja ei ole toodud, kuid mis on kohalike idufirmade jaoks väga oluline, on tugeva kommuuni loomine, mis aitab kasutajaid tagasi tuua ning neid aktiivsena hoida.

Mis puudutab toote turusobivuse leidmist, siis neli läbilõõnud idufirmat on selle oma tegevuse jooksul leidnud ning kaks potentsiaalset idufirmat samuti. Kõik vastanud tõid välja strateegilise suhtluse olulisuse kasutajatega, isegi siis, kui turusobivus on leitud. Toodi ka välja seda, et kui tegemist on innovatiivse tootega, siis peab töötama inimeste õpetamise ning mõtteviisi muutmisega võimaluste kohta, mida nad ei teadnud, et üldse olemas võiks olla. Vastasel juhul ei saagi vajadus arendatava toote vastu kasvada. Korduvalt mainiti ka valideerimise tähtsust, sest liiga tihti arendatakse toodet nii, et eeldatakse, mida võiks kasutajad vajada või siis lastakse kellegi arvamusel arendusprotsessi liialt mõjutada.

Nagu tulemused näitavad, siis *growth hacking* kontseptsiooni tajutakse kohalikul tasandil erinevalt ning samuti ei teata antud mudeli nelja astet. Peamine põhjus on selles, et sadade samateemaliste blogiartiklite autorid on kontseptsiooni erinevalt tõlgendanud.

Kui idufirmad oleksid teadlikud algsest kontseptsioonist, siis saaksid nad ka sellest rohkem kasu, sest see aitab idufirmat kasvatada süstemaatiliselt algsest ideest viraalseks, mida ei ole kaetud antud magistritöö raames võrreldud teistes idufirmade kontseptsioonides. Autor soovib Eesti idufirmasid antud kontseptsiooni osas harida, korraldades üritusi, kus saaksid oma teadmisi tulla edasi andma külalisesinejad näiteks Silicon Valleyst, sest nad on *growth hackingut* rakendanud nii oma töös kui ka õpetavad seda sealsetes kiirendites. Antud kontseptsiooni saaks rakendada ka kohalike kiirendite programmides, kus saaks *growth hackingut* tutvustada kui üht mudelit idufirma kasvatamiseks. Autor soovib järgmistes uuringutes keskenduda igale kontseptsiooni faasile eraldi, sest iga samm sisaldab palju rohkemat, kui antud töö raames käsitleda jõuti. Samuti oleks väga huvitav viia läbi praktiline töö ühe kasutajapõhise idufirmaga, kus algselt tutvustatakse kontseptsiooni ning seejärel hakatakse sellesama idufirma siseselt kontseptsiooni samme läbima. See aitaks mudelist veelgi paremat ülevaadet saada ning mõista, mis võivad olla suurimad kontseptsiooni tugevused ning puudused.