

**HOW ANY  
STARTUP CAN  
ACHIEVE EXPLOSIVE  
CUSTOMER GROWTH**

# **TRACTION**

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and JUSTIN MARES**



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How Any Startup Can Achieve  
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Portfolio / Penguin

# CONTENTS

Preface: Traction Trumps Everything | ix

**CHAPTER ONE** | 1

Traction Channels

**CHAPTER TWO** | 8

Traction Thinking

**CHAPTER THREE** | 19

Bullseye

**CHAPTER FOUR** | 27

Traction Testing

**CHAPTER FIVE** | 35

Critical Path

**CHAPTER SIX** | 42

Targeting Blogs

## CONTENTS

<b>CHAPTER SEVEN</b>	48
Publicity	
<b>CHAPTER EIGHT</b>	57
Unconventional PR	
<b>CHAPTER NINE</b>	65
Search Engine Marketing (SEM)	
<b>CHAPTER TEN</b>	74
Social and Display Ads	
<b>CHAPTER ELEVEN</b>	82
Offline Ads	
<b>CHAPTER TWELVE</b>	92
Search Engine Optimization (SEO)	
<b>CHAPTER THIRTEEN</b>	102
Content Marketing	
<b>CHAPTER FOURTEEN</b>	109
Email Marketing	
<b>CHAPTER FIFTEEN</b>	118
Viral Marketing	
<b>CHAPTER SIXTEEN</b>	129
Engineering as Marketing	
<b>CHAPTER SEVENTEEN</b>	137
Business Development (BD)	
<b>CHAPTER EIGHTEEN</b>	147
Sales	

## CONTENTS

<b>CHAPTER NINETEEN</b>	159
Affiliate Programs	
<b>CHAPTER TWENTY</b>	167
Existing Platforms	
<b>CHAPTER TWENTY-ONE</b>	175
Trade Shows	
<b>CHAPTER TWENTY-TWO</b>	183
Offline Events	
<b>CHAPTER TWENTY-THREE</b>	191
Speaking Engagements	
<b>CHAPTER TWENTY-FOUR</b>	198
Community Building	
<b>ACKNOWLEDGMENTS</b>	205
<b>APPENDIX: MIDDLE RING TESTS</b>	209
<b>INDEX</b>	215

## CHAPTER ONE

### Traction Channels

Before we get started, let's define traction. Traction is a sign that your company is taking off. It's obvious in your core metrics: If you have a mobile app, your download rate is growing rapidly. If you're running a subscription service, your monthly revenue is skyrocketing. If you're an organic bakery, your number of transactions is increasing every week. You get the point.

Naval Ravikant, founder of AngelList, an online platform that helps companies raise money, says it well:

*Traction is basically quantitative evidence of customer demand. So if you're in enterprise software, [initial traction] may be two or three early customers who are paying a bit; if you're in consumer software the bar might be as high as hundreds of thousands of users.*

You can always get more traction. The whole point of a startup is to grow rapidly. Getting traction means moving your growth curve up and

## TRACTION

to the right as best you can. Paul Graham, founder of startup accelerator Y Combinator, puts it like this:

*A startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of “exit.” The only essential thing is growth. Everything else we associate with startups follows from growth.*

Traction is growth. The pursuit of traction is what defines a startup.

After interviewing more than forty successful founders and researching countless more, we discovered that startups get traction through *nineteen different channels*. Many successful startups experimented with multiple channels until they found one that worked.

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

We uncovered two broad themes through our research. First, most founders consider using only traction channels with which they’re already familiar, or those they think they should be using because of their type of product or company. This means that far too many startups focus on the same channels and ignore other promising ways to get traction. In fact, often the most underutilized channels in an industry are the most promising ones.

Second, it’s hard to predict the traction channel that will work best. You can make educated guesses, but until you start running tests, it’s difficult to tell which channel is the best one for you right now.

Our introductory chapters 2–5 expand on these themes. Chapter 2 introduces you to traction thinking: the mind-set you need to adopt to maximize your chances of getting traction. Chapter 3 presents our framework for getting traction called Bullseye. Essentially, it involves targeted experimentation with a few traction channels, followed by laser focus on the core channel that is most promising.

## Traction Channels

Chapter 4 explains how to go about running traction tests, a central theme of Bullseye. Chapter 5 presents a second framework—called Critical Path—to help you focus on the right traction goal and ignore everything else not required to achieve it.

Before you jump into this material, however, we'd like to introduce you to the nineteen traction channels and some of the people we interviewed for them. We will explore each of these channels in chapters 6–24.

When going through the traction channels, try your best not to dismiss them as irrelevant for your company. Each traction channel has worked for startups of all kinds and phases. As mentioned, the right channel is often an underutilized one. Get one channel working that your competitors dismiss, and you can grow rapidly while they languish.

### **Targeting Blogs**

Popular startups like Codecademy, Mint, and reddit all got their start by targeting blogs. Noah Kagan, Mint's former director of marketing, told us how he targeted niche blogs early on, and how this strategy allowed Mint to acquire forty thousand customers before launching.

### **Publicity**

Publicity is the art of getting your name out there via traditional media outlets like newspapers, magazines, and TV. We interviewed Jason Kincaid, former *TechCrunch* writer, about pitching media outlets, how to form relationships with reporters, and what most startups do wrong when it comes to publicity. We also talked with Ryan Holiday, media strategist and bestselling author of *Trust Me, I'm Lying*, to learn how startups could leverage today's rapidly changing media landscape to get traction.

### **Unconventional PR**

Unconventional PR involves doing something exceptional like publicity stunts to draw media attention. This channel can also work by repeatedly going above and beyond for your customers.

## TRACTION

Alexis Ohanian told us some of the things he did to get people talking about reddit and Hipmunk, two startups he cofounded.

### **Search Engine Marketing**

Search engine marketing (SEM) allows companies to advertise to consumers searching on Google and other search engines. We interviewed Matthew Monahan of Inflection, the company behind Archives.com (before its \$100 million acquisition by Ancestry.com), to learn how Archives relied primarily on SEM for its growth.

### **Social and Display Ads**

Ads on popular sites like reddit, YouTube, Facebook, Twitter, and hundreds of other niche sites can be a powerful and scalable way to reach new customers. We brought in Nikhil Sethi, founder of the social ad buying platform Adaptly, to talk with us about getting traction with social and display ads.

### **Offline Ads**

Offline ads include TV spots, radio commercials, billboards, infomercials, newspaper and magazine ads, as well as flyers and other local advertisements. These ads reach demographics that are harder to target online, like seniors, less tech-savvy consumers, and commuters. Few startups use this channel, which means there's less competition for many of these audiences. We talked with Jason Cohen, founder of WP Engine and Smart Bear Software, about the offline ads he's used to acquire customers.

### **Search Engine Optimization**

Search engine optimization (SEO) is the process of making sure your Web site shows up for key search results. We interviewed Rand Fishkin of Moz (the market leader in SEO software) to talk about best practices for getting traction with SEO. Patrick McKenzie, founder of Appointment Reminder, also explained to us how he uses SEO to cheaply acquire lots of highly targeted traffic.

## Traction Channels

### **Content Marketing**

Many startups have blogs. However, most don't use their blogs to get traction. We talked with Unbounce founder Rick Perreault and OkCupid cofounder Sam Yagan to learn how their blogs transformed their businesses.

### **Email Marketing**

Email marketing is one of the best ways to convert prospects while retaining and monetizing existing customers. For this chapter we interviewed Colin Nederkoorn, founder of email marketing startup Customer.io, to discuss how startups can get the most out of this traction channel.

### **Engineering as Marketing**

Using engineering resources to acquire customers is a significantly underutilized way to get traction. Successful companies have built microsites, developed widgets, and created free tools that drive thousands of leads each month. We asked Dharmesh Shah, founder of HubSpot, to discuss how engineering as marketing has driven HubSpot's growth to tens of thousands of customers through tools like its Marketing Grader.

### **Viral Marketing**

Viral marketing consists of growing your customer base by encouraging your customers to refer other customers. We interviewed Andrew Chen, a viral marketing expert and mentor at 500 Startups, for common viral techniques and the factors that have led to viral adoption in major startups. We also talked with Ashish Kundra of myZamana, who discussed using viral marketing to grow from 100,000 users to more than 4 million in less than a year.

### **Business Development**

Business development (BD) is the process of creating strategic relationships that benefit both your startup and your partner. Paul

## TRACTION

English, cofounder and CEO of Kayak.com, walked us through the impact of Kayak's early partnership with AOL. We also interviewed venture capitalist Chris Fralic, whose BD efforts at Half.com were a major factor in eBay's \$350 million acquisition of the company. We'll show you how to structure deals, find strategic partners, build a business development pipeline, and approach potential partners.

### **Sales**

Sales is focused primarily on creating processes to directly exchange product for dollars. We interviewed David Skok of Matrix Partners—someone who's taken four different companies public—to get his perspective on how the best software companies are creating sustainable, scalable sales processes. We also take a look at how to find early customers and have winning sales conversations.

### **Affiliate Programs**

Companies like HostGator, GoDaddy, and Sprout Social have robust affiliate programs that have allowed them to reach hundreds of thousands of customers in a cost-effective way. We interviewed Kristopher Jones, founder of the Pepperjam affiliate network, to learn how a startup can leverage this channel. We also talked with Maneesh Sethi to learn how affiliate marketers choose which products to promote, and some of the strategies they use to do so.

### **Existing Platforms**

Focusing on existing platforms means focusing your growth efforts on a megaplatform like Facebook, Twitter, or the App Store, and getting some of their hundreds of millions of users to use your product. Alex Pachikov, on the founding team of Evernote, explained how their focus on Apple's App Store generated millions of customers.

## Traction Channels

### **Trade Shows**

Trade shows are a chance for companies in specific industries to show off their latest products. We interviewed Brian Riley of SureStop, an innovative bike brake startup, to learn how it sealed a partnership that led to more than twenty thousand sales from one trade show and its approach to getting traction at each event.

### **Offline Events**

Sponsoring or running offline events—from small meetups to large conferences—can be a primary way to get traction. We spoke with Rob Walling, founder and organizer of MicroConf, to talk about how to run a fantastic event.

### **Speaking Engagements**

Eric Ries, author of the bestselling book *The Lean Startup*, told us how he used speaking engagements to hit the bestseller list within a week of his book's launch. We also interviewed Dan Martell, founder of Clarity, to learn how to leverage a speaking event, give an awesome talk, and grow your startup's profile at such speaking gigs.

### **Community Building**

Companies like Wikipedia and Stack Exchange have grown by forming passionate communities around their products. In our interview with Jeff Atwood of Stack Exchange, he detailed how he built the Stack Overflow community, which has created the largest repository of useful programming questions and answers in history.

After reading this book, you will appreciate how each of these nineteen traction channels could get traction for your business. You will be equipped with the framework to find out which one to focus on, and how to go about doing so.

## CHAPTER TWO

### Traction Thinking

**H**ow much time should you spend on getting traction? When should you start? How do you know if it's working? How much traction do you need to get investors? This chapter answers these and other general traction questions, empowering you with the traction thinking that will set you up for success.

#### THE 50 PERCENT RULE

If you're starting a company, chances are you can build a product. Almost every failed startup has a product. What failed startups don't have is enough customers.

Marc Andreessen, cofounder of Netscape and VC firm Andreessen Horowitz, sums up this common problem:

*The number one reason that we pass on entrepreneurs we'd otherwise like to back is they're focusing on product to the*

## Traction Thinking

*exclusion of everything else. Many entrepreneurs who build great products simply don't have a good distribution strategy. Even worse is when they insist that they don't need one, or call [their] no distribution strategy a "viral marketing strategy."*

A common story goes like this: Founders build something people want by spending their time making tweaks based on what early customers say they want. Then, when they think they are ready, they launch and take stabs at getting more customers, only to become frustrated when customers aren't flocking to them.

Having a product or service that your early customers love, but having no clear way to get more traction is a major problem. To solve this problem, spend your time constructing your product or service and testing traction channels *in parallel*.

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

Building something people want is certainly required for traction, but it isn't enough. There are four common situations where you could build something people want, but still not end up with a viable business.

First, you could build something people want, but for which you just can't figure out a viable business model. The money isn't adding up. For example, people won't pay, and selling advertising won't cover the bills. There is just no real market.

Second, you could build something people want, but there are just not enough customers to reach profitability. It's just too small a market, and there aren't obvious ways to expand. This occurs often when startups aren't ambitious enough and pick too narrow a niche.

Third, you could build something people want, but reaching them is cost prohibitive. You find yourself in a hard-to-reach market. An example is a relatively inexpensive product that requires a direct sales force to sell it. That combo just doesn't work.

## TRACTION

Finally, you could build something people want, but a lot of other companies build it too. In this situation you are in a hypercompetitive market where it is simply too hard to get customers.

If you follow the 50 percent rule from the beginning, then you will have the best chance of avoiding these traps. If you don't, then you risk realizing you're in one of these traps too late to do anything useful. Unfortunately this happens to a lot of companies postlaunch. The sad thing is that often these products and services are useful, but the companies die because they don't have a good distribution strategy.

The flip side is that if you focus on traction from the beginning, then you can figure out very quickly if you're on the right track. The results from your traction experiments will guide you around these traps and toward the traction channel that will drive the most meaningful growth.

This 50 percent rule is hard to follow because the pull to spend all of your attention on product is strong. After all, you probably got into your startup because you wanted to build a particular product or service. You had a vision. A lot of the traction activities are unknown and outside of both your comfort zone and this initial vision. That's why there is a natural tendency to avoid them. Don't.

To be clear, splitting your time evenly between product and traction will certainly slow down product development. However, it counterintuitively won't slow the time to get your product successfully to market. In fact, it will speed it up! That's because pursuing product development and traction in parallel has a couple of key benefits.

First, it helps you build *the right* product because you can incorporate knowledge from your traction efforts. If you're following a good product development process, you're already getting good feedback from early customers. However, these customers are generally too close to you. They often tell you what you want to hear.

Through traction development you get a steady stream of cold customers. It is through these people that you can really find out whether the market is taking to your product or not, and if not, what features are missing or which parts of the experience are broken.

You can think of your initial investment in traction as pouring water

## Traction Thinking

into a leaky bucket. At first your bucket will be very leaky because your product is not yet a full solution to customer needs and problems. In other words, your product is not as sticky as it could be, and many customers will not want to engage with it yet. As a consequence, much of the money you are spending on traction will leak out of your bucket.

This is exactly where most founders go wrong. They think because this money is leaking out that it is money wasted. Oppositely, this process is telling you where the real leaks are in your bucket (product). If you don't interact with cold customers in this way, then you generally spend time on the wrong things in terms of product development.

These interactions also get you additional data, like what messaging is resonating with potential customers, what niche you might focus on first, what types of customers will be easiest to acquire, and what major distribution roadblocks you might run into.

You will get some of this information through good product development practices, but not nearly enough. All of this new information should change the first version of the product for the better and inform your distribution strategy.

This is exactly what happened with Dropbox. While developing their product, they tested search engine marketing and found it wouldn't work for their business. They were acquiring customers for \$230 when their product cost only \$99. That's when they focused on the viral marketing traction channel, and built a referral program right into their product. This program has since been their biggest growth driver.

In contrast, waiting until you launch a product to embark on traction development usually results in one or more additional product development cycles as you adjust to real market feedback. That's why doing traction and product development in parallel may slow down product development in the short run, but in the long run it's the opposite.

The second key benefit to parallel product and traction development is that you get to experiment and test different traction channels before you launch anything. This means when your product is ready, you can grow rapidly. A head start on understanding the traction channel that will work for your business is invaluable. Phil Fernandez, founder and

## TRACTION

CEO of Marketo, a marketing automation company that IPO'd in 2013, talks about this benefit:

*At Marketo, not only did we have SEO [search engine optimization] in place even before product development, we also had a blog. We talked about the problems we aimed to solve. . . . Instead of beta testing a product, we beta tested an idea and integrated the feedback we received from our readers early on in our product development process.*

*By using this content strategy, we at Marketo began drumming up interest in our solutions with so much advance notice we had a pipeline of more than fourteen thousand interested buyers when the product came to market.*

Marketo wouldn't have had fourteen thousand interested buyers if they just focused on product development. It's the difference between significant customer growth on day one—real traction—and just a product you know some people want.

## MOVING THE NEEDLE

Before you can set about getting traction, you have to define what traction means for your company. You need to set a traction goal. At the earliest stages, this traction goal is usually to get enough traction to either raise funding or become profitable. In any case, you should figure out what this goal means in terms of hard numbers. How many customers do you need and at what growth rate?

Your traction strategy should always be focused on moving the needle for your traction goal. By moving the needle, we mean focusing on marketing activities that result in a measurable, significant impact on your traction goal. It should be something that advances your user acquisition goal in a meaningful way, not something that would be just a blip even if it worked.

For example, early on DuckDuckGo focused on search engine opti-

## Traction Thinking

mization to get in front of users searching for “new search engine.” This focus was successful at obtaining users, but did not bring in enough users to get close to the traction goal. It didn’t move the needle.

From the perspective of getting traction, you can think about working on a product or service in three phases:

Phase I—making something people want

Phase II—marketing something people want

Phase III—scaling your business

In the leaky bucket metaphor, phase I is when your bucket (product) has the most leaks. It really doesn’t hold water. There is no reason to scale up your efforts now, but it is still important to send a small amount of water through the bucket so you can see where the holes are and plug them.

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

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

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

In each phase you will find yourself generally focused on different things because moving the needle means different things as you grow. In phase I, it’s getting those first customers that prove your product can get traction. In phase II, it is getting enough customers that you’re knocking on the door of sustainability. And in phase III, your focus is on increasing

## TRACTION

your earnings, scaling your marketing channels, and creating a truly sustainable business.

Phase I is very product focused and involves pursuing initial traction while also building your initial product. This often means getting traction in ways that don't scale—giving talks, writing guest posts, emailing people you have relationships with, attending conferences, and doing whatever you can to get in front of customers.

As Paul Graham said in his essay “Do Things That Don't Scale”:

*A lot of would-be founders believe that startups either take off or don't. You build something, make it available, and if you've made a better mousetrap, people beat a path to your door as promised. Or they don't, in which case the market must not exist.*

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

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

As your company grows, smaller traction strategies stop moving the needle. If you have ten thousand visitors to your Web site each day, it will be hard to appreciate a tweet or blog post that sends twenty visitors your way.

Moving the needle in the later stages requires larger and larger numbers. If you want to add 100,000 new customers, with conversion rates between 1 and 5 percent, you're looking at reaching 2 to 10 million people in a targeted marketing campaign—those are huge numbers! That's why traction channels like community building and viral marketing can be so powerful: they scale with the size of your user base and potential

## Traction Thinking

market. In any case, always consider your traction efforts in terms of whether they are moving the needle for your traction goal.

### HOW MUCH TRACTION IS ENOUGH FOR INVESTORS?

Startup founders hoping to scale quickly tend to focus on fund-raising. Not every company starts off planning on an eventual IPO, but any that do need outsiders buying in. As a result, they often wonder how much traction they need to get investors interested. Naval Ravikant, founder of AngelList, answered this question well a few years ago:

*It is a moving target. The entire ecosystem is getting far more efficient. Companies are accomplishing a lot more with a lot less.*

*Two years ago [November 2010] you could have gotten your daily deal startup funded pre-traction. Eighteen months ago you could not have gotten a daily deal startup funded no matter how much traction you had. Twelve months ago you could have gotten your mobile app company funded with ten thousand downloads. Today it's probably going to take a few hundred thousand downloads and a strong rapid adoption rate for a real financing to take place.*

*The definition of traction keeps changing as the environment gets competitive. That's why it is actually useful to look at AngelList and look at companies who just got funded; that will give you an idea of where the bar is right now.*

When pursuing funding, first contact individuals who intimately understand what you're working on (perhaps because they have worked on or invested in something similar before).

The better your prospective investors understand what you're doing, the less traction they will need to see before they invest because they are more likely to extrapolate your little traction and believe it could grow into something big. On the other hand, those investors who have little real-world experience within your industry may find it hard to extrapolate and

## TRACTION

may demand more traction initially before they invest. An outlier is friends and family, who may not need to see any traction before investing, because they're investing in you personally.

It is easy to get discouraged when you are fund-raising because you can get so many rejections. However, you shouldn't take rejection as a rejection of your idea. There are many reasons why investors may say no that are simply beyond your control (investment goals, timing, expertise, etc.).

Sustainable product engagement growth (i.e., more customers getting engaged over time) is hard for any investor to ignore. This is true even if your absolute numbers are relatively small. So if you have only a hundred customers, but have been growing 10 percent a month for six months, that's attractive to investors. With sustainable growth, you look like a good bet to succeed in the long run. With investing, always remember that *traction trumps everything*.

## TO PIVOT OR NOT TO PIVOT

You may come to a point where you are simply unhappy with your traction. You may not be able to raise funding or you may just feel like things aren't taking off the way they should. How do you know when to "pivot" from what you're doing?

We strongly believe that many startups give up way too early. A lot of startup success hinges on choosing a great market at the right time. Consider DuckDuckGo, the search engine startup that Gabriel founded. Other search startups gave up after two years: Gabriel has been at it for more than seven.

Privacy has been a core differentiator for DuckDuckGo (it does not track you) since 2009 but didn't become a mainstream issue until the NSA leaks in 2013. Growth was steady before 2013, but exploded when privacy became an item on the national consciousness.

It's important to wrap your head around this timescale. If you are just starting out, are you ready to potentially do this for the *next decade*? In retrospect, a lot of founders feel they picked their company idea too

## Traction Thinking

quickly, and they would have picked something they were more passionate about if they had realized it was such a long haul. A startup can be awesome if you believe in it: if not, it can get old quickly.

If you are considering a pivot, the first thing to look for is evidence of real product engagement, even if it is only a few dedicated customers. If you have such engagement, you might be giving up too soon. You should examine these bright spots to see how they might be expanded. Why do these customers take to your product so well? Is there some thread that unites them? Are they early adopters in a huge market or are they outliers? The answers to these questions may reveal some promise that is not immediately evident in your core metrics.

Another factor to consider before you pivot: startup founders are usually forward thinking and as a result are often too early to market, which is another reason why it's important to choose a startup idea you're willing to stick with for many years. Granted, there is a big difference between being a few years too early and a decade too early. Hardly anyone can stick around for ten years with middling results. But being a year or two early can be a great thing. You can use this time to improve and refine your product. Then, when the market takes off, you have a head start on competitors just entering your space.

How can you tell whether you are just a bit early to market and should keep plugging away? Again, the best way to find out is by looking for evidence of product engagement. If you are a little early to a market there should be some early adopters out there already eating up what you have to offer.

### TARGETS

- **Put half your efforts into getting traction.** Pursue traction and product development in parallel, and spend equal time on both. Think of your product as a leaky bucket. Your early traction efforts are pointing you toward the holes worth plugging.

## TRACTION

- **Set your growth goals.** Focus on strategies and tactics that can plausibly move the needle for your company. Get some hard numbers.
- **Learn what growth numbers potential investors respect.** How much traction is needed for investors is a moving target, but a sustainable customer growth rate is hard for investors to ignore. Potential investors who understand your business are likely to appreciate your traction and thus invest earlier. Traction trumps everything.
- **Find your bright spots.** If you're not seeing the traction you want, look for bright spots in your customer base, pockets of customers who are truly engaged with your product. See if you can figure out why it works for them and if you can expand from that base. If there are no bright spots, it may be a good time to pivot.

## CHAPTER THREE

### Bullseye

With nineteen traction channels to consider, figuring out which one to focus on is tough. That's why we've created a simple framework called Bullseye that will help you find *the channel* that will get you traction. As billionaire PayPal founder and early Facebook investor Peter Thiel put it:

*[You] probably won't have a bunch of equally good distribution strategies. Engineers frequently fall victim to this because they do not understand distribution. Since they don't know what works, and haven't thought about it, they try some sales, BD, advertising, and viral marketing—everything but the kitchen sink.*

*That is a really bad idea. It is very likely that one channel is optimal. Most businesses actually get zero distribution channels to work. Poor distribution—not product—is the number one cause of failure. If you can get even a single*

## TRACTION

*distribution channel to work, you have great business. If you try for several but don't nail one, you're finished. So it's worth thinking really hard about finding the single best distribution channel.*

We use the name Bullseye for our three-step framework because you're aiming for the Bullseye—the one traction channel at the center of the target that will unlock your next growth stage.

### THE OUTER RING: WHAT'S POSSIBLE

The first step in Bullseye is brainstorming every single traction channel. If you were to advertise offline, where would be the best place to do it? If you were to give a speech, who would be the ideal audience? Imagine what success would look like in each channel, and write it down in your outer ring.

Everyone starts off with biases. The outer ring is meant to help you systematically counteract your traction channel biases. It is important that you not dismiss any traction channel in this step. You should be able to think of at least one idea for every channel. In practice, a lot of founders mess up this step by not brainstorming long and deep enough to get useful ideas for each channel.

For each channel, you should identify one decent channel strategy that has a chance of moving the needle. For example, social ads is a traction channel. Specifically running ads on reddit, Twitter, or Facebook is a channel strategy within social ads. Through brainstorming, identify the best channel strategy you can think of in each of the nineteen traction channels.

In terms of research to feed your brainstorm, this book is a good start, but you should get much more specific to your company. You should know what marketing strategies have worked in your industry, as well as the history of companies in your space. It's especially important to understand how similar companies acquired customers over time, and how unsuccessful companies wasted their marketing dollars.

## Bullseye

### THE MIDDLE RING: WHAT'S PROBABLE

The second step in Bullseye is running cheap traction tests in the channels that seem most promising. Go around your outer ring and promote your best traction channel ideas to your middle ring.

It is often the case that there are a few truly exciting and promising channel ideas in your outer ring. Stop promoting ideas where there is an obvious drop-off in excitement. That drop-off often occurs around the third channel.

We want you to have more than one channel in your middle ring because we don't want you to waste valuable time testing channels sequentially when you can do so equally well in parallel. You can run multiple experiments at the same time because tests take some time to run after they've been set up. Yet doing too many things in parallel leads to errors from lack of focus, which means the number needs to be somewhat low.

For each traction channel in your middle ring, now construct a cheap traction test you can run to determine if the idea really is good or not. These tests should be designed to roughly answer the following three questions:

1. How much will it cost to acquire customers through this channel?
2. How many customers are available through this channel?
3. Are the customers that you are getting through this channel the kind of customers that you want right now?

There isn't a single method for testing each traction channel because every business is different. We will cover tactics for organizing and thinking about these tests in the next chapter. You should also get specific ideas for testing each traction channel throughout the rest of the book.

Some founders mess up this step by prematurely scaling their marketing efforts. Keep in mind that, when testing, you are not trying to get a lot of traction with a channel just yet. Instead, you are simply trying to determine if it's a channel that *could* move the needle for your startup. Your main consideration at this point is speed—to get data and to prove your assumptions.

You want to design smaller-scale tests that don't require much up-front

## TRACTION

cost or effort. For example, run four Facebook ads versus forty. You should be able to get a rough idea of a channel's effectiveness with at most a thousand dollars and a month of time. Often, it will be cheaper and shorter.

### THE INNER RING: WHAT'S WORKING

The third and final step in Bullseye is to focus solely on the channel that will move the needle for your startup: your core channel.

If all went well, one of the traction channels you tested in your middle ring produced promising results. In that case, you should start directing all your traction efforts and resources toward this most promising channel. You hit the Bullseye! You've found your core channel.

At any stage in a startup's life cycle, one traction channel dominates in terms of customer acquisition. That is why we suggest focusing on one at a time, but only after you've identified a channel that seems like it could actually work.

The goal of this focusing step is quite simple: to wring every bit of traction out of your core channel. To do so, you will be continually experimenting to find out exactly how to optimize growth in this traction channel. As you dive deeper into it, you will uncover effective tactics and do everything you can to scale them until they are no longer effective due to saturation or rising costs.

The way this step gets most often messed up by founders is by keeping around distracting marketing efforts in other traction channels. For example, suppose you ran tests in three traction channels: search engine marketing, trade shows, and publicity. Search engine marketing was the most promising, and so you decide to focus on it and make it your core channel. However, your trade show and publicity tests were also successful, albeit much less so.

There is a natural tendency to do more trade shows and publicity because you know they will somewhat work. This is a mistake. Search engine marketing was significantly better, and so you should spend all your efforts on this core channel because uncovering additional strategies and tactics within it will have a greater effect than using these secondary channels. They're distracting.

## Bullseye

This is additionally confusing because oftentimes focusing on your core channel involves channel strategies that utilize other traction channels. One channel is still dominant, but others feed into it.

For example, you will see that a focus on search engine optimization (SEO) requires getting links to your site, and a good tactic for getting links is getting publicity (another traction channel). Similarly, viral marketing is often built on email marketing or existing platforms like Facebook (two other traction channels). Yet in both these situations one channel is dominant in that it is your core traction strategy. You're using these other channels to support that strategy, as opposed to pursuing multiple traction strategies at once.

If, unfortunately, no channel seems promising after testing, the whole process should be repeated. The good news is you now have data from all the tests you just did, which will inform you as to what types of things are, and are not, resonating with customers. Look at the messaging you've been using, or dig deeper to see at what point each channel failed to deliver customers. If you go through the process several times and no traction channel seems promising, then your product may require more tweaking. Your bucket is still too leaky.

### **WHY USE BULLSEYE?**

Bullseye is designed to be a straightforward way to direct your traction focus and maximize your results. First and foremost, it forces you to take all the traction channels more seriously than you would otherwise. These steps systematically uncover strategies for getting traction that you wouldn't have found using other approaches.

When we looked at companies really taking off, they were usually employing underutilized channels and channel strategies. If everyone in your industry uses social ads to grow, you might be better off using another channel. However, in this scenario social ads are probably what you know best because that is what everyone is using. Let Bullseye help you break out of your comfort zone and try channels that are unfamiliar because they may be the key to your growth.

Bullseye is also meant to help you zoom in on the best ideas as quickly

## TRACTION

and cheaply as possible, while still casting a wide net. The traction channel that will ultimately succeed is unpredictable, and time is of the essence. That's why we focus on successive rounds of quick parallel tests. It's simple and it works.

Noah Kagan talked to us about how he used a version of Bullseye at Mint, a site that helps you track your finances and was acquired by Intuit for \$170 million. Its initial traction goal was 100,000 customers in the first six months after launch.

Noah and his team brainstormed and picked several traction channels that seemed promising (targeting blogs, publicity, search engine marketing). Then they ran a series of cheap tests in each (sponsored a small newsletter, contacted financial celebrities like Suze Orman, placed some Google ads) to see what worked and what didn't. Noah kept track of the test results in this spreadsheet:

SOURCE	TRAFFIC	CTR	CONVERSION %	TOTAL USERS	STATUS	CONFIRMED	CONFIRMED USERS
Tech Crunch	300,000	10%	25%	7,500	Friend	Yes	7,500
Dave McClure	30,000	10%	25%	750	Friend	Yes	750
Mashable	500,000	10%	25%	12,500	Emailing	No	0
reddit	25,000	100%	25%	6,250	Coordinated	Yes	6,250
Digg	100,000	100%	25%	25,000	Coordinated	Yes	25,000
Google Organic	5000	100%	15%	750	Receiving	Yes	750
Google Ads	1,000,000	3%	35%	10,500	Bought	Yes	10,500
Paul Stamatou	50,000	5%	50%	1,250	Friend	Yes	1,250
Personal Finance Sponsorships	200,000	40%	65%	52,000	Coordinated	Yes	52,000
Okdork.com	3,000	10%	75%	225	Self	Yes	225
Total Users				116,725			104,225

## Bullseye

After running these experiments, Mint focused on the traction channel that seemed most promising and that could move the needle for its traction goal. In this case, that meant targeting blogs was its core channel. In the early days, the channel strategies of sponsoring mid-level bloggers in the financial niche and guest posting allowed Mint to acquire its first forty thousand customers.

When this channel maxed out and stopped moving the needle, Mint repeated the Bullseye process, and found a new core traction channel to focus on: publicity. Within six months of launching, it had 1 million users.

We heard stories like this over and over again when talking to successful startup founders. They would research many channels, try a few in parallel, and focus on the most promising until it stopped working. Bullseye is designed to systemize this successful process. Use it!

## COMPARISON TO LEAN

Many good product development methodologies exist, but they don't deal explicitly with getting traction. The Lean Startup framework is a popular one. This approach involves creating testable hypotheses regarding your product, and then going out and validating (or invalidating) those hypotheses. It's an approach that demands a great deal of interaction with customers, discovering their needs and understanding the types of features they require.

Bullseye works hand in hand with Lean or with any other product development framework. What Lean is to product development, Bullseye is to traction.

The biggest mistake startups make when trying to get traction is failing to pursue traction in parallel with product development. Many entrepreneurs think that if you build a killer product, your customers will beat a path to your door. This line of thinking is a fallacy: that the best use of your time is always improving your product. In other words, "if you build it, they will come" is *wrong*.

You are much more likely to develop a good distribution strategy with a good traction development methodology (like Bullseye) the same way

## TRACTION

you are much more likely to develop a good product with a good product development methodology (like Lean). Both help address major risks that face early-stage companies: market risk (that you can reach customers in a sustainable way) and product risk (that customers want what you're building).

Pursuing both traction and product in parallel will increase your chances of success by both developing a product for which you can actually get traction and getting traction with that product much sooner.

## TARGETS

- **Work through Bullseye.** Maximize your chances of getting traction: brainstorm, prioritize, test, and then focus. Do not overlook underutilized channels. In fact, those channels are more likely to be the ones that will work best.
- **Talk to founders a few steps ahead of you.** Research how past and present companies in your space and adjacent spaces succeeded or failed at getting traction. The easiest way to do this is to go talk to startup founders who previously failed at what you're trying to do.
- **Hold on to your other channel ideas.** Compile your brainstorming ideas for each traction channel in a spreadsheet with educated guesses that you can confirm through testing. Even after you've chosen your core channel, you should keep these ideas around for future runs of Bullseye.

**TRACTION: How Any Startup Can Achieve Explosive Customer Growth** will be published by Portfolio/Penguin Random House on October 6, 2015.

For more visit [TractionBook.com](http://TractionBook.com)

