The Genius of Growth Marketing

with Andrianes Pinantoan and the team at Airtasker

WORKBOOK

Zambesi   Airtasker

About Airtasker

Airtasker a marketplace for people to post tasks, and match with users willing to complete them. Its mission is to empower everyone to realise the full value of their skills.

Marketplaces typically take a longer time to grow, usually through network effects, unlike a SaaS product which can scale quickly.

Most marketplaces focus on one sector, but Airtasker has taken on creating a horizontal platform for all services, something many have written it off as impossible.
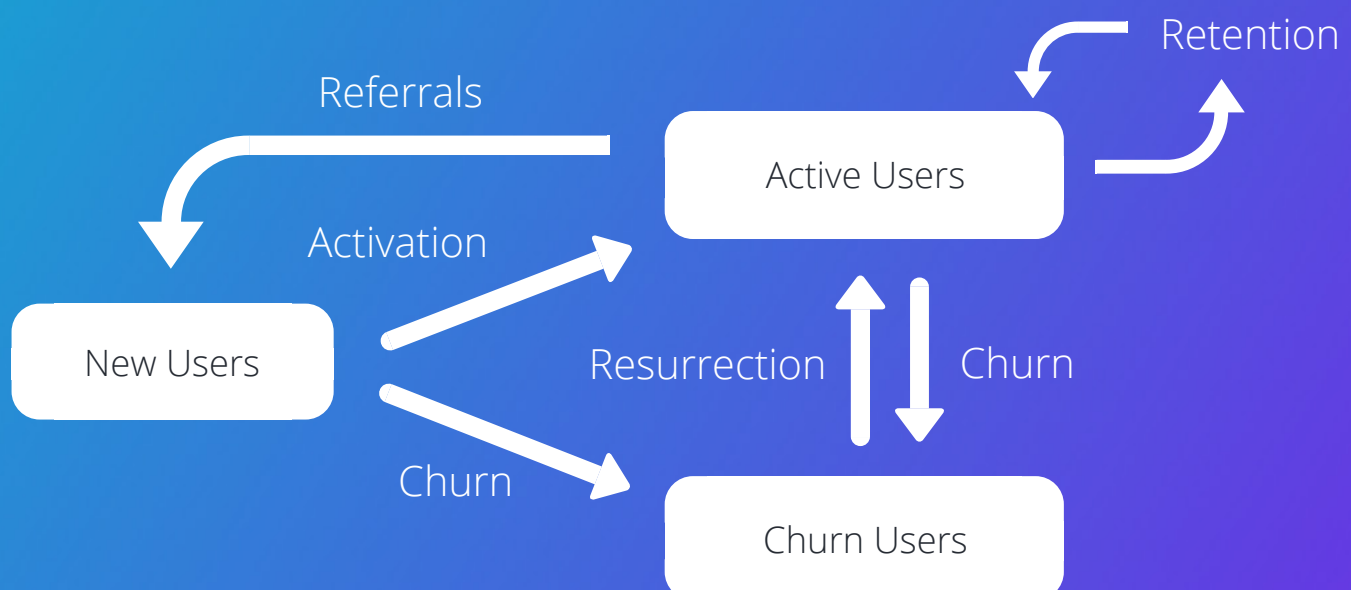
Growth vs traditional marketing

Traditional marketing vs growth marketing:

Traditional marketing is usually separate to product strategy; their focus is to make people want a product. Whereas growth marketing focuses on making a product that people want.

Growth marketing combines marketing and product:

Advantages of bringing them together - you can't make changes to either without affecting the other, so they should work as one business unit. Growth teams tend to be more data savvy than traditional marketing teams.

Growth Accounting

Referrals

Retention

Active Users

Activation

New Users

Resurrection

Churn

Churn

Churn Users

Measuring growth:
The AARRR (Pirate) Metrics

What is growth?

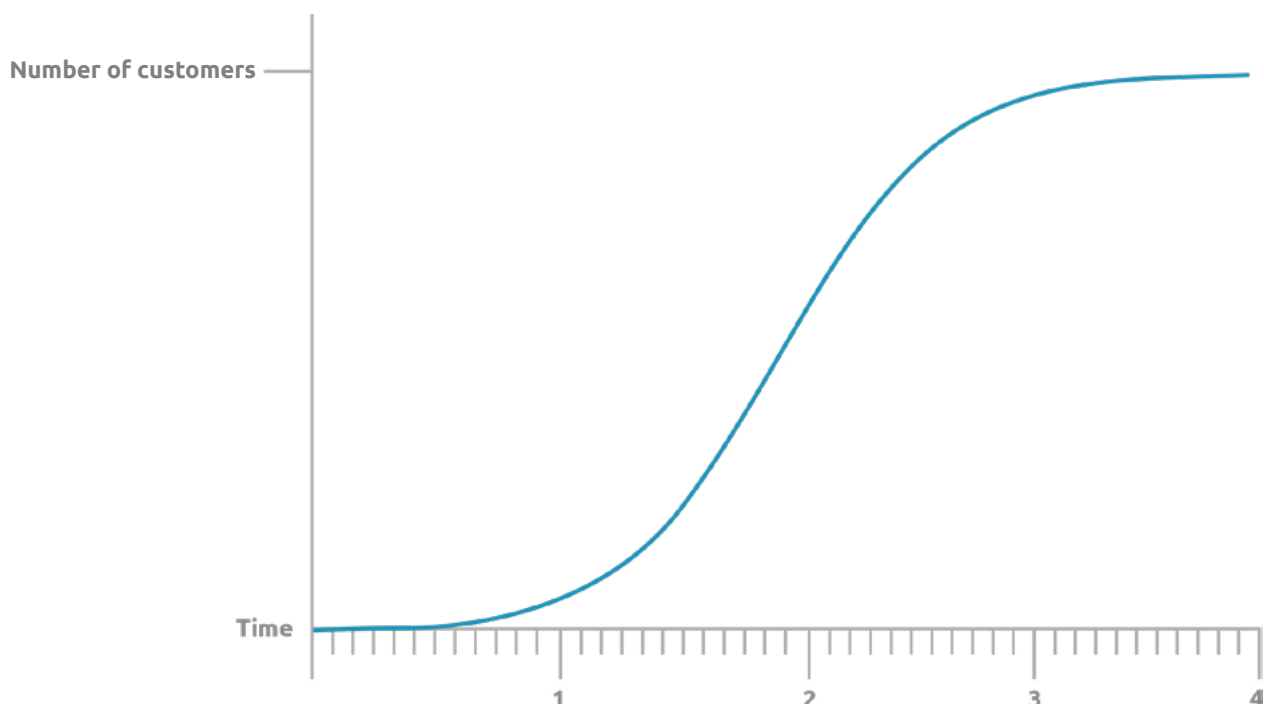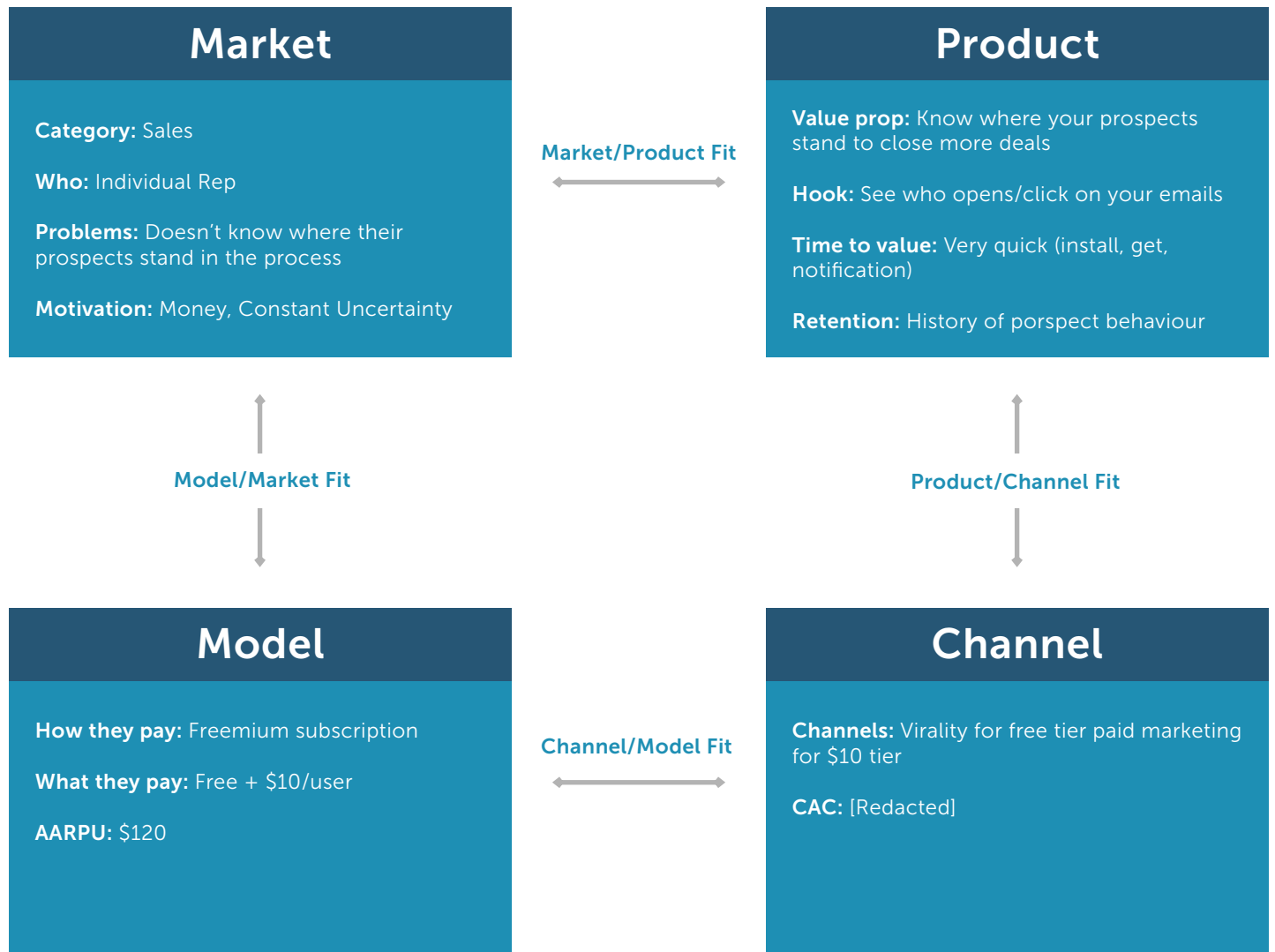|	
Acquisition	New Users
Activation	Active Users
Retention	Retained Users
Revenue	Monetized Users
Referral	Referring Users

A common myth is that growth teams should only focus on acquiring more users. But if new users don't retain, the company will be replacing the users who have churned. Consider the long- term value of the customer.

S-Curve Growth Graph

Most companies go through initial growth, gradual at first, then hit an inflection point with a lot of growth before hitting a plateau. This is when they'll look for another product to kickstart hyper-growth again.

The four fits

Market

Category: Sales

Who: Individual Rep

Problems: Doesn't know where their prospects stand in the process

Motivation: Money, Constant Uncertainty

Market/Product Fit ←→

Product

Value prop: Know where your prospects stand to close more deals

Hook: See who opens/click on your emails

Time to value: Very quick (install, get, notification)

Retention: History of porspect behaviour

Model/Market Fit

Product/Channel Fit

Model

How they pay: Freemium subscription

What they pay: Free + $10/user

AARPU: $120

Channel/Model Fit ←→

Channel

Channels: Virality for free tier paid marketing for $10 tier

CAC: [Redacted]

Credit: Brian Belfour at Reforg (https://brianbalfour.com/four-fits-growth-framework)

These apply to every business. But your product and channel shouldn't be thought of as separate. Those that scale, are built to take advantage of certain channels.

LESSON 1 - EXERCISES

1. Plan how you'll start to measure the AARRR metrics for your company. If you can, plot out your numbers in the table below. Look at how many new customers you acquired three months ago, and then how many came back in the following month to get retention.

	How could you collect this metric?	Your numbers (for the month)	Example numbers
ACQUISITION (New customers signed up?)			100 sign-ups
ACTIVATION (How many converted?)			80 converted to use the product
RETENTION (How many came back the following month?)			40 came back the following month
REFERRAL (How many referred other customers?)			20 referred which created 15 new customers
REVENUE (How much revenue did you make from these customers?)			$400 ($5 for every activated customer)

2. Think about the shape of the S-Curve graph. Has your company ever grown in an upward inflection? What triggered that growth?

Your answer:

3. What ideas do you have for what could trigger the next wave of growth for your company?

Your answer:

Notes:

Launching a marketplace

Airtasker started with a small quantity of suppliers (taskers) and then worked hard to create enough demand to keep the suppliers happy and employed.

The key to a successful marketplace is ensuring balance between supply and demand. It's always best to start with a small amount of supply and quickly ramp up demand, then add more supply etc. Other types of businesses, like software products are much easier to scale.

The team begun to focus on product optimisation as soon as the marketplace began to show signs of traction.

One way to launch a marketplace is to control supply side by vetting. This strategy often works when a marketplace seeks to serve a narrow vertical.

Airtasker believed that 90% of infrastructure needs are common across many of the verticals (the need to pay, communicate and find each other online), so they've taken a horizontal approach (across multiple verticals).

It's difficult to cater for multiple verticals, but it provides great opportunities for growth.

Without being able to fully control the supply or demand side of the marketplace, Airtasker has tried to create a system where users are incentivised to do a good job. To enable the company to scale, Tim has established processes to foster a good culture.

Moving into new geographies has been complex for Airtasker. It took six years of building the Australian business, before Airtasker launched into the UK and Dublin. Dealing with different locations, time zones and currencies was very difficult when Airtasker tried to put its plans into practice. Tim advises to think a lot about it, but when you commit, do it fully.

Advice for early stage founders:

Tim shared that there have been many times he thought Airtasker wouldn't work out. He finds it helpful to spend time with people using Airtasker and remember the purpoise behind the business and the impact it has on people's lives as inspiration to keep going.

LESSON 2 - EXERCISES

1. In order for you to understand the context for much of this course, it's important that you understand Airtasker as a product. Please download the Airtasker app and go through the process of posting a task. Note that you will not need to pay anything to do this unless you allocate the task to a tasker.

Your answer:

2. Imagine you are the founder of Airtasker. What tactics would you use to find enough supply to launch the platform? (How would you find delivery people, plumbers, handymen etc?) Then how could you build early demand? *If you are launching a marketplace business, then complete this question on behalf of your own company.*

Your answer:

3. Tim mentioned that in order to scale the marketplace, he needed to develop systems to incentivise good behaviour. Look through the Airtasker app again. What systems have they put in place to encourage the taskers to complete jobs to a high standard?   Do any of these ideas relate to your business?

Your answer:

Notes:

There are **five acquisition channels** that scale which include:

Paid acquisition:

Advertising in Facebook, Google, YouTube etc

Virality:

Customers sharing your product with friends

SEO:

Search Engine Optimisation (organic Google traffic)

Build a sales force:

Some products can't be sold online and need humans to go out there.

Partnerships:

Can be powerful but usually hard to make work.

Common start-up mistake:

Companies often try to do too many activities with too little resources.   Andre recommends that instead, work out which channel best suits your product and do one or two things at a world class level. Airtasker now only uses SEO and paid acquisition to scale – it doesn't hand out fliers on the street, advertise on radio etc.

LESSON 3 - EXERCISES

1. List all the marketing activities that your company has tried. Have you tested paid advertising on social media or Google, SEO, fliers, partnerships etc?

Your answer: Rank

2. Now rank from 1 – 3 the effectiveness of each of your activities (3 being most effective). What marketing activities should you stop doing?

Your answer:

3. Is SEO a scalable channel for your business? Airtasker focusses on SEO as a growth channel because it can rank for so many search keywords. How many keywords could your business rank for? Could you expand your product to rank for more keywords?

Your answer:

Notes:

LESSON 4 - WHAT MAKES A PRODUCT GO VIRAL

If inviting a friend to also use your product makes the experience better for the original user, then virality is a good channel to optimise. Good examples of products which grow like this are:

Facebook:

Search Engine Optimisation (organic Google traffic)

Canva:

Collaborating with your team makes the product better

Dropbox:

Enabling others to access files remotely makes Dropbox more useful for you

Financial incentives to encourage referrals might help you achieve incremental growth, but your company won't truly be 'viral' unless you work out how your product gets better for the original user when their friends join.

Additional notes on virality:

· Make sure the process of inviting others to the product is in the core flow such as the sign-up flow — not buried in a menu. Remember, inviting others will help them to get the more value from your product so it makes sense in the onboarding flow.

· If you're able to build a network into your product experience, then this will make it harder for customers to switch to a competitor.

· A significant amount of value of Silicon Valley companies is based on 'network effects'.

· Lots of companies don't realise that they could build network features. Think about what the customer is trying to achieve by using your product. Could you make the experience even more useful if their friends were also using your product?

1. How could you improve the usefulness of your product by adding a network feature? Sketch out your customer experience below noting the Dropbox example. If network features aren't obvious for your product then stretch your imagination. If you had to add a network feature, what would it be?

User primary job to be done:
Customer signs to to store data in cloud

Network feature:
Customer can share files remotely with friends and colleagues

2. After adding the network feature, describe how your product now gets better for the original user now they have a friend also using your product?

Your answer:

3. If you were to implement the network feature, how would you encourage your users to invite friends? Could you include inviting friends in a core user flow?

Your answer:

Notes:

LESSON 5 - PRINCIPLES OF PAID ACQUISITION

Paid acquisition is a competition between business models. It's not about how good your creative is or how well you can run a campaign. How much revenue you can earn from each sale versus how much your competitors earn will be the biggest factor that determines your success. This is because of 'bidding' for your audience on social media and Google. If you make $10 per sale and a competitor makes $12 then they'll always be able to bid more than you for the same audience.

Companies that scale using paid acquisition will typically have a high transaction cost.

Paid acquisition won't work for free products and usually doesn't work for freemium / subscription-based products because subscription products earn money over time and you'd need a lot of upfront cash to buy the customers.

It's hard to make paid acquisition work as a channel if your product is new or complicated.

In its early days, Dropbox experimented with using paid acquisition as a channel to scale. This failed because no one understood what cloud storage was – so no one was looking for it. Instead, they tried adding the network feature (enabling users to share files) and the product took off. This is because the product was new, and it needed one customer to explain the benefits of Dropbox to a new customer to get them to adopt it.

If your product is new or complicated – experiment with virality rather than paid ads. You need to get customers to explain and sell your product to others.

SEM (Google Adwords) won't work for a new category (like cloud storage was for Dropbox) because no one will be searching in the category.

LESSON 5 - EXERCISES

1. What is your average revenue per transaction? Deduct the cost it makes to make your product and the cost of running your business. How much could you afford to spend to acquire customers and still be profitable?

Your answer:

How much revenue do you make on every sale:

What's the cost of manufacturing and distributing each product:

What profit do you make on each product:

How much do you think is is reasonable for you to spend on advertising for each sale?:

Remember to consider the overall cost of running your business (your salary, accounting, office, travel etc)

2. Are people searching for products like yours online?   Is SEM (Google Adwords) likely to be an effective channel for your business?

Your answer:

Notes:

In selecting a channel to scale your business, you need to consider two variables:

1. Product Channel Fit

· Remember the 5 channels are: paid acquisition, virality, SEO, build a salesforce, partnerships

· Can your product be adjusted to fit one of these channels? For example, could you broaden your product to rank for more keywords? Could you add network features and grow by referrals?

2. Channel Business Model Fit

Does your revenue model fit the channel? For example if scaling by paid acquisition, does your business earn enough revenue on each transaction to outbid competitors and still be profitable?

Common mistakes:

Choosing the wrong channel. For example, if your business generates $200 per month from a new customer, that's probably not enough to scale via a salesforce. You might raise some capital and hire a sales team but eventually the business won't succeed. You'd need to either make more money from each new customer or scale by a lower cost channel. Another example could be that your business earns a lot on each transaction but relies on SEO to drive sales. This probably won't work if the product needs to be explained. Your business may scale better with a salesforce.
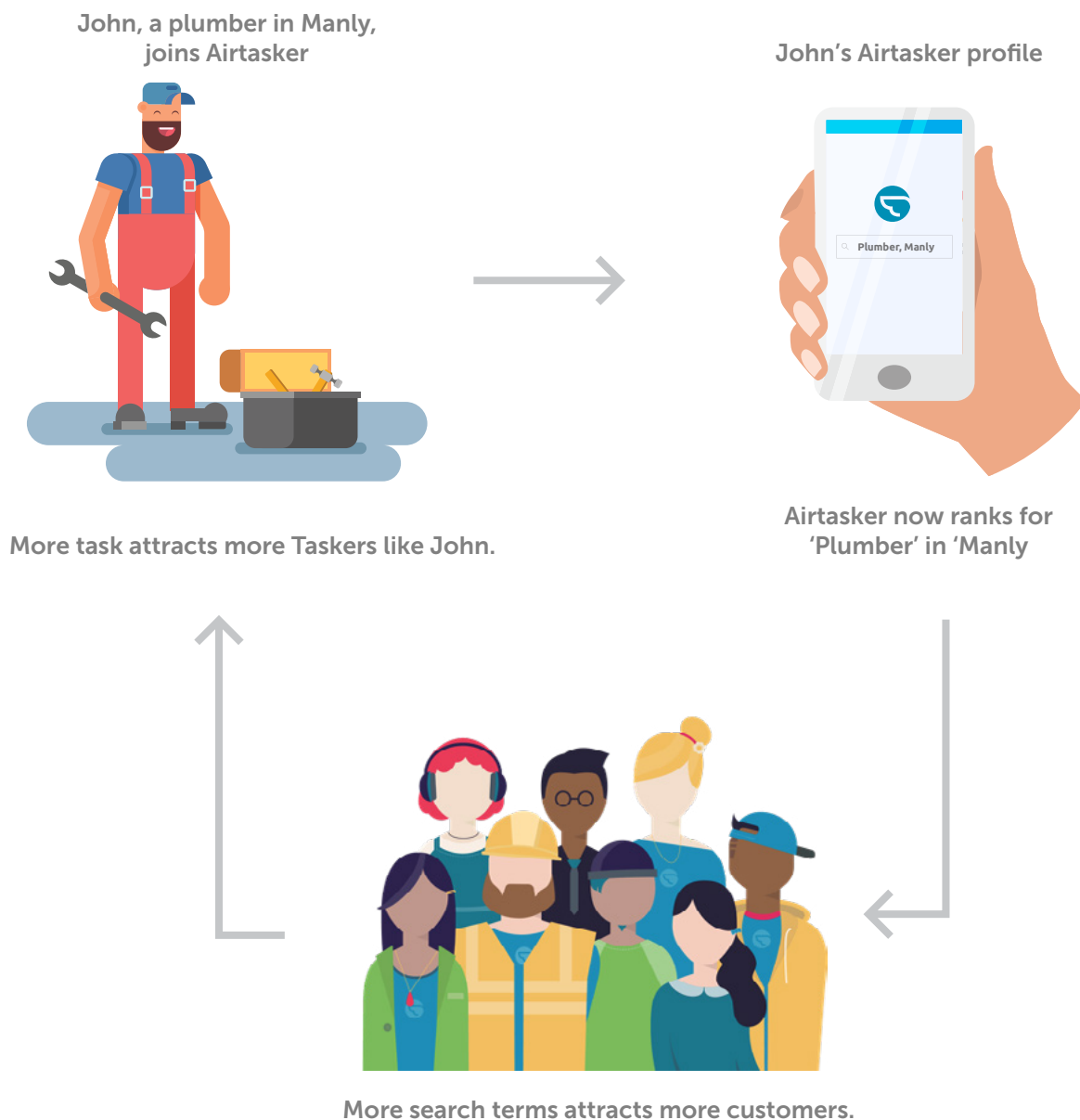
A second mistake is trying to do too many things and not doing any particularly well. Andre suggests that businesses find one or two channels that work to scale their product and focus on doing these at a world class level.

Form a feedback loop:

Product and channel should ideally form a feedback loop - as you acquire new users, the product improves, which in turn brings more users. At Airtasker, whenever a tasker joins the platform a page is created that ranks on Google for whatever tasks that person does, the more taskers that join, the more keywords Airtasker ranks for, this attracts even more taskers who create accounts, creating even more keywords and so on.

Airtasker SEO Feedback loop

John, a plumber in Manly, joins Airtasker

John's Airtasker profile

More task attracts more Taskers like John.

Airtasker now ranks for 'Plumber' in 'Manly

More search terms attracts more customers.

LESSON 6 - EXERCISES

1. Consider which of the 5 acquisition channels that scale make most sense for your business. Make notes on your product fit with each channel and if your product could be adapted to better fit the channel, and on the suitability of your business model for each channel.

	Product / Channel fit	Business Model Channel Fit
PAID ACQUISITION		
VIRALITY		
SEO		
BUILD A SALES FORCE		
PARTNERSHIPS		

Notes:

Content marketing is a great way to educate potential customers about the need for your product. For example, if you're an interior designer, a content marketing idea could be 'Top 50 home improvement ideas'. Remember to include a call to action which is to hire your company to help the customer. SEO is a good way to distribute content, but SEO isn't the only benefit of content marketing.

Objectives of content marketing

· Educate customers.

· To drive leads (SEO).

· To drive brand awareness.

Guidelines:

· Person writing content should have authority to talk about that subject.

· Content needs to be written by an expert.

· It needs to be comprehensive and in-depth.

· And it must be unique and not just rehashed.

Getting ideas to write about:

· Don't just lock yourself away and brainstorm.

· Do talk to your customers and work out their common problems and discuss new ways to approach solving them.

· Do look at content for competitors, what has worked best and think about how you can provide new information, better quality articles addressing topics that have had lots of traction for them.

· Try using Ahrefs as a tool. It lets you look at what keywords and content pieces your competitors rank for. It can inform strategy and topic ideas, but don't just copy what others have done – you need to create better material.

Common mistakes in content marketing:

People think there is an audience waiting for content and they have to publish every day or every week. No one cares how often you publish. Instead, only publish content that is of high quality, in-depth, written by an expert that your audience will find valuable – and other sites will link to.

Avoid writing 200 – 300 word fluff pieces just for the sake of producing content. If you don't find what you've written useful then no one else will either. There is now so much content available – only produce really good stuff.

1. Visit the Canva <u>blog here</u> and read through at least three articles. What do you notice about the content? How much time and resources do you imagine they put into each post?
(https://www.canva.com/learn/design/2/?s=design-inspiration&section=5b235d0ec02b2)

Your answer:

2. Visit <u>ahrefs.com</u> and assess whether this tool would be useful to you. There's a 7 day trial for $7. Also, visit the websites of two or three of your competitors. Can you find pieces of content they've created with lots of social media shares or comments? This can give you a good indication of the types of topics your audience is engaging in.

Your answer:

3. What have you learnt about content marketing from this lesson? How will this inform your strategy going forward?

Your answer:

Notes:

LESSON 8 - SEO (SEARCH ENGINE OPTIMISATION)

The goal if SEO is to drive organic and free traffic to your website. This is often important to offset what you're spending on paid traffic. It's important to Airtasker as the paid keywords they want to rank for (tradies etc) are very competitive and therefore a pure paid acquisition channel through SEM (paid Google ad words) wouldn't sustainably support their business model. Airtasker can bring down its cost to acquire a new customer through SEO.

The team at Airtasker view product pages of categories and services as a product in and of itself. There is a team of engineers that use data is generated from the backend to programmatically create landing pages that rank on Google. Airtasker combines this programmatic strategy with high quality content created by humans.

Tips for building an SEO strategy:

· Research to discover the the keywords people are searching for in your industry and what keywords drive traffic to your competitors websites.

· Use Ahrefs as a resource to assess the difficulty, volume and popularity of your keywords (you can look at top pages and keywords of competitors).

· If you don't want to pay for the tool, you can pay someone to do it, but you could miss out on important knowledge for yourself.

· Look for keywords, and then variations on that as secondary keywords.

· Next type your keywords into Google as a customer would and look to create an article which is better than the current top listing one, remembering Google like long form content.

· Answer the user's query in detail, Google appreciates digestible content. Lists are good.

· Your meta-title and description info need to be more attractive than your competitors (differentiate as Google will rank those that click through higher).

Measure intent of keywords

· If someone uses a location along with a keyword, there's a higher level of intent and propensity to take action.

· High intent keywords = more likely to purchase.

· Low intent keywords = good for brand awareness.

Google top 10 ranking factors

· Having a secure website (HTTPS not HTTP).

· Make sure your site is mobile friendly.

· Page speed (plugins on Wordpress can slow it down).

· Use the right schema mark-up for your content. For example, recipes and news stories can tell Google how to display differently (for further info look up Schema.org).

· Website content quality.

· Content length: articles over 2,000 words will rank higher on Google.

· Social and local signals - if you have bricks and mortar store look at Google My Business, Facebook profile, Twitter.

· Backlinks - it's quality over quantity (higher domain authority will win out).

· Optimise images by keeping them under 100KB.

· Age of your domain (the old it is, the more favourably it's looked on by Google).

LESSON 8 - EXERCISES

1. What do you predict would be a high-intent keyword search for your business? That is, people searching for these keyword would be highly likely to be ready to purchase a product like yours?

Your answer:

Airtasker's answer:

> Location and service so "lawnmowing Bondi"

2. What do you predict would be a low-intent keyword search for your business that it could still be worth creating content to address? People who come to your site by searching these keywords probably aren't ready to buy, but it could be useful to engage them anyway and build the awareness of your brand.

Your answer:

Airtasker's answer:

> "How to build a deck"

3. What did you learn about Google's top 10 ranking factors that you didn't already know? What changes will you make to your SEO strategy after taking this lesson?

Your answer:

Notes:

Activation

Activation is achieved when a customer successfully uses your product to complete the job they came to do. The onboarding experience is vital to ensure customers complete their job and feel a sense of value in your product as soon as possible.

Customers hire products to do a job, if they get what they set out to achieve, they'll hire it again. Conversely, with a bad experience, they'll fire the product and look for an alternative.

Types of jobs to be done:

Functional jobs:

Tasks we want to accomplish (e.g. brushing teeth).

Emotional jobs:

The way we feel of wish to be perceived (e.g. feel fresh or be perceived as having white teeth).

Related jobs:

Which we achieve while accomplishing the main job (e.g. whitening teeth).

You need to ensure users complete what they came to your product to do. The role Airtasker plays for its taskers is to make money on the side, but anecdotally people have said a side job is to meet new people. From a poster's perspective it's to get a job done through a trusted mechanism

Four reasons customers won't activate:

Product Gap

You lack the features needed for users to use it properly.

Tech Gap

Ensure your product works across all devices, if your product is mobile, ensure those with slow connection speed and data restrictions can still use it.

Skills Gap

Harder to fix as it requires educating the user how to use the product and building their skills to use your product (Canva put in work to teach users how to make world class designs)

Motivation

Ensure the problem your customer is solving by using your product is a big enough priority for them to invest the time, money and energy in solving it.

Four types of users:

Power users:
Who love you (don't focus on this group to grow but do to drive incremental revenue).

New users:
Who haven't heard of you.

Casual:
Who use you occasionally.

Churned:
Who have stopped using you (this is who you can learn the most from).

Survival bias theory

It took a statistician to point out that during WW2 the Air Force needed to look at the planes which don't come back, and specifically where they were getting shot to have a better chance to survive. It turned out the engine was the most crucial part, so this was reinforced as a result of the findings.

Likewise, it's the churned users (the ones who've stopped using your service) who you should look to, to understand how to improve your product and why they left. If you send a survey out to your user base it's likely you'll get responses just from your power users. Churned customers are much harder to reach. You should try to find them by making phone calls.

When you interview a churned customer, ask three questions:

1.
Who love you (don't focus on this group to grow but do to drive incremental revenue).

2.
Did you achieve this?

3.
If not, why not?

LESSON 9 - EXERCISES

1. What is the primary job that customers hire your product to achieve? For example, a fashion company could be to "Look great at Friday night party", supermarket shopping app could be to "Get the food I need to make recipe for dinner party on Saturday".

Your answer:

2. How do you currently measure "activated customers"? Do you need to adjust how you define activated customers based on what you've learnt in this lesson?

Your answer:

3. What do you think are the top reasons people who show interest in your product, don't complete the job they came to do? Remember time and money constraints are a result of lack of motivation.

Your answer:

4. How could you begin to address some of the reasons your customers aren't activating?

Your answer:

Bonus activity:

**Reach out to a customers of yours who have churned (stopped using your service).
Ask them the three questions Andre suggests:**

1. When you came to our site what were you trying to achieve?

2. Did you achieve this?

3. If not, why not?

What did you learn?

The Growth product team at Airtasker is responsible for:

· Working with the broader team to devise growth experiments

· Implementing and measuring the success

· Speaking with customers and getting feedback

A Growth experiments is:

· An idea, usually suggested by a team member, to make a change to the product in order to accelerate business growth.

· An idea will always come from an insight. This could be your own experience with the product, a conversation you overhear or customer research.

· Ideas are prioritised by the team using the ICE framework (see below).

· The team like to run experiments that will yield results within a month.

· If successful, the product team will implement the change more broadly across the product.

ICE Framework + adjustments and additional parameters by Airtasker:

Ambitious teams like the Airtasker team will often have multiple ideas.

Team members need to pitch their idea like a start-up entrepreneur pitching their business.

The team will then rank each idea from 1 – 10 in the ICE categories: 'I' = Impact (if the experiment is a success, how big a difference will it make?), 'E' = Effort (what resources will be required to test this, how long will it take – for effort rank experiments that'll take the most effort with the lowest score, least effort get highest number).

Airtasker has adjusted the 'C' in ICE from Confidence to Uncertainty because they found that if team members were inclined to be sceptical when asked to estimate uncertainty.

Again 0 = most uncertain and 10 = least uncertainty.

Airtasker add a fourth parameter to the way they prioritise: 'A' for Alignment. How aligned is the idea with the wider goals of the company?

And a fifth parameter 'M' for Marketplace. How will this idea impact the dynamic of the marketplace ensuring the idea won't negatively impact on either posters or taskers.

LESSON 10 - EXERCISES

1. List three ideas you have for growth experiments you could run inside your business.

Your ideas:

Impact (1 = lowest, 10 = highest)	Uncertainty (1= most uncertain, 10 = most certain it'll work)	Effort (1= most amount of effort, 10 = least effort)	Alignment (1= least aligned with your goals, 10 = most aligned)	Total score

2. Use Airtasker's IUEA (Impact, Uncertainty, Effort, Alignment) framework to rank each of your growth experiement ideas from 1 – 10. Then add together for the total scores. Is there anything about the result that surprised you?

Your answer:

3. Look at the experiment with the highest score, how could you test this experiment within a month? Is there a non-tech version of the experiment you could try?

Your answer:

4. Airtasker adjusted the ICE Framework to include 'A' alignment with company's objectives and 'M' for marketplace health. Is there a parameter that you'd add to the ICE Framework specific to your business to help prioritise decisions?

Your answer:

Notes:

LESSON 11 - IMPROVING ACTIVATION: AN AIRTASKER CASE STUDY

Airtasker discovered a decline in allocation rates (number of posters selecting a tasker for a job). The team looked at the offers each poster had available to complete activation and made three important discoveries

―――

Offers to fulfil a task need to be made within 3 hours of the task being posted.

―――

Price has to be within 30% of what the Poster has in mind.

―――

Posters need to be able to trust that the Tasker will get the job done.

Within Airtasker the team defines:

Point of assignment - as when a poster decides on the tasker they'll select for completion. A/B testing - involves comparing an existing product, with one or more hypotheses what you think could affect users' behaviour. This is done by putting users into different buckets based on one variable.

Aitasker used 'Optimisely' to help identify issues like price correlating to assignment rate. And then used A/B testing to try and solve the problem. The tests were successful but weren't significant enough to impact the top line.

In another scenario, Airtasker saw many users asking about a deadline for a job in comments. So users were put in three buckets, no time specified, options for morning/afternoon/evening and a specific time. The bucket which required users to give a specific time assigned bids faster and had a higher volume overall.

Experiment to reduce the number of tasks that didn't receive any offers

For Airtasker, while some experiments showed as being successful, the samples were often too small and sometimes didn't even affect the allocation rate. After taking a step back, Airtasker looked at the posts not getting any offers at all, known as zero offer rate. It found 28% of tasks fell into this category and never had the chance of completion.

Growth can sometimes be achieved through common sense.

Airtasker worked out that some categories got much lower zero-offer rates than others. Categories like cleaning, gardening, delivery etc almost always were fulfilled. Their first idea was to move advertising spend (Google Ad Words) from categories that had high zero-offer rates to categories like cleaning and gardening were there were already many more taskers. This had an immediate impact on lowering the zero-offer rate.

SEM hasn't worked for Airtasker to drive supply (Taskers) because there's so much competition for the keywords with other job sites.

Airtasker experimented with new channels to increase the supply of Taskers and found that social and display advertising worked will when contextual (gardening ads targeting gardeners etc). They created unique landing pages for each category and promoted contextually relevant tasks with no offers. The landing pages also included the USPs of Airtasker specific to that category (how much money can you make per month doing gardening jobs in your area etc).

Results

· Zero rate offers reduced considerably

· Adequate offer rate increased by 30%

· Activation rate increased by 30%

· Airtasker had some of the most successful months ever.

Additional notes:

A channel which works for one side of the marketplace might not work for the other. Think of them as separate entities. Each vertical for Airtasker is now viewed as separate business.

The more contextual the growth team got with the creative/landing pages (based on interests), the better their results were.

LESSON 11 - EXERCISES

1. Are there any obvious steps you could take to improve activation in your business? (Like Airtasker addressing the zero-offer rate by directing more traffic to categories that activated better.)

Your answer:

2. Is there anything else you learned by watching this case study that is relevant to your business?

Your answer:

Notes:

LESSON 12 - HOW TO CONDUCT CUSTOMER RESEARCH

In research, you're trying to understand what a user is trying to learn. And to do this you need to ask two types of questions and think about them both at the same time:

Type of question'	Technique used to answer
WHY style questions like Why are people going through my sign up but not converting?	Typically interviews and surveys
WHAT style questions like What are people doing during the sign up procedure?	Data, logs, A/B tests or other quantitative methods

Try and figure out which question is going to elicit the answers you're after. To gain the most insight, use a combination and ask one type of question to inform the other.

Customer research example at Airtasker

The research team decided to investigate why posters weren't giving jobs to taskers who offered?

1. Airtasker made a list of posters with lots of jobs which weren't being assigned.

2. They looked through the types of tasks customers were posting.

3. Then they interviewed over 100 of them.

4. Airtasker created a list of reasons they found for not allocating a tasker (forgetting, had done it themselves, other priorities interrupted).

5. Then a survey was sent out to quantify the ratio of people who weren't allocating for which reasons.

The research team had the WHAT (number of people not going ahead) and the WHY (what was stopping them). And that could lead them to conclusions of how to fix it (reminder emails, incentives).

Finding customers to survey:

· Make the group as representative of your customer base as possible.

· Try promoting the survey using your website by randomly assigned to people on the platform.

· To target a group (like Power users), you can show your message when they log in, or pull a list based on activity and email them, or even ask an additional question on the survey so they self-identify.

· Other places to find people include new employees / interns, websites / classified ads, use Airtasker, go to survey specialists (if you have budget).

Preparing for interviews:

· Define your goals?

· Decide on the right approach?

· Design your script.

How to run an interview:

· Start by building rapport, ask personal questions,

· Explain what they can expect to happen during the interview and what you want to get out of it.

· Invite them to be honest. Say you need them to be honest, you won't be offended, their honesty will help you.

· Start by asking broad questions and then go deeper when they mention a specific topic.

· Keep your goal in mind but be prepared to follow a tangent if the participant says something interesting.

· Sometimes it's important to allow silence after the participant finishes speaking. It can feel awkward, but they often feel the need to fill the silence by telling you more about their experience.

· Get the participant to show you them using your product. Look over their shoulder and ask why they're doing certain things.

· Ask them to identify pain points.

· A good question is to ask if the participant had a magic wand, what would they get the product to do? Or what would they change about the product.

LESSON 12 - EXERCISES

1. What would you like to learn about your product or your business category by customer research?

Your answer:

2. How would you find a representative group of people to interview?

Your answer:

3. Design your interview. Based on what you've learned from Aaron, what questions would you ask? What would you want the customer to show you?

Your answer:

Team activity:

If you are taking this course as a team. A great exercise is for everyone on the team find a customer and conduct an interview using the techniques taught in this course. Come back together as a group and share what you learned from speaking with customers. Any ideas for growth experiments?

Notes:

How to define a retained customer

The definition of a retained user will vary from business to business. Retention is not the same as stickiness (how frequently a user is using your service). If the aim of your business is for a customer to return monthly, then a user would be classified as churned if inactive for two months. Once they come back though, they would be considered resurrected. It's common for companies to use the wrong metric to define a retained user.

To work out how often a customer should return to your site, consider how often they'd be likely to use an offline equivalent to a product like yours. For example, if your product is takeaway food delivery, how often would you expect an average person to order food? Probably once per month so you'd defined a retained customer as someone who uses your produce monthly. If your product is travel insurance then perhaps a customer is likely to buy this twice per year so this becomes your retention definition.

How to measure retention and a healthy retention graph:

The research team decided to investigate why posters weren't giving jobs to taskers who offered?

1. Work out how often a customer needs to return to be active (for this example assume monthly).

2. Then measure how many people are using you service in a month.

3. Then they interviewed over 100 of them.

4. Airtasker created a list of reasons they found for not allocating a tasker (forgetting, had done it themselves, other priorities interrupted).

5. Then a survey was sent out to quantify the ratio of people who weren't allocating for which reasons.

6. This is the graph every prospective investor will want to see.
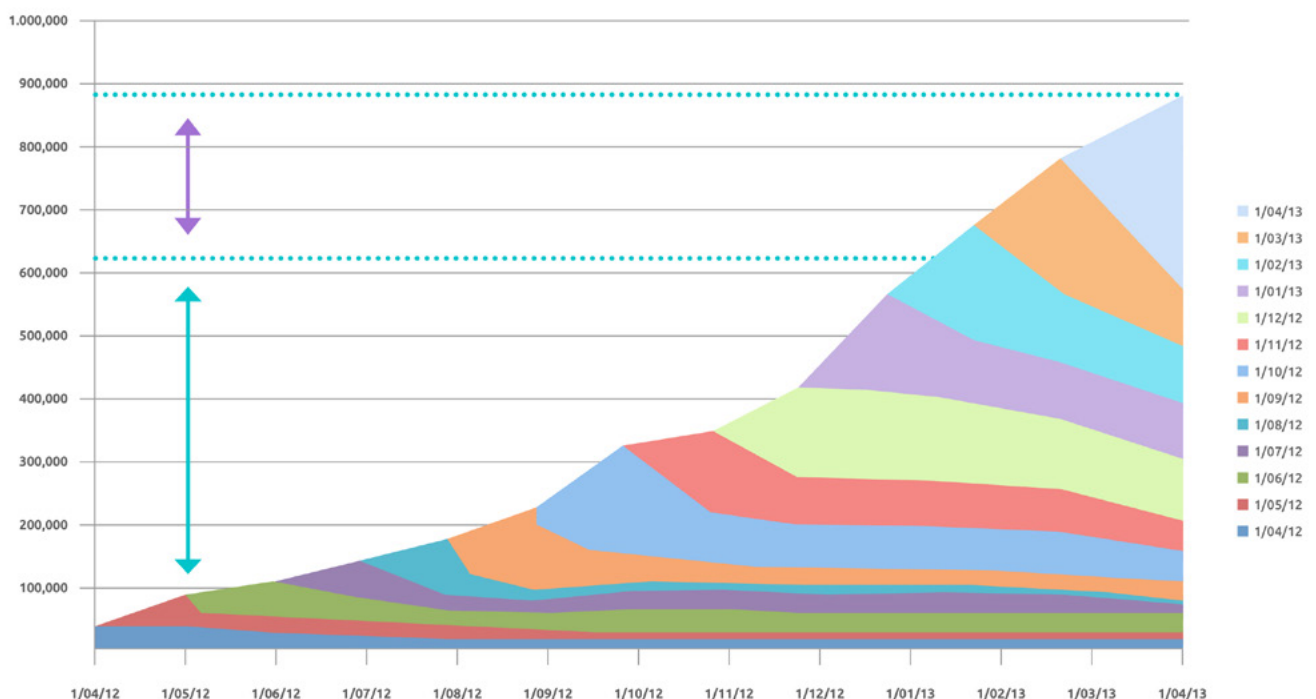
Different triggers to use to increase retention

Think about the context of the channel you're using and the message you want to deliver. Here are some of the triggers you can use:

External triggers

· Email.
· Push notifications.
· SMS.
· Retargeting ads.

Internal triggers

· Build a network, where your product is providing value.

· Community and content, meaning you can engage users even when they're not using your services.

· Be where your customers are looking, this is where good SEO can help.

LESSON 13 - EXERCISES

1. Define retention for your business. Based on how often a customer would use a product like yours in the offline world, how often do they need to return and use your product to qualify as 'retained'?

Your answer:

2. Can you develop a retention graph for your business like the example in this lesson? Plot out new customers and how many returned in retention period one, two, three etc? Note retention period could be daily, weekly, monthly, annually etc depending on the frequency you define as qualifying for retention (above).

Your answer:

3. What triggers could you use to increase the retention of your customers?

Internal triggers:	External triggers:

Notes:

Email funnels

Email funnel is a series of emails you send to users either to educate them or to prompt them to transact with your business.

Airtasker has developed several funnels including an onboarding 'welcome series', retention and resurrection. Each message is tailored to the customer at that stage of the journey they are at and the action Airtasker wants them to take next.

Framework

Airtasker uses a RRF (Reach, Relevance, Frequency) framework to evaluate which email or SMS funnels to put in place.

REACH

how many customers can the message impact?

RELEVANT

how relevant is the message to the customer?

FREQUENCY

how often can this message be sent?

For example, onboarding emails should reach everyone and is relevant to everyone but can only be sent once. Alerts to taskers about jobs near them are highly relevant and can be sent at high frequency. These messages are better sent by SMS since Taskers are likely to be away from their computer.

It's difficult to attribute impact in messaging, so it's important to include a control group. Try separating 10% of users who don't receive any emails at all. Then compare booking rates, cart check out rates, etc across campaigns and it can give you the impact your messaging.

Make message contextual

Airtasker has different messages based on which side of the marketplace the user sits and the vertical they use most.

Consider the reasons users haven't completed an action, maybe there's an objection of trust.

Once you have a reason you can target your contextual email more effectively.

Deliverability

Deliverability is the rate at which you message actually reaches your audience.   Most mail servers will filter based on a number of factors:

· Sender reputation of your IP and your Domain.

· Open rates of your emails.

· Complaint rates / how often your messages are marked as SPAM.

· Emails being deleted without being opened.

· Make sure your content is relevant (look at open/bounce rates).

Airtasker's approach to user resurrection via email:

· Churned users are those that haven't posted for a month.

· Airtasker creates a tailored email after looking at the category of a user's task and upsell cross-vertical depending on the last job.

· Airtasker looks for other context and sends emails that are based on the time of year (Christmas, Valentine's Day).

· Delete customers from your email list if they do not ever open your email as they'll lower your open rate which will impact the deliverability of your emails.

LESSON 14 - EXERCISES

1. Design an email funnel for your product. If you don't yet have a 'welcome series' then design a series of emails you'll send new customers in their first week of joining. If you have a welcome series in place then are there any other email funnels that would make sense for your business? For example abandon cart, or abandon browse?

What is the purpose of your email funnel? How many emails will you send, over what time period?

Purpose of email funnel:

What will trigger the email funnel being launched:

Content of email 1:

Content of email 1:

Content of email 1:

Note that the KOALA online course has an excellent section on designing email funnels.

2. Are there any steps you could take to improve the deliverability of your emails?

Your answer:

For further reading on email marketing tricks check out a comprehensive article on <u>our blog</u>

Notes:

A North Star Metric is the single metric that the business is working towards. The North Star Metric must always be a number – not an objective. It should capture the core value your product delivers to customers. The Airtasker North Star Metric is 'Gross Tasker Earnings' as this is the best measure of the impact of the company and the value that Airtasker creates for Posters and Taskers.

Airtasker sets two or three annual company level objectives - centred around the North Star metric. Airtasker could drive the North Star Metric for example by improving retention, opening new channels or expanding into new territories.

The team operates a top down, bottom up approach where individual teams decide their own objectives which will deliver against the main company objective. Ideally, the team and management should meet in the middle.

OKRs

OBJECTIVES

Should be memorable qualitative descriptions of what you want to achieve.

KEY RESULTS

Are a set of metrics that measure your progress towards the Objective.

The Airtasker teams set:

- 1-3 Objectives per quarter.
- 2-5 Key Results that will measure how well the team delivered on the objectives.

Structuring your Growth team

Airtasker started with separate product and marketing teams. These two teams are now a single growth team, which has helped the company to scale.

Cross-functional business units allow teams to work autonomously and deliver on business objectives. This improves communication, removes roadblocks (since each team has engineers, a designer etc no one is waiting for resources) and enables the company to scale faster.

1. What is the North Star Metric for your business? This is the single number your team is working towards. It should be the number that best captures the value your company is creating.

Your answer:

1.1 Why did you choose this metric?

Your answer:

2. What are the two or three objectives your company or your team has for this quarter? List next to the objectives, how they'll be measured. What numbers are you aiming for?

Objectives	Key Results

3. Does your business operate as functional departments (marketing, product etc) or in autonomous, cross-functional teams? If you restructured to operate in cross-functional teams, what impact would this have? What would change?

Your answer:

Notes:

Characteristics of a good growth marketer:

· Hungry and willing to hustle

· Focused on efficiency

· Innovative

· Airtasker looks for people who are smart, from different backgrounds with a passion for growth marketing.

Where does Airtasker recruit talent:

To get hired at Airtasker, you should try to network with someone who already works there. This can be in-person or online.

Go to meetups/conferences.

Write and post unique insights on LinkedIn and Twitter.

Recruitment process at Airtasker:

The team encourages potential applicants to reach out to any staff member.

There's a recruitment pipeline with an initial interview, then a challenge (12 critical thinking questions), challenges are reviewed, then two interviews with four people from product/growth team.

Take the **Airtasker** recruitment test!

Below is a list of example questions from the Airtasker recruitment test.

1. Given a choice of 10 random product/growth features, how do you determine which ones to execute?

2. Say we tried product/growth tactic X and failed to generate the returns we're looking for, how do you diagnose the issue?

3. Given what you know about Airtasker, what would do if our growth plateaus? Why?

4. Look at and explore www.airtasker.com. What are 5 things you'd do to grow active users? Include your math.

5. Let's say the CEO asks you if searches for tasks are up on the weekends year over year? You check the data and they are. What else do you look at before you communicate your findings?

6. A colleague suggests we should send more emails to re-engage our users. You check the data and find that 20% of tasks posted onto Airtasker are attributed to email in Google Analytics and the trend is increasing. What can you conclude?

7. Airtasker's leadership team is considering an additional business model that allows taskers (people who work in the platform) to run ads in the marketplace. How do you determine its potential impact?

8. Your team has a long backlog of features to build and bugs to fix when a colleague suggests a new strategy that has the potential to 10x your product's growth. You look at it and think it is well thought-through. What would you do?

9. A teammate suggests we build a product that helps instantly match demand and supply. But another thinks this cannot be done because unlike transportation, the jobs being done on Airtasker are too complex and we can never fully scope every one of them upfront. How would you approach such a problem?

10. A colleague suggests we should double our customer service because it's important that taskers feel valued. How would you verify such claims?

11. What is one thing you think is right that most people don't agree with you about?

Reflections

1. What are some of the most useful things you've learnt in this course?

Your notes:

2. What are some of the next actions you'll take?

Your notes:

Do you have friends of colleagues who would benefit from this course? Don't forget to invite them and they'll get access at half price.

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COO Expert 360

Digital Disruptive Leadership with Stephen Scheeler,
Former CEO Facebook ANZ

Talk Like TED, Public speaking with Fleur Brown,
Founding team TEDxSydney

Raise Capital on Your Terms with Rebekah Campbell,
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