P.S. I love you…and other growth hacking strategies used by disruptive tech start-ups
A case study on the relevance and enactment of growth hacking by Sweden’s tech start-ups

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Abstract

Disruption innovation theory has been the zeitgeist for building globally disruptive tech companies since 1997. One decade later, disruptive tech start-ups are moving away from traditional marketing strategies in favour of growth hacking. There is a seemingly growing consensus by online tech experts, tech entrepreneurs, advisors and investors, that suggests that growth hacking is becoming increasingly important practice for disruption based tech start-ups. Furthermore, Sweden is becoming the Silicon Valley of the Nordics, producing more unicorns per capita than any other country in the world. This case study research is an investigation of the relevance and enactment of growth hacking by disruptive tech start-ups in Sweden. The main objective is to determine whether growth hacking is actually being used and how it is enacted by the start-ups. The goal is to explore how relevant this new term is, if it as popular as suggested in online literature and if so which growth hacks are being used. The study is conducted by carrying out a qualitative case study on five tech start-ups in Sweden: Fidesmo, a smart-chip payment system based on NFC technology that can be implanted into everyday objects such as watches, bracelets and cards, and that allows users to update and add new digital services as well as open doors or pay with a simple tap; TaskRunner, a geo-location based ‘help on demand’ platform that allows people to post ads for help with tasks while nearby task runners can bid to be hired to complete those tasks; Beleco, a unique marketplace for furniture rentals with a modern white-glove approach, that allows people to change or rent, rent-to-own or buy their furniture with the utmost ease; frankly, a continuous tracking application software that helps create happier and productive workspaces by triggering and measuring engagement and surveys between employees and employers in a non-hierarchical manner; and Wunderino; a Malta-based online casino platform started by Swedish entrepreneurs with the goal of taking the traditional pressures associated with gambling away and replacing it with an element of fun and gaming. Empirical data collection consisted of the interviews and observational study of their innovation on their platform or website. The results were interpreted and contextualized within the disruption innovation theory framework. The results of the study reveal that growth hacking is relevant to disruptive tech start-ups, and is becoming increasingly important to them as their companies develop. Additionally the study reveals that growth hacking occurs organically within these start-up structures, already integrated into their marketing and strategy, without a separate or official definition of the practices. Additionally, growth hacking may have initially been seen as lower cost approach to marketing, however the research reveals that it is not lower cost if there isn’t someone who is highly technical on the founding team. Finally, the results reveal that growth hacking is not fully operationalized or defined as growth hacking to the extent of its popularity online and in popular texts, however it does lay on the horizon as a goal for tech start-ups.

Keywords: tech start-ups, disruption innovation theory, disruption, growth hacking, marketing, Sweden, case study
Not everyday a thesis dissertation title begins with *P.S. I love you* but it does capture one’s attention. In 1997, Hotmail was an unheard of email service with a limited budget for marketing. With the help of Tim Draper\(^1\), the founders decided to insert a one-line message on the bottom of everyone’s email in their reach that read, “P.S. I love you. Get your free email at Hotmail, at the bottom” (Holiday 2014, xxii). Within eight months their web email service had ballooned to two million users (TechCrunch 2009). The title of this research dissertation pays homage to this classical growth hack that Hotmail employed in their efforts to “go viral” (Holiday 2014, xxi). We may have never known of Hotmail if the founders Sabeer Bhatia and Jack Smith had chosen to go with their first inclination of industrial style marketing, and advertised their company on billboards (Holiday 2014). Not only were they disruptive to the market because they were offering free email services but they also opened the door to growth hacking when others were still running television ads (ibid). Hotmail even became the “largest email provider in Sweden without spending a nickel on advertising there” (TechCrunch 2009).

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\(^1\) Tim Draper is a well-known venture capitalist who is often sought out by entrepreneurs for advice on marketing, scale, growth, for example. (Holiday 2014, xxi).
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\(^3\) Barby, Mathew. 2016. *25 Growth hacking techniques for your startup*. In www.mathewbarby.com accessed 17 January 2017
1 INTRODUCTION

Sweden is the start-up golden child of tech innovation in Europe and according to Skype founder Niklas Zennström, “Stockholm is becoming a world leader in technology” (Telegraph, 2015). We are all familiar with demonstrations of Swedish business acumen by their exports of household brands such as Ericsson, Ikea, H&M and Volvo. However, in more recent years Sweden has also become the capital of tech start-ups of Europe, with companies that are disrupting industries and growth hacking their way to the top of the Nordic version of Silicon Valley. Using digital tools, “with a mind for data and scrappy disregard for ‘rules’”, Swedish entrepreneurs are building innovatively but more importantly, communicating their companies creatively (Holiday 2014, xxiv). Since 2003 the country has exported six unicorns$^4$, each with an exit value of over $1 billion dollars (Atomico 2016). As far back as the 1990’s and up until today, disruption innovation theory has been the zeitgeist of understanding the emergence of billion dollar tech companies and aspiring unicorns in tech. The theory, first developed by Clayton Christensen from 1995 to 1997 was a way to understand the failure framework of large firms and leading incumbent companies (Christensen 1997). Today the theory helps makes sense of how a new disruptive technology “bring[s] to a market a very different value proposition than had been available previously. Generally, disruptive technologies underperform established products in mainstream markets. But they have other features that a few fringe (and generally new) customers value. Products based on disruptive technologies are typically cheaper, simpler, smaller, and, frequently, more convenient to use.” (Christensen 1997, 11). In addition to disruptive innovations, those aspiring unicorns are employing radical strategies that are rendering what we know of “marketing [as] “irrelevant”, or at the very least it [has] completely re-written it’s best practices”

$^4$ The Financial Times Lexicon defines unicorns as private companies valued at more than $1B dollars (Financial Times Lexicon, 2017). They are typically later stage companies in the tech industry. To read more visit: http://lexicon.ft.com_TERM?term=unicorn accessed 12 January 2017. Some examples of unicorns from Sweden are Skype, Spotify, Mojang and King. (Technologist, 2016) http://www.technologist.eu/sweden-the-land-of-unicorns/ accessed 12 January 2017
Christensen’s wide-reaching theory has now become the go-to for building tech start-ups with the aim of beating the biggest companies at their own game, by changing the game.

With every new succeeding technology they are teaching the rest of the start-up circle something new about disruption innovation and the growth hacking. In 2009, the term “growth hacking” was virtually unheard of, but one year later Sean Ellis⁵ defined it in his online article *Find a Growth Hacker For Your Start-up* (2010). In the article he introduces the term with the following definition:

A growth hacker is a person whose true north is growth. Everything they do is scrutinized by its potential impact on scalable growth. Is positioning important? Only if a case can be made that it is important for driving sustainable growth.

Ellis has gone on to explain that growth hacking is an experiment-based “way to do marketing”, and “the better you understand your growth model, the easier it is to come up with the right experiments to run to improve your key metrics” (Carney 2016). Moreover, it does not suffice to just understand the term as a marketing strategy because “marketing is focused on driving brand awareness…and qualitative metrics to measure success” (Carney, 2016). Growth hacking on the other hand is engineering a strategy that is customized for all aspects of the given start-up, and according to Ellis, the growth hackers scrutinize how their strategy impacts the growth on all levels. Moreover, rapid and scalable growth should be achieved while depressing the customer cost acquisition (CAC), the “one metric that can determine your company’s fate” (Kissmetrics 2015). Since technology rapidly changes the way tools can be used to stimulate growth of a start-up, “the definition of growth hacking was actually based more on the definition of what growth hacking is not” (Ellis 2016). According to another founding growth hacker Aaron Ginn, the “end goal of every growth hacker is to build a self-perpetuating marketing machine, that reaches millions by itself” (Holiday 2014, xviii). He provides a definition of growth hacking that also functions as the operational definition of growth hacking for this thesis. He defines the growth hacker (growth hacking) as “one whose

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⁵ Sean Ellis is the founder & CEO of Qualaroo & GrowthHackers.com. He was the first marketer at DropBox and has been responsible for two Initial Public Offering (IPO) filings of companies (Growthhackers.com, 2017).
passion and focus is pushing a metric through use of a testable and scalable methodology” (Ginn, n.d.) Seven years after it’s inception by Ellis, the term has proven efficacy in customer acquisition and company scalability. Companies such as Twitter, Facebook, Dropbox, Goodreads, Belly, Evernote, Ebay, Tinder, GitHub, Hubspot, Mint, Airbnb, Amazon, Udemy, Trip Advisor, and Warby Parker have employed it and have attributed part of their success to growth hacking (Peters 2014).

Not all experts agree on the matter, especially proponents of traditional marketing theories are skeptical that it is anything new, however the advocates⁶ are quick to point out the differences between growth hacking and traditional and social media marketing. The primary difference is that growth hacking is not about brand awareness or creating buzz, but about rapidly experimenting across all aspects of the business to create scalable growth, followed by measurements of the direct impact that has had on tangible growth for the company, followed by more experimentation. Moreover, even supporters such as Ellis agree that the “jargon-laden marketing speak” is problematic for growth hacking as a term, and he personally “wanted to clear the clutter and figure out a framework for growth that was both testable and scaleable” (Carney 2016). Differing perspectives and misconceptions on growth hacking is precisely why it is important to study growth hacking as a relevant and viable strategy for growth and scalability in the tech start-up business.

1.1 Research background

Disruption innovation is a resonating concept for understanding some of the world’s fastest growing tech companies. According to Clayton M. Christensen, Michael E. Raynor and Rory McDonald, “disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge established incumbent businesses” (Harvard Business Review 2015). In other words, disruptive start-ups are game-changers to their industry because they challenge existing consumer behaviors thereby challenging the leading companies. We have repeatedly read online from investors, advisors, founders, and tech-entrepreneurs that disruption is the “guiding star” (Christensen,

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⁶ Early founders and advocates of growth hacking include: Sean Ellis, Andrew Chen, and Aaron Ginn.
Raynor and McDonald 2015) for building fast growing and successful technology start-ups such as Instagram and Pinterest (Holiday 2014). So whenever that guiding star is followed, then follows those new and exciting things like growth hacking. For tech start-up founders who often act on instinct and drive, the guiding star shines bright, even in the most Northern hemisphere of the Nordics.

Sweden’s silicon fjord

The Swedish propensity to be socially understated yet enormously disruptive in the business sector is not to be underestimated. According to an article titled *Entrepreneurship Popping in Silicon Fjord*, as far back as 1990, Sweden’s tech start-up scene was being called a Silicon Fjord for quickly recovering from the dot.com crash with three important lessons (Wolff 1997, 2). In the article, M.F Wolff, explains those lessons were to “develop a solid business plan based on profitable, long-term growth, not just a fad, [to] find a great idea that others can’t readily copy, [and to] nurture a network of potential buyers” (ibid).

Fast-forward to today, the country’s tech startup scene is growing at a substantial rate and “Stockholm is rapidly becoming one the largest IT hubs in the world” (Relander 2016). In the Telegraph article, *How Sweden Became the Start-up Capital of Europe*, the success of such companies has been partly attributed to the “set of rules” or ideals called *Jantelagen or law of Jante*, which encourage one to “prioritise the collective over the individual and promote humility over hierarchy.” (Davidson 2015). Others have reasoned that it is a combination of factors of cultural affluence from a “mix of unique cultural traditions, visionary tech leaders, globally oriented startups and smart government policies that leads to this type of output (Mitzner 2016). Whatever the case may be, there seems to be no slowing the tech start-up scene in the nation that has “produced more unicorns per capital than any other city in the world” (ibid). The investment landscape is indicative of this growth, with capital being invested into Swedish startups increasing from $892M in 2015 to $1.2B in only Q1 and Q2 in 2016 (Sup46, 2017). Understanding

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7 The term Silicon Valley is public domain. The term Silicon Fjord in this thesis is in reference to the term that was used in the article, *Entrepreneurship Popping in Silicon Fjord* by M.F. Wolff in Perspectives Magazine (2007).
what is causing the second Silicon Valley to emerge in the Nordics and cause disruption can help reveal which growth hacking strategies those start-ups are employing and whether a new area for research does indeed exist. The term growth hacking is so popular in Silicon Valley, that “if you haven’t been living under a rock somewhere in Silicon Valley, you’ve heard plenty of people champion the ideas of “growth” and “growth hacking” (Carney 2016). The more disruptive companies Sweden produces, the more it seems relevant to turn back and refer to Clayton Christensen’s theory of disruption innovation that was once used to study histories most disruptive companies and innovations such as Apple’s iPhone (Christensen, Raynor, McDonald 2015). Online there are innumerable articles being written about how Sweden is rapidly trailing Silicon Valley in both the development of the innovation and the go-to-market strategy. Wherever there is a billion dollar tech company like Sweden’s Klarna, Mojang, Spotify or Skype, one can infer that the word disruption lies somewhere in the industry or organizational vernacular nearby. Whether the company created a disruptive innovation that would challenge the way consumers have traditionally fulfilled a need, or used a disruptive and unconventional strategy to garner the attention of a new customer base, the concept “disruption” is often relevant when coming to understand what made that company so successful, so quickly.

Development of technological innovation by start-ups in northern Europe

According to a report The State of European Tech 2016 (2nd edition), tech is rapidly developing in Europe and they predict that based on their research, the future of tech is in Europe. The report states “two thirds of Europe’s largest corporation by market capital have invested in at least one tech company, while one third has acquired a tech business since 2015” (Atomico & Slush, 2016). According the TechCrunch article Sweden is a Tech Superstar from the North (2016), billion dollar exits of start-ups such as Candy Crush are exemplary of the kinds of technological companies that are rapidly increasing the relevance of tech start-ups. In the article, Dennis Mitzner writes:
Stockholm has produced more unicorns per capita than any other city in the world, and, in 2014 the city — with a population of 800,000 — took in 15 percent of all foreign investment in the European tech sector. A Google-funded report from 2014 showed that there are 22,000 technology companies in Stockholm, and 18 percent of the city’s workforce are employed in technology-related roles…

With nearly 500 million daily users — adding to Sweden’s exit successes — Candy Crush maker King was acquired in November 2015 by Activision Blizzard for $5.9 billion. Since the acquisition of Skype by eBay in 2005 for $2.6 billion, the country has witnessed the emergence of a dozen present or future unicorns, including Spotify, King, Mojang (Minecraft) and fintech company Klarna.

Aside from subsidies for learning, Sweden also helps citizens with childcare, so they can focus freely if they wish to enter the world of start-ups. In *Stockholm is Rivaling Silicon Valley With A Hot-Bed Of Technology Start-ups* (The Independent 2014), Max Benwell provides an example of the childcare subsidy the Mondido founders found to be helpful. Benwell (2014) writes:

> In 2012 Annika Manns, 40, co-founded the digital payment service Mondido with her partner. "It would have been impossible to consider going out on our own and going months without a salary, if it wasn't for the daycare system," she says. These policies have been in place some years. It's only in the last two, though, that Stockholm has come into its own. This has been helped by the fact it now has its own personal identity, in the same way San Francisco has Silicon Valley.

In Northern Europe tech-start-ups continue to be relevant, and in Sweden they are thriving.

**Previous research on disruption innovation theory**

The relevance of disruption innovation theory plays to tech start-ups is present in both academic literature and online articles, and “books on disruption have sold hundreds of thousands of copies” (Sood and Tellis 2011, 340). The books being published on disruption and tech start-ups however more often than not they are not written for academics alone, but rather for the mainstream audience and founders. Tech news sites such as TechCrunch, Fast Company, Mashable, Inc., Telegraph Tech, Guardian Tech, Entrepreneur and Sweden’s Entreprenör explore these topics journalistically, highlighting
the expanding capabilities and tech tools that “the Internet has made available” (Holiday 2014, xxiv). Increasingly there are publications with a focus on the ever-expanding sphere of tech innovation in Sweden. A research study titled *Disruptive Technologies: Catching The Wave*, published in Harvard Business review by Joseph L. Bower and Clayton M. Christensen in 1995 studied the way disruptive technologies were able to become so successful. In 1997, Clayton Christensen published *The Innovator’s Dilemma*, an award-winning book has been reviewed as a “fresh take” on “the subject of innovation…the most heavily research in the social sciences” (Johnson 2003, 85). The theory he developed is the foundational theory of this study and will be further explained in the next paragraph and explicated on in chapter 2, theoretical framework.

**Background on disruption innovation theory**

Harvard professor Clayton Christensen published *The Innovators Dilemma* in 1997, a seminal case study that has been “embraced by Intel’s Andy Grove, quoted by Steve Jobs, and called one of the six best business books ever by The Economist” (Staley 2016). The study showcases examples of how start-ups successfully competed with the leading companies by entering “from the bottom of the market” (Christensen, 2017) and eventually making their way to the top of the market and displacing the leading incumbent. From this study he develops the foundational theory, and on his website he describes what constitutes a disruptive business:

Characteristics of disruptive businesses, at least in their initial stages, can include: lower gross margins, smaller target markets, and simpler products and services that may not appear as attractive as existing solutions when compared against traditional performance metrics. Because these lower tiers of the market offer lower gross margins, they are unattractive to other firms moving upward in the market, creating space at the bottom of the market for new disruptive competitors to emerge.

In other words, the bottom of the market can pertain to the retail price, the diffusion and encroachment strategy, as well the level of quality and level of refinement in the innovation. The theory provides a set of criteria and conditions that must be present to

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8 Website: www.claytonchristensen.com accessed 14 December 2016
qualify an innovation as a disruptive one. Secondly, the theory explains the different levels of the go-to-market or entry characteristics that may enacted, which also act as indicators of potential success. The first version of the theory has since received numerous updates to the original formulation (Christensen, Raynor and McDonald 2015) due to numerous criticisms over the years. Christensen’s theory makes a distinction between the characteristics of a disruptive innovation company and a sustaining innovation company. In his studies he explains how “anything new that is not a disruptive innovation is a sustaining innovation. Sustaining innovations are those that provide incremental improvements to the existing user base” (Weeks 2015, 425). In other words, sustaining innovations enhance, improve, refine and build upon what already exists. The difference is that disruptive businesses don’t think about what already exists and attempt to improve it, but rather they begin with a new innovation to an existing problem that may already have a solution, but with “lower gross margins, smaller target markets, simpler products and services that may not appear as attractive solutions when compared against traditional performance metrics” (Christensen, 2017).

To summarize, in the tech startup world, disruption innovation theory is present. From investors to founders, the word “disruptive” persists in the rhetoric to describe either the company they want to build or a startup they would be inclined to invest in. However, not every brilliant idea is a viral success because the customer acquisition process in the tech world is largely undefined. It is dependent on an ever-changing environment as the tech scene does not stand as still as the traditional industry of business of the 20th century. It is not illogical to consider that start-up founders of today are becoming increasingly radical in their go-to-market plan and are less likely to comply with the traditional marketing rules in their university textbooks (Holiday 2013). In the HuffPost article, *What is Growth Hacking? A Definition and A Call to Action*, “the playbook of traditional marketing” is focused on “vague notions like ‘branding’ and ‘mind share’” (Holiday 2013). The benefit of growth hacking according to Holiday is that it is “testable, trackable, and scalable” and growth hackers are essentially “inventors, operators and mechanics of their own self-sustaining and self-propagating growth machine that can take a start-up from nothing into something” (Holiday 2013). In the chasm created by the aim to disrupt industries with new innovations coupled with the
mounting pressures of budget, competition, time and rapidly evolving digital tools, the growth hacking approach develops. According to online literature by proponents, growth hacking is a reflection of what is happening with in the instinct driven tech start-up world.

Background on growth hacking

So, what is growth hacking and who is a growth hacker? Depending on whom you ask, the answer may differ slightly. In a broad sense it is whatever impacts growth. At least that is what growth hackers want to do, because while corporations are okay with slow and steady growth spread neatly over the four fiscal quarters, growth hacking is about fast and exponential growth. That is considering that the primary goal of growth hacking is to attain “explosive reactions and complete loyalty from the customer” (Peters 2014, 15).

In 2010 Sean Ellis introduced the first official term, by describing the “growth hacker as someone whose true north is growth” (Peters 2014 3). As the founder of the term “growth hacking”, he continues to be one of it’s most active advocates. His most recent publication is called Hacking Growth and was written to “distill growth hacking down to an actionable process” (Ellis 2017). Aaron Ginn⁹ describes this the growth hacker as “one whose passion and focus is pushing a metric through use of a testable and scalable methodology” (Ginn 2017). Author Robert Peters asserts that the “one fundamental quality [is] a growth mindset” (Peters 2014, 3). Robert Peters book Growth hacking: Techniques, Disruptive Technology, How 40 Companies Made it Big, Online Growth Hacker Marketing Strategy (2014) features 40 cases of specific growth hacking strategies that helped companies like Reddit and Amazon succeed. He attributes much of the confusion surrounding the definition to the misconception that one can read a book and learn, step-by-step, how to become a growth hacker. Calling the “growth hacker” a hybrid beast, he asserts that start-ups can best benefit from studying the most successful

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⁹ Aaron Ginn is a well-known growth hacker in the circuit. On his website his bio reads: “I am a growth hacker. I apply my study of people and metaphysics to marketing, product development, and data science. Distribution is fun for me. My approach is product driven, data inspired, and cross-disciplinary (pulling in my experience with philosophy and behavioral economics).”
http://www.aginnt.com/about#WRV5QXd7E6gaccessed 9 March 2017
tech start-ups to date (Peters 2014). Andrew Chen a technologist and entrepreneur calls growth hackers as “hybrid of marketer and coder, one who looks at the traditional question “How do I get customers for my product? And answers with A/B tests, landing pages, viral factor, email deliverability and open graph....” (Holiday 2013, xiv). After extensive research of the term, it became increasingly clear how broad the definition is, how varied the definition is may be, and the reality that the growth hacking concept has yet to be defined by a consistent or formal definition. Typically, a definition for academic purposes would be retrieved from academia, however with growth hacking, there is not one precise definition online and the term is largely absent in academic research on tech start-ups. It made the task of choosing a definition a complex one. Surprisingly, Wikipedia provided a detailed and clear definition, which is typically an unorthodox choice in academia. According to Wikipedia:

Growth hacking is a process of rapid experimentation across marketing channels and product development to identify the most effective, efficient ways to grow a business. ... Growth hackers are marketers, engineers and product managers that specifically focus on building and engaging the user base of a business.

It is important to explore this term further and propose that it be studied and defined by academics and scholars. With a consistent term that has consensus in academia, the growth hacking strategy can be further explored in research.

In summary, the proven track record of growth hacking success has resulted in the rethinking of “marketing from the ground up with none of the baggage or old assumptions (Holiday 2014, xvi), however it does not mean that growth hacking always leads to disruption or an Initial Public Offering (IPO). Rather, growth hacking is currently understood as a type of disruptive strategy to growing the company, which also includes the marketing strategy. Growth hacking is not simply a form of marketing, because both the approach and end goal is dissimilar from the approach and goal of traditional or social media marketing. Aaron Ginn describes this difference as:

Instead of classic marketing, which typically interrupts your day, a growth hacker uses “pull”; he or she understands user behavior provides value immediately to persuade. A growth hacker wraps messaging into the fabric of the lives and thoughts of users. A growth hacker will leverage across disciplines, pulling in insights from behavioral economics and gamification, to find the right message to pull in users.
For example, in this study two of the cases studied (&frankly and Wunderino) enact growth hacking in the form of gamefication that is embedded into the innovation and design of their companies. Undeniably, it is becoming increasingly important and relevant to start-up founders as a strategy at all levels. Academic investigation on growth hacking business journals are either too general or explore growth hacking concepts under different marketing models, such as Integrated Marketing Communications (IMC) (Mangold and Faulds 2009). Finally, the absence of an official definition, the lack of research, the vagueness and lack of specificity on growth hacking in academia lead to the development of the research problem statement, research question and research goal and purpose of this study.

1.2 Research problem, questions and purpose

This study is motivated by the assumption that tech start-ups whose innovation and/or business model fits the definition of disruptive innovations are gravitating towards new methods that lead to scale and growth for their company. This also means that they may be using growth hacking tactics or enacting some form of growth hacking within their business model. Neil Patel, an entrepreneur and marketing expert draws the connection between growth hacking and disruption innovation theory with the simple statement: “being disruptive, after all, is itself a growth hack” (2015). Start-ups may be operationalizing growth hacking knowingly or even unwittingly, unaware that the radical tactics they are engineering could possibly qualify as growth hacking. The objective is to explore the relevance of growth hacking via enactment and type of enactment among

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10 For further clarification, the Business dictionary defines this as: “an approach to achieving the objectives of a marketing campaign, through a well coordinated use of different promotional methods that are intended to reinforce each other”. http://www.businessdictionary.com/definition/integrated-marketing-communications-IMC.html accessed 12 January 2017
11 Neil Patel is an entrepreneur, proponent of growth hacking and according to his bio: “He is a New York Times best selling author. The Wall Street Journal calls him a top influencer on the web, Forbes says he is one of the top 10 marketers, and Entrepreneur Magazine says he created one of the 100 most brilliant companies. He was recognized as a top 100 entrepreneur under the age of 30 by President Obama and a top 100 entrepreneur under the age of 35 by the United Nations.” www.neilpatel.com accessed 15 December 2016
disruptive tech start-ups in Sweden. Secondly, the investigation will help contextualize the term of growth hacking within disruption innovation theory to better understand how growth hacking is suitable for disruptive innovations or disruption seeking tech start-ups. The preferred operational definition of growth hacking in this thesis is based on Aaron Ginn’s definition of a growth hacker. According to Ginn, a growth hacker (growth hacking) is “one whose passion and focus is pushing a metric through use of a testable and scalable methodology” (Ginn, n.d.). Based on Aaron Ginn’s definition of growth hacking, the following research questions should help fulfill the goals of this thesis by asking:

RQ 1: How relevant is growth hacking as a strategy for disruptive innovation tech start-ups today

RQ2: How is growth hacking being enacted or actualized by Swedish tech start-ups?

For RQ1, the relevance of growth hacking will be measured by how aware the start-ups are of the term, how much the different parts of their business practices are in line with growth hacks, and through the interviews it will be revealed how much of a connection exists between the plan to grow and scale the company, and the use of growth hacking. To deliver RQ2, the questions also focus on the enactment and actualization of growth hacking within the realm of marketing activities by the five tech start-ups who have participated in the study. This research was developed with more specific sub-questions that help bring the data full circle. The results should also elucidate on the following supplementary questions:

- How is growth hacking compatible within Clayton Christensen’s Disruption innovation theory?
- Which growth hack techniques are being used by the start-ups? Such as, how do they grow their customer base and get more followers?
- Are start-ups using growth hacking and categorizing it as something else such as social media marketing, indicating that the term in academia and literature has simply not caught up to the trends in disruptive tech start-ups?
This thesis makes the assertion that growth hacking in today’s world is a relevant term to disruption in the tech start-up sphere, as well as deserving a place in Clayton Christensen’s disruption innovation theory. The three central ideas that will be used to find connections between the new term and Christensen’s theory are as follows:

- Growth hacking is being used by tech start-ups that happen to be seeking disruption employing through low encroachment\(^\text{12}\) approach.
- Tech start-ups view or use growth hacking in a way that encompasses all aspects of the business model: a) the innovation, b) the founding team, and c) the marketing strategy.
- Growth hacking is experiencing a natural progression and growth, and tech start-ups may be categorizing it as traditional marketing.

These three hypotheses will be further supported with literature in chapter two, the theoretical framework. By seeing if these three hypotheses are true or not, and to what extent will help answer the research question. From a theoretical standpoint, the main ideas will help draw a connection between growth hacking and innovation disruption theory. Finally, the purpose of this thesis is purely explorative and serves to generate greater interest in growth hacking as a study by showing that start-ups are enacting growth hacking and therefore it is a relevant concept to academia. The following companies comprise the five case studies that make up this research:

1. **Fidesmo**- The smart chip innovation is based on NFC technology, and can be implanted into everyday objects such as watches, bracelets and cards. With the smart enabler chip one can connect with Fidesmo, update and add a variety of digital services, and open doors or pay directly for their purchases using the contactless technology.
2. **TaskRunner**- A free ‘help on demand’ marketplace platform to find someone who is nearby and trustworthy to help you finish your tasks. The runners create verified profiles and bid on projects or listings posted by those who need help with tasks, from painting their fence, mowing the lawn or building their Ikea furniture.
3. **Beleco**- The furniture marketplace is a first of its kind and has a modern white-glove approach. The platform allows people to change, rent, rent-to-own their furniture with ease and the freedom to change when they want. The

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\(^{12}\) Low-encroachment is in this case characterized by lower tier market entrance, lower product cost, tighter budget on marketing, and possesses just one alternative feature outweighing the incumbent.
environmentally conscious business model of rent-to-use is meant to allow people to adapt their home to their lifestyle, situation and different phases of their life.

4. **&frankly**- This software innovation designed to be used by small or large firms consists of a visually appealing design, as well as being effective at helping managers create and track engagement with colleagues. The platform, accessible as both a mobile app and on desktop, aims to help create truly happier workspaces by triggering and measuring engagement between employees and employers in a non-hierarchical manner.

5. **Wunderino**- The Malta-based online casino platform was originally started by Swedish entrepreneurs with the goal of taking the traditional pressures associated with gambling away and replacing it with an element of fun and gamification.

**Research Purpose**

The research was motivated by the need to explore the term of growth hacking as a new approach to growth and scale, as well as the new marketing or as the future of marketing, especially in the tech start-up market. This thesis speaks primarily to tech start-ups and not traditional style companies that are seeking disruption or to change consumer behaviour with their product or platform. The aim of the study is to determine the relevance of growth hacking to five Swedish disruption-seeking tech start-ups, as well as how and how much it is enacted. The research is meant to encourage scholars and practitioners to take note of this rising trend in the disruptive tech start-up space. In *Defining And Identifying Disruptive Innovations* (Nagy, Schuessler, Dubinsky 2016) provide an argument for defining growth innovation:

> Unambiguously defining a disruptive innovation is essential for both academic and practical reasons. Academically, unequivocally defining a disruptive innovation is critical to address causal theory of reference (Kripke, 1977; Putnam, 1973). As philosophers of business, researchers assign meaning with terms in their fields; as experts in business, they provide references for “disruptive innovations,” as the business discipline has proposed the term (Bower & Christensen, 1995). This academic ownership of terms is common.

This same argument can be applied to growth hacking. Through the study, I hope to allude to the relevance and enactment of growth hacking. This is followed by a
contextualization of the growth hacking approach within the framework of disruption innovation theory.

1.3 Research design and methodology

The research inquiry and hypotheses were answered and investigated via a qualitative case-study research design consisting of qualitative interviews and qualitative analysis of the information collected from the interviews (Kohlbacher 2006). Exploratory case studies are the most common form of qualitative research within this field and are becoming increasingly popular (ibid). The definition of a case study is clearly explained by Zaidah Zainal in the research titled *Case Study as a Research Method* (2007):

Case study method enables a researcher to closely examine the data within a specific context. In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. Case studies, in their true essence, explore and investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships. Yin (1984:23) defines the case study research method “as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.” (2007, 2)

The process started when the researcher noted the prevalence of the term “growth hacking” in popular and online literature published on tech websites by entrepreneurs, bloggers, popular non-fiction writers in the tech industry, advisors, gurus, founders and the list goes on. However there are tens of thousands of start-ups and the online literature represents a small portion of that group, so this lead to the inquiry: How relevant is growth hacking to start-ups really, and is it being enacted and if so how much and how are they doing it? From this starting point the inquiry developed into a question, and this lead to Disruption innovation theory. Upon preliminary research of the theory from a variety of sources (academic and popular) it was apparent that a) disruption innovation is a concept widely used in the tech start-up realm and b) growth hacking was a term being used by the same population. The analysis and interpretation chapter consists of three main sections coinciding with the three main hypotheses, and within each section are sub-
heading representing some of the findings. The thesis is meant to be a starting point for a discussion and serves to prompt more practitioners and scholars in the field of social sciences, communications and marketing to pay attention to this term and the role it plays in shaping the future of marketing and communication for start-ups.

1.4 Structure of thesis

The thesis is made up of six chapters as they are presented in the table of contents. The introductory chapter begins with a detailed description on the background of technological start-up companies in Sweden. The longer introductory chapter will follow up with the presentation of the research question, research design, intended method of analysis and how the theoretical framework will be applied. In chapter two the researcher will focus on the theoretical framework in depth, with reference to existing research in the field. The third chapter presents the five case studies to be investigated. The fourth chapter is the methodology. The fifth chapter will go through the analysis and discussing the findings of the study. The final chapter will conclude the study with a summary of findings and final remarks.
2 THEORETICAL FRAMEWORK

This chapter consists of a literature review of the theoretical concepts bringing this research together. Moreover the literature review pertains to the theoretical framework and growth hacking term, but equally considers the three earlier stated hypotheses. Following the logic of the theory and the hypotheses, this chapter has been divided into two comprehensive parts based on the two topics, disruption innovation theory (Christensen 1997) and growth hacking (Ginn n.d.). Both sections (disruption innovation theory and growth hacking), are elaborated according to the three important ideas associated with the theory which are a) the definition and a focus on the low-encroachment or entering from the low end of the market b) the idea that disruption innovation theory is ubiquitous and relates to all aspects of the business (founding team, innovation itself, and marketing strategy) and not only the innovation. Both sections end with criticisms of the concepts.

2.1 Disruption innovation

Disruptive innovation was a term first introduced in 1997 by Clayton Christensen who has since become “the most influential management thinker in Silicon Valley (Staley 2016). On his website, Christensen defines disruption innovation as “a process by which a product or service takes root initially in simple applications at the bottom of a market and then relentlessly moves up market, eventually displacing established competitors” (Christensen). Classical examples of disruptive innovations can be found on Clayton Christensen’s as seen in the table below (table 2.1).

<table>
<thead>
<tr>
<th><strong>Disruptor</strong></th>
<th><strong>Disruptee</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal computers</td>
<td>Mainframe and mini computers</td>
</tr>
</tbody>
</table>

13 Website www.claytonchristensen.com accessed 3 April 2017
In his work he presents two types of disruptive innovation: a) new market innovations that work by “creating a new demand for a new technology” and b) low-end innovations which “provide similar characteristics to existing technologies but cost substantially less” (Nagly, Schuessler and Dubinsky 2016). The popularity of this theory has been confirmed, as the disruption theme has “sold hundreds of thousands of copies, readings on disruption are among the most used in MBA classes, and a Google search suggests that the term “disruptive innovation” is the most popular innovative term” (Sood and Tellis 2011, 340). Intrinsically the term stands for “innovation-driven growth” that is achieved through fewer resources, targeting customers that are often overlooked by the biggest companies, and by pricing the product or innovation at a fraction of the cost while offering good (albeit not perfect) functionality (Christensen, Raynor and McDonald 2015). Finally, the idea should be a good one because marketing bad innovations is something of the past. Netflix is a classic example of a disruptive innovation, because with the emergence of web streaming service of movies and shows on demand, the world of cable television watching was forever changed (Christensen 2015).

In 2015 Clayton Christensen, Michael E. Raynor and Rory McDonald wrote an article for the Harvard Business Review titled What Is Disruptive Innovation? The article meant to clarify what a disruption innovation is because they felt that the term was frequently misused and misunderstood. The article more recently explains that disruption is achieved when large volumes of consumers start using the entrant company’s service, application or platform or when a new market is carved out and created (Christensen, Raynor and McDonald 2015). The principles associated with the disruption innovation theory provided above can be summarized as follows:

- The creation of a new innovative product that could challenge existing technologies or products. This qualifies it as potentially disruptive as an innovation, should it succeed.
• The product is cheaper and therefore more accessible and affordable to a fringe or new market. This is a low encroachment strategy that allows it to first attract a lower tier market or create a market, and later move on to encroaching on the market of the competitor.
• While the product isn’t perfect in all aspects, an alternative characteristic of the innovation performs better than the existing technologies.
• Existing customers who spend a lot of money with the incumbent are reluctant to bring their money over because they may dislike it for being slightly inferior in the area that they are used to getting superior performance. These are the high-end customers.
• This is a lower cost or uniquely priced product in comparison to the leading incumbents.

Achieving disruption is dependant on an interaction of many different factors. According to the theory, if the innovation is truly disruptive, it should succeed in overcoming the incumbents. In the article they present a graph (see figure 2.1 below) of the disruption innovation model (HBR 2015).

**The Disruptive Innovation Model**
This diagram contrasts product performance trajectories (the red lines showing how products or services improve over time) with customer demand trajectories (the blue lines showing customers’ willingness to pay for performance). As incumbent companies introduce higher-quality products or services (upper red line) to satisfy the high end of the market (where profitability is highest), they overshoot the needs of low-end customers and many mainstream customers. This leaves an opening for entrants to find footholds in the less-profitable segments that incumbents are neglecting. Entrants on a disruptive trajectory (lower red line) improve the performance of their offerings and move upmarket (where profitability is highest for them, too) and challenge the dominance of the incumbents.

![Disruptive Innovation Model](source.png)
In *Is Disruption Theory Wearing New Clothes Or Just Naked? Analyzing Recent Critiques of Disruptive Innovation Theory*, Robert Weeks (2015) summarizes how the incumbent companies come to bumped from their leading position by the smaller start-ups. In his words he defines Christensen’s process like this:

> In the early stages of disruption, the lower performing technology only meets the needs of a small segment of existing customer base. As the technology evolves, its performance improves and the innovation meets the needs of additional needs of additional customers in the industry. Eventually, the original firms are driven out of the industry as the disruption meets the needs of the mainstream market.

(418)

One of the main downfalls of the leading companies is to often undermine and not pay close attention to what those disruptive start-ups are up to. In conjunction, they undermine the strategies start-ups are using, the innovations that could threaten their market and are slower to making changes to compete with start-ups. An already established company might try to sustain their innovation by making their innovation more sophisticated, however Christensen illustrates that this is how “disruptive innovations” are given an entry-way into the market. On his website it states:

> As companies tend to innovate faster than their customers’ needs evolve, most organizations eventually end up producing products or services that are actually too sophisticated, too expensive, and too complicated for many customers in their market.

Conceivably, while companies are fixated on sustaining their products with small refinements, and spotlighting their top tier clients who spend the most, use the most or subscribe to their premium product, they lose touch of a fundamentally critical portion of their core client base. Some of the most disruptive innovations in the tech industry include cell phones, email and the laptop computer (Rousey 2016). To see a list of examples of disruptive innovations refer to appendix C. Snapchat Inc., the vanishing story mobile application is a more current example (see appendix D) of a disruptive innovation. According to a Business Insider article *Snapchat Has Taken A Lead In One Of The Most Disruptive Areas Of Tech*, it is becoming increasingly clear that Snapchat is one of the most disruptive tech companies today because “it is evolving beyond just
"another social media platform" and could be headed to be the first "social augmented reality platform" (Archer 2016). Furthermore, according to Archer, “Robert Peck, an analyst at SunTrust Robinson Humphrey” has stated that “Snapchat has tapped into an unaddressed aspect of human behavior that other platforms haven’t, creating a rare opportunity in the social media / messaging app ecosystem” (Business insider 2016). To read the Snapchat example in detail refer to appendix D. According to the theory as explained in the research, *When Is Disruptive Innovation Disruptive?* by Glenn M. Schmidt and Cheryl T. Druehl (2008), a disruptive innovation is when:

...along comes a new product (a disruptive innovation) that falls short of the needs of most (if not all) current customers along this first performance dimension but that is lower cost or performs better along a second dimension. While existing high-end customers dislike the new product (they despise its poor performance along the first dimension), a new market segment (or the existing low-end segment) gladly accepts the de-rated performance along the first dimension in favor of lower cost or the enhanced performance along the second dimension. (2008, 347)

The new product (disruptive innovation) shortcomings are compensated by the lower cost, so the new market has an opportunity to get a similar albeit inferior product, at a lower cost. Sometimes the market price of the inferior innovation may be the same but the new product offers more features that would end up costing the consumer more with the superior product, thereby making it cheaper in relative terms. By purposely entering the market with a somewhat inferior innovation, the company actually gets a head start at finding out what consumers really desire, reaching a Product Market Fit¹⁴ (PMF) that the consumer market will easily respond to, thereby making marketing and scaling up a much smoother process. Christensen’s book studies why disruptive innovations succeed and how their success leads to the failure of the leading incumbents.

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¹⁴ The Product Market Fit (PMF) was defined by Marc Andreesen. It means building or creating a product that is both well suited for the market it is intended for and can meet the needs of those within the market. This term has been popularized by growth hackers. It is considered to be one of first steps to take if disruptive companies engage in growth hacking. This notion will be explored further in the Growth hacking section of this chapter.
2.1.1 The Innovator’s Dilemma

Harvard Professor Clayton Christensen wrote three books on this popular subject, *The Innovator’s Dilemma* (Christensen 1997), *The Innovators Solution* (Christensen and Raynor, 2003) and *Seeing What’s Next* (Christensen, Anthony, and Roth, 2004). While every succeeding text produced expounds on the previous developments, his first book is his most renowned. Christensen first introduces the framework in *The Innovator’s Dilemma* is when, which has since become one of the most referenced theories for business management and building scalable companies (Schmidt and Druehl 2008). The case studies in *The Innovator’s Dilemma* (Weeks, 2015) showed how new disruptive technologies that performed poor on the outset, could eventually cause established and seemingly infallible “good companies” companies to fail (ibid). He reasons that the value proposition is unique, the costs are depressed and the diffusion is based on a low-encroachment where a fringe is accessed, or new market is created (Christensen 1995 11). He explains it as:

Disruptive technologies bring to a market a very different value proposition than had been available previously. Generally, disruptive technologies underperform established products in mainstream markets. But they have other features that a few fringe (and generally new) customers value. Products based on disruptive technologies are typically cheaper, simpler, smaller, and, frequently, more convenient to use (1995, 11).

The book is divided into two main parts. The first presents the “failure framework” and the second part of the book “propose[s] the existence of five laws or principles of disruptive technology”, which has come to be known as the disruption innovation theory (Christensen 1995, 13). He warns that it would be a mistake to ignore this theory, as “these laws are so strong that managers who ignore or fight them are nearly powerless to pilot their companies through a disruptive technology storm.” (ibid).

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15 Clayton Christensen began first developing his ideas on disruptive innovation in 1995 but the book published in 1997. In his book Christensen attributes the ideas of disruption innovation theory as a culmination of the work between himself and his colleagues who helped finance the book, give insight to companies they worked for, and refine the actual theory itself at Harvard Business School.
2.1.2 Low encroachment diffusion

What Christensen’s case studies showed is when entering the marketplace the start-up that tends to eventually dominate a respective industry, didn’t necessarily start with a “high-end encroachment” strategy, a big budget or old-fashioned marketing books with a focus on the high end tier of the demographic, because they are not sustaining types of innovations (ibid). The low-encroachment approach is when “disruptive innovations either create new markets by bringing new features to non consumers or offer more convenience or lower prices to customers at the low end of an existing market.” (Christensen 2004, 293). In When is Disruptive Innovation Disruptive? Glen M. Schmidt and Cheryl T. Druehl (2008) create a framework for disruptive innovation diffusion (see appendix E). They define disruptive innovation with low-end encroachment diffusion as “the new product encroaches on the low end of the existing market and then diffuses upward”(Schmidt and Druehl 2008, 347).

What case studies such as Christensen’s (1997) have shown is that leading incumbents strive to keep their existing clients, more specifically their highest paying clients by improving on what they have. For example, it would be safe to assume that Facebook strives to retain it’s most loyal and high-tier active users who spend the most amount of time interacting with the social networking site. If they were to lose these customers immediately to another similar innovation, then that other innovation would be classified as a high encroachment sustaining innovation, and not a disruptive innovation. If a small tech start-up were to try and tackle Facebook’s most loyal customers, it would have to employ a high encroachment strategy, which is often not within reach for budget-constrained start-ups. Additionally, it would have to offer something similar to Facebook and not something disruptive, which then would disqualify it as a disruptive innovation. Secondly Facebook’s most loyal mainstream users presumptively would not switch as easily as a group of consumers that Facebook does not effectively target. Typically, the innovative disruption cannot easily steal or be easily understood or used by the mainstream customers who are committed to leading companies in that respective
industry (Christensen 2004, 293). According to the Morgan Stanley Alphawise Tracker\textsuperscript{16} Apple Inc. consumers are so loyal the brand has a 90% and are often unwilling to buy other smartphone brands (Richter 2014).

What this means for start-ups who want to compete with the Apples of the world is that should the lowest end of the existing market, largely ignored or forgotten by the incumbent (such as Facebook Inc, or Apple Inc.), create a new market and later “encroach on the existing market…[meaning] the new product takes away sales from the old product” (Schmidt 2006, 2). By playing the dark-horse, by undercutting their competitors cost, focusing on the lower end of the market, and meeting one alternate value dimension better than the incumbent, these companies prove to be fit the description of disruption outlined by Christensen et al. An example of low-encroachment diffusion is when eBay started with selling items no longer needed, and eventually this lead to the sale of higher ticket items, eventually leading them to overwhelm competitors in similar arenas (Schmidt and Dreuhl 2008). This strategy can eventually lead to the failure of the incumbent firms, because “often [they] fail to recognize the threat posed by a disruptive innovation…[because} when incumbents are overthrown, it is generally by disruptive innovation” (Schmidt and Druehl 2008, 347).

2.1.3 Disruptive innovation permeates the innovation, the team and marketing

Disruption is a fluid and ubiquitous process. It is not strictly marketing, or strictly the innovation, but rather multi-dimensional. Clayton Christensen emphasized that disruptive innovations can be considered thus when they have reached the point of actually disrupting the market and changing consumer behaviour (Christensen 2015). The process itself is not isolated to just the innovation, but rather all aspects of the business will have to work together to facilitate disruption. The theory disruption innovation is therefore correlated to the founding team of a start-up, the business model, the innovation itself and

\textsuperscript{16} The Morgan Stanley Alphawise Tracker uses Google trends to compile sales data from the Internet. It is considered to be one of the most accurate trackers of Iphone sales.
the marketing strategy. In *When is Disruptive Innovation Disruptive?* Glen M. Schmidt and Cheryl T. Druehl (2008, 347) summarize how Clayton Christensen defines innovation theory across his three texts. Schmidt and Druehl (2008), word Christensen’s disruptive innovation theory as follows:

The new product (the disruptive innovation) is de-rated (it underperforms) with regard to the primary performance dimension most appreciated by mainstream customers of the old product. However, the new product may perform better on an alternative dimension and this open up a new market (or may simply be easier to use or of lower cost). Then over time the disruptive innovation improves on the primary dimension to the extent that it appeals to the very mainstream customers that initially shunned it.

Upon examination of disruption innovation theory definition, it is easy to see that it doesn’t just describe the innovation. Conversely, if it were about just creating disruptive innovations the definition would read: “The new product underperforms with regard to the primary dimension but better on an alternative dimension”. Rather, the theory defines how that innovation is diffused into the market referencing the marketing strategy, and follows with instructions that the innovation should be improved in the primary dimension so it may finalize the disruption process in the market. Referring back to *The Innovators Dilemma*, Christensen observed that Data General, Prime, Wang, Hewlett Packard, and Nixdorf failed due to their inability to alter the dimensions of their innovation to compete with the threat of disruption by Apply Computer and IBM (Christensen 1997).

*The founding team*

In today’s start-up environment, there are numerous articles and examples online dedicated to the role of the founder and founding team, and how that role translates into success. This is why founders usually become the superstars when companies reach a certain level of commercial success, such as Mark Zuckerberg or Daniel Ek of Swedish streaming service Spotify. In *The 4 Roles Every Founding Team Should Have* (Ismail 2014), the start-up founding team is as crucial to meeting growth milestones as the best
marketing and growth strategy because “the rapid pace of growth of exponential organizations requires an extra emphasis on a fully synergistic core team” (Entrepreneur 2014). According to the article team the four roles that should be fulfilled are: “a visionary and a dreamer”, a “customer champion”, an “innovation architect”, and a “rainmaker” (ibid).

The idea that the founder and founding team is quintessential to success can be identified in Christensen’s academic work. In his later book The Innovator’s Solution (2010), Christensen places more emphasis on the role of the founder of the start-ups as factor in growth and potential success. Christensen draws line from his theory of disruptive innovation to the role of the founder, further highlighting that the term is applicable to various units of analysis within the business model, including the marketing strategy. In an Entrepreneur magazine article, Patrick Henry, founder and CEO of QuestFusion studied the reasons for specific failures associated with the team. His study showed the reasons are due to: “a) no market need, b) ran out of cash c) not the right team, d) got out-competed, e) pricing/cost issue, f) poor product, g) need/lack of business model, and/or h) poor marketing, ignoring customers” (Henry 2017). He summarizes the successes associated with 650 start-ups from the Start Genome report and discovered that the founder and the associated team play a significant role in the performance trajectory of a start-up. Henry provides a profile of a founder by stating the following:

Founders are driven by impact, resulting in passion and commitment, patience and persistence due to the timing mismatch of expectations and reality, willingness to observe, listen and learn develop the right mentoring relationships, leadership with general and domain specific business knowledge, implementing “Lean Startup” principles: Raising just enough money in a funding round to hit the next set of key milestones, and balance of technical and business knowledge, with necessary technical expertise in product development (Entrepreneur 2017).

Conversely the failures of tech companies were studied by Christensen and by studying the failure of the large incumbents, he has helped start-ups understand what they can do to avoid the same fate. In The Innovator’s Dilemma provides “one explanation for why good companies fail” and he attributes this to “organizational impediments as the source of the problem” (Christensen 1997, 38). Christensen goes on to explain that when a new radical technology is introduced to the industry, the leading incumbents may be impeded
by “rationales [such] as bureaucracy, complacency, or “risk-averse” culture” (ibid). For start-ups they can afford to be more disruptive, whereas large organizations are often less flexible, therefore “the magnitude of the technological change relative to the companies’ capabilities will determine which firms [leading incumbents] triumph after a technology [start-up] invades an industry” (Christensen 1997, 39). Christensen demonstrated how the best-managed companies in history, such as Xerox\textsuperscript{17}, fail when they miss vital opportunities for growth when Canon, the new disruptive technology emerged, and instead they choose to sustain what they have (Christensen 1995). The problem here isn’t so much the capabilities of big companies, because they have the money to pivot, but it is the mind-set of the team, and the management that get them stuck in cumbersome bureaucracy instead of making high impact transitions (Christensen 1997).

\textit{The innovation}

An innovation that is disruptive is one that actually changes the behaviour and views of the mainstream population. In \textit{The Innovator’s Dilemma}, Christensen discovered when studying the company patterns of architectural design of discs in the disc drive industry, that most of the companies tried to sustain their innovation, while a few attempted to disrupt and those were who became the industry leaders (1997, 28). His discoveries revealed the following consistency with respect to disruptive innovation design:

Generally disruptive innovations were technologically straightforward, consisting of off-the-shelf components put together in a product architecture that was often simpler than prior approaches. They offered less of what customers in established markets wanted and so could rarely be initially employed there. They offered a different package of attributes valued only in emerging markets remote from, and unimportant to, the mainstream (1997, 28).

In the \textit{Acting To See: When Disruptive Times Call For Disruptive Marketing} (Silberzahn and Cartwright 2007, 41), an indicator of potential success is determined by how radical

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\textsuperscript{17} According to \textit{The Innovators Dilemma} (1997), Xerox missed the chance to capitalize on the opportunity to go to market with small tabletop photocopiers, which eventually led them to having a small chunk of the largest photocopy industry in the world (Christensen 1997, xiv). He also presents failures in decision making by Sears, Digital Equipment Corporation, Hewlett-Packard and Data General.
an innovation is considered to be. In their research they describe how growth transpires from radical innovation:

Innovation has long been identified as a key factor for growth. This is particularly true for radical innovations, which cause significant shifts in supply and demand relationships, alter industry boundaries and create new product categories. Radical innovations are associated with most long-term success stories (2007, 410)

One way to build a radical innovation is to bring into existence something that is hard to replicate, is radically different yet highly effective or that has an advantage on the incumbent in one alternative way (Christensen 1997). Not only does this, given all parts equally strong, give the start-up a good chance at disrupting the industry, but it also helps the innovation achieve “tech defensibility” (Bentick 2016). According to Entrepreneur First co-founder Alice Bentick, tech defensibility can be attained when “you may have developed a novel approach to solving a problem, or may have solved a problem others can’t” (Bentick 2016). Plus the innovation should be one that people are going to genuinely like and use often, so that it develops into a habit, because “companies that succeed in building a habit-forming business are often associated with game-changing, wildly successful innovation” (Eyal 2014, 25). The Christensen Institute\(^\text{18}\) defines a truly disruptive innovation as one that isn’t only a good product, but one that is attainable and accessible to the entire population (Christensen Institute 2016). They provide an example of an innovation that has changed consumer behaviour (see appendix F). One only needs to refer to Facebook and Instagram as some of the most successful habit-forming and disruptive innovations. Any innovation that provides add-ons and features to encourage people to continue using Facebook, indirectly or directly is a sustaining innovation. However any start-up that could successfully drive Facebook out of business by taking away the consumer base and re-directing them to another digital platform, would be truly disruptive. However Facebook’s“existence inherently makes success less likely for new innovations and start-ups trying to disrupt the status-quo” (Eyal 2014, 25) because it has ingrained habits into it’s users.

\(^{18}\) The Christensen Institute is a U.S. based non-partisan organization that carries out research on disruptive innovation, healthcare, economic growth, higher education and global prosperity.
Disruptive Marketing

Marketing disruptive innovation tech start-ups differs greatly from marketing large corporations. The difference is that marketing for disruptive innovations is moving away from understanding of traditional marketing or simple social media strategy, into a space that is more experimental, technical, track-able and scale-able. This is explored in detail in Acting To See: When Disruptive Times Call For Disruptive Marketing, by Philippe Silberzahn and Phillip A. Cartwright (2007). According to their research, disruptions are more likely to use trial and error, where as incumbents fail due to “organizational inertia” caused by faulty resource allocation (Silberzan and Cartwright 2007). So while entry tech companies are not afraid to change the marketing plan based on insights from the market, incumbents adhere to the interests of their stakeholders, and the strict marketing plans created when the budget was organized (ibid). They explain that the mechanistic market research process used by incumbents as depicted in Figure 2.2 below.

![Figure 2.2 Visualisation of mechanistic approach to traditional marketing market research as explained by Philippe Silberzahn and Philip A. Cartwright (2007, 42)](image-url)

Tech start-ups that seek disruption are less likely to see the “past as an extrapolation of the future” and more likely to experiment with a variety of different tactics for getting their product to the consumer even though they are aware that some strategies will be
ineffective. This is because disruptive innovation companies know how to leverage information and data creatively so they continue to scale and grow to where they want to be. Cartwright and Silberzahn insist, “marketing will have to forgo the assertiveness of market reports for the uncertainty of being out in the field” (2007, 45). To summarize their insights disruptive innovation marketing can be best understood in the following points highlights by Silberzahn and Cartwright (2007):

- Disruptive innovation marketing is about predicting and creating new markets through an iterative process.
- The creation of markets “where none exist” is essential to disruptive marketing.
- Disruptive marketing begins with a radical innovation and technical breakthrough coupled with a creative process based on trial and error.

Finally they summarizes essential to marketing disruptive innovations (see appendix G). From this the connections between disruption innovation and growth hacking already start to emerge.

2.1.4 Criticisms of disruptive innovation in literature

Critics of his theory have suggested, among other things, that the term is broad and therefore results from studies using this term can be unreliable. Robert Weeks examines strong opposition on the theory from fellow Harvard Professor Jill Lepore (2014) in *Is Disruption Theory Wearing New Clothes Or Just Naked? Analyzing Recent Critiques Of Disruptive Innovation Theory* (2015). Weeks analyzed the theory with respect to Lepore’s three criticisms; Lepore believed Clayton Christensen demonstrated, in his case studies, “an overly broad definition of the term disruptive innovation; a lack of specificity of the unit of analysis; and a failure to recognize managerial agency” (Weeks 2015, 419). What Weeks counter-argues is that Christensen took a hard to define term and made it possible for use by academics and practitioners. The range of applicability of the term could be in fact attributed to the idea that certain industries are vulnerable to different types of disruptive innovation, and Christensen acknowledges this briefly when he suggests that there are distinctions between “new-market disruptions” and “low-end
disruptions” otherwise known as lower performing innovations (Weeks 2015; Christensen 2006; Christensen and Raynor 2003a). These arose from not being able to use the theory to accurately predict “the ultimate success of the iPhone and the failure of Kodak” (Weeks 2015, 421). Another critique that Weeks has is that the units of analysis are often conflated, and obscures the identification of the unit of analysis when the theory is used (Weeks 2015). The theory in Christensen’s work is used interchangeably to represent different units of study. Weeks identifies Christensen using the term to represent “new technologies” while in another, he is using it for defining “business models” (Weeks 2015, 422). Although Weeks defends the theory by showing that it has been accurate in “predicting the trajectories of technologies in the marketplace”, he states that other factors are important in predicting outcome also, such as “unique supplier chain relationships, R&D arrangements” or “even certain types of managers that are more responsive to disruptive forces” (Weeks 2015, 422). Due to the broad nature of disruptive innovation theory, as Weeks asserts, it has allowed “Christensen (and others) wide latitude to use the concept in almost any context” (Weeks 2015, 420). This often causes it to be misunderstood by founders and managers. A criticism for this thesis that is posed by Schmidt and Druehl is that “a disruptive innovation (in that it disrupts the current market) is not necessarily a disruptive innovation (as Christensen defines it) (2008, 348). This brings forward the important role of how the disruptive innovation enters the market. It might be that a sustaining innovation enters the market in a disruptive way using disruptive marketing, or that a disruptive innovation doesn’t utilize a disruptive growth strategy. Finally, a critique that presents a problem that could possibly fuel future research is the idea that theory on disruptive technologies is flawed because they shouldn’t be called disruptive until they have proven to have a profound impact on the incumbent and market. The research in *Demystifying Disruption: A New Model for Understanding and Predicting Disruptive Technologies* poses concerns showed by various academics and practitioners that the theory is “tautological” (Sood and Tellis 2011, 340). In their inquiry they state,

The major issue is the use of the same term is the use of the same term to describe both the causative agent (disruptive technology) and the effect disruption. For
example Kostoff et al. (2004, p. 142) state, “disruptive technologies …can be revealed as being disruptive only in hindsight”.

Their study revealed that incumbent companies could withstand the challenges posed by up-and-comers and “co-exist with the new technologies by creating a niche” (Sood and Tellis 2011, 3). Another finding that challenges original ideas on how the new companies improve their innovation or platform and grow is that growth is not depicted by an S-curve (Foster, 1986), as originally suggested. Rather, Sood and Tellis show that “improvement is sporadic, with many periods of no improvement followed by spurts of big improvement” (Sood and Tellis 2011, 350). Despite the criticisms of the theory, there exists extensive literature and reviews on topic. Weeks recognizes that the term is a powerful lens for examining certain technological advances” and it “enhances understanding of the complex dynamics associated with innovative products” (Weeks 2015, 426). Written extensively about in academic literature, news articles on tech start-ups and in more current mainstream books on marketing strategies, Christensen’s term innovation disruption has achieved “resonance”.

2.2 Growth hacking

Growth hacking has emanated from a “post capitalist-economy” that fosters creativity in business, especially tech business (Colons 2016). The financial pressures and limitations that new tech start-ups face coupled with the rapidly developing technologies and the technical capabilities and skills of the people on the team. Growth hacking techniques are diverse and deal with every aspect of the business. To growth hack, start-ups can start by hiring an experienced growth hacker for the team, bringing on an early adopter to engage on a public platform with the innovation, harvesting email addresses, using data-metrics such as key performance indicators (Scherer 2016). The growth hacking tactics and behaviours can be divided into different categories such as “email

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19 The post-capitalist economy was coined by Peter Drucker and is meant to explain the transformation from the Age of Capitalism to the Age of Knowledge and the implications for everything associated with this transition. For example: Growth hacking is more dependent on specialized knowledge and skill and less dependent on spending capital for marketing (Drucker 1994).
marketing, social media, marketing animation, browser plugins, sales funnels” to name a few (ibid).

What is growth hacking?

More than just a trendy buzz-word, growth hacking is now inside the eco-system of entrepreneurial ideologies and popular texts by experts in the tech industry. The official term “growth hacking” was first introduced in a 2010 article written by Sean Ellis (Peters 2014), the CEO of GrowthHackers and author of Hacking Growth (2017). Ellis had extensive experience as a marketer with Dropbox, Lookout, Xobni, LogMeIn (IPO), and Uproar (IPO) prior to introducing the term. The preferred definition of growth hacking that guides this thesis is based on Aaron Ginn’s definition of the growth hacker. According to Ginn, a growth hacker (growth hacking) is “one whose passion and focus is pushing a metric through use of a testable and scalable methodology” (Ginn, n.d.). The rise of growth hacking is explained by Anthony J. James (AJ) on the Innovation Enterprise website as:

The notion of growth hacking grew out of start-up cultures, where audience size is not just a marker of success and investment, but often survival. Without the marketing budget and agency resources of major companies, start-ups resort to growth hacking as a means to validate the need for their product to investors, and to capitalise on the network effects of product adoption among their audiences. Using social media, word of mouth and guerrilla marketing tactics, analytics and influencers, growth hackers target niche audiences and emphasise the opportunities of sharing experiences. (2016)

Ryan Holiday for the Huffington Post defines growth hacking as:

…only what is testable, trackable, and scalable. Its tools are emails, pay-per-click ads, blogs, and platform APIs instead of commercials, publicity, and money. While traditional marketing chases vague notions like “branding” and “mind share,” growth hackers relentlessly pursue users and growth (Huffington Post 2016)
As long as the founder, computer engineer or even intern at a tech start-up can commit to “hypothesizing, testing, and iterating different version of their products (and promotional campaigns) to create hockey stick growth for their companies”, the closer they get to the essence of growth hacking (Holiday 2013).

Growth hacking calls for “creativity, engagement and adaptation”\textsuperscript{20}, not money

On his Blog Startup Marketing, Ellis explains how the pressures placed on start-ups usually result in growth hacking techniques that digress from traditional ways of marketing. He contends that entrepreneurs and founders of their budding tech-start-ups

...are too desperate and disadvantaged to adapt to the old rules of marketing. They have to dig deep creatively, and relentlessly test new ideas. If they don’t figure it out quickly, they will go out of business. Some people would just call this marketing. I call it growth hacking. And the best growth hacks take advantage of the unique opportunities available in a connected world where digital experiences can spread rapidly. Since most growth ideas fail, it becomes critical to test a lot of them. The faster you can hack together an idea, the sooner you can start testing it for some signs of life. Growth hackers don’t have time to waste around a white board strategizing marketing plans. They are desperately testing trying to find something that works.

With respect to disruptive start-ups, traditional marketing strategies are being sidelined for growth hacking that is less dependent on a big budget and more dependent on technical or programming skills. Growth hacking is a combination of programmer, coding skills, and knowledge of marketing techniques that are rooted in traditions of the 20\textsuperscript{th} century. In The Next Web article Explained: The Actual Difference Between Growth Hacking And Marketing (Gagan Biyani) the differences between startups and incumbents are that “startups are organizations with extreme uncertainty...are designed for astronomical growth...[and] startups don’t have access to the same resources as brand equity” (2013). Growth hacking essentially emerges under the similar conditions existing

\textsuperscript{20} This refers to Geoffrey Colon’s book Disruptive Marketing: What Growth Hackers, Data Punks, and Other Hybrid Thinkers Can Teach Us about Navigating the New Normal (2016).
in what defines disruptive companies in Christensen’s disruptive innovation theory. As we see an increased reference by successful founders and entrepreneurs to this term, it’s becomes harder to ignore that 21st century tech start-ups may just be replacing costly industrial era marketing with technical growth hacking (Peters 2014). One of the best features of growth hacking as proclaimed by it’s founders and proponents, is that growth hacking tactics maximize return while requiring a lot less capital than classical marketing tactics. The reason that growth hacking is so popular is that people desire to be “connected” and being connected requires technical skill on the part of the start-ups, because those consumers want to be able to have everything at fingertips reach (Peters 2014). To read on more examples of growth hacking refer to Appendix H.

2.2.1 Growth hacking as a low-encroachment strategy

Another important feature of growth hacking is not as dependent on a large marketing budget, unlike traditional online marketing techniques. Growth hacking focuses on the quality of the innovation, and how it provides something to the consumer not seen before by incumbents, which helps link this term back to it’s disruptive innovation theory roots. In disruption innovation theory, the new company or innovation is responsible for out pacing the incumbent in one feature or alternative way (Schmidt and Druehl 2008). This is why tech start-ups are so technologically centered these days, because the are aware that the more nimble their technology is, the better it can meet the needs of their customer base, as well as it becomes easier to tweak their business as they go along. In the start-up world, it is not uncommon to find that companies are bootstrapped, or working on tight budget constraints, and sometimes they don’t have any budget for marketing. The upside of this, is that numerous companies have proven that the little-to-no budget growth hacking strategy can lead to a billion dollar valuation. In an Entrepreneur article written by Neil Patel, “in today’s economy, growth hacking is virtually the only way a company can rise to the top” (2015). The ability for companies to succeed with a small budget by using disruptive techniques is now more a rule of start-ups than an exception, and this is why “growth hacking” has gotten as much traction as it has among entrepreneurs, the start-up world and venture capitalists.
2.2.2 Growth hacking role permeates team, innovation and marketing

Much like disruption innovation theory, growth hacking proponents like to show how growth hacking is most beneficial when it is part of every aspect of the business model. A process of “cross-pollination”, growth hacking intersects all parts of the start-ups together (Patel and Taylor, n.d.). On Quicksprout’s *The Definitive Guide To Growth Hacking*, Neil Patel and Bronson Taylor describe this permeation as follows:

There has often been a barrier between the product team, and those responsible for acquiring users for the product. The coders build. The marketers push. It seemed to work for a while that way. Now, those in charge of growth are having to learn what an API is, and those in charge of programming are having to think about the customer experience within the product. Worlds are colliding. This cross pollination makes sense. If growth really is the lifeblood of an organization, then why wouldn’t growth be woven into every aspect of the organization. Even customer support should be done by people that think about growth because angry customers churn. And designers should design with one eye on growth because beautiful art alone doesn’t always acquire users. The future of internet companies, and the teams that build them, will not look like they did yesterday.

The goal of growth hacking is growth, and “there are lots of non-marketing decisions that affect user growth. Building viral product features is the most obvious...as a result, it doesn’t make sense to place growth hacking within a particular department like marketing or engineering. Instead, it ends up being a cross-functional role.” (Griffel 2012). The figure 2.3 below if from Mattan Griffel’s article *What is Growth Hacking* (2012) and is meant to show the cross-functional aspect of the term.
Growth hacking is also explored Robert Peters case-study book *Growth Hacking, Techniques, Disruptive Technologies, How 40 Companies Made It Big*. The book focuses on the online growth hacker marketing strategies of the 40 largest tech start-ups, such as Amazon, Instagram, LinkedIn, Uber, Yelp, and Paypal to name a few. What these cases reveal is that growth hacking permeates the team or founding team, the innovation itself and most importantly the go-to-market/marketing strategy.

*The growth hacker*

Everything that a growth hacker does is scrutinized by its potential impact on scalable growth (Ellis 2010). In *Growth Hacker Marketing* Ryan Holiday defines the growth hacker as,

someone who has thrown out the playbook of traditional marketing and replaced it with only what is testable, trackable, scalable. Their tools are email, pay-per-click ads, blogs, and platform API’s instead of commercials, publicity, and money. While their marketing brethren chase vague notions like “branding” and “mind share”, growth hackers relentlessly pursue users and growth- and when they do it right, those users beget more users, who beget more users. They are the inventors, operators, and mechanics of their own self-sustaining and self-propagating growth machine that can take a start-up from nothing to something.
Growth hackers can be founders, developers, coders, or programmers. They are often the ones who have the most technical knowledge, however growth hackers don’t have to be technical, and that is the first paradox of who the growth hacker is. However, many don’t know what they do besides that they like to use obscure sounding online tools like SeoQuake, Ghostery, Mailchimp, LastPass, Sniply, Pipedrive and Insightly (Scherer 2016). The average person may not know how the growth hacker learned their skills, but many have seen them succeed and turn start-ups into disruptive businesses like Eventbrite, Airbnb, Amazon and Reddit. In the case of Amazon, Jeff Bezos managed to grow his e-commerce revenue by 2300% by deciding that the books he would sell online would be ones that had many copies available, were historical in nature and cost less to acquire (Peter 2014). The idea of who a growth hacker is has also evolved, and become more important than the marketing term because cases such as Airbnb and Dropbox demonstrated how revolutionary the role can truly be to the success of the company. The growth hacker used to be known as a company “growth product manager” or “head of growth manager”, however “following the high-profile successes of AirBnb and DropBox, which now have multi-billion dollar valuations, they are emerging as the new darlings of the marketing world” (Needleman and Safdar, 2014). In their Wall Street Journal article ‘Growth Hacking’ Helps Startups Add Users, Sarah E. Needleman and Khadeeja Safdar show how Airbnb grew its user base by adding a “post to craigslist” button on their page so that the Craiglist user base would be directed back to their own website, offering form of free advertising (Needleman and Safdar 2014). Robert Peters portrays them as quick learners and fast workers, like a “hybrid beast” possessing a “skilled mix of genius and marketer” who is changing traditional marketing rules (Peters, 2014, 12). The more that developers, coders, programmers and founders learn to live “on the intersection of data, product and marketing”, the closer they are to becoming growth hackers (Ginn, 2017).
Growth hacking the innovation

Maintaining an innovation in a rapidly evolving industry is not an easy task, and that is why “giants like Polaroid, Nokia and Yahoo all had it in their DNA and still ended up with obsolete core products and failing businesses.” (Khayati, 2016). That is the reason why new disruptive tech start-ups have the potential to overthrow incumbents, it is because they are usually growth hacking their innovation, testing out what ideas will work until they have a Product Market Fit. Growth hacking actually takes the difficult part out of traditional marketing, because the foundational principle of growth hacking is that a start-up should begin with a really good product idea and then develop a Product Market Fit (PMF) (Holiday 2014). The rules of product market fit are to understand and anticipate what the customer is going to want and need, to hone in on one aspect or feature of the innovation and make it better than anyone else in the market, known as the value proposition, and finally to build a narrative around the innovation building credibility and trust (Caldwell 2014). Another way to growth hack the innovation is to make the website or platform a driver of traffic or a customer acquisition tool in itself by building it a certain way or tweaking it with A/B tests until it is growth hacked sufficiently. According to Neil Patel and Bronson Taylor, there are three growth hacking P’s of driving traffic to one’s innovation or platform which can lead to customer acquisition. There are push and pull tactics, but also growth hacking your innovation and “leveraging your product” (Patel and Taylor, 2013).

Growth hacking marketing

Advocates of growth hacking insist that tech companies should be swapping their traditional marketing tendencies for growth hacking. According to some, growth hacking is the new normal marketing (Colons 2016, 15), yet growth hackers prefer not to define it as marketing. The paradox that exists between growth hacking, social media marketing, and marketing is that they overlap one another. It is often the case that growth hacking overlaps into what is often-considered to be social media marketing. However, like Colons and other growth hackers, it is simply not the same thing and the reason for that is
that growth hacking has different goals than marketing and it is a way to build a company, not to simply market it. According to Ryan Holiday, “their job isn’t to “do” marketing…it is to growth companies really fast—to take something from nothing and make it something enormous within an incredible tight window” (Holiday 2014, xxiv). Moreover, growth hacking marketing is about using the tools and combining those tools with knowledge, insight and creativity. Below in table 2.2 are some of the many different types of growth hacking tactics replacing marketing that have been used by both small disruptive tech start-ups and some of the largest disruptive innovations in the world. To view the definition of each growth hacking tactic, refer to appendix I.

<table>
<thead>
<tr>
<th>Growth Hacking marketing tactics</th>
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<tbody>
<tr>
<td>Content marketing</td>
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<tr>
<td>Early adopters and early tribe</td>
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<tr>
<td>Email marketing</td>
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<tr>
<td>Landing pages</td>
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<tr>
<td>Search engine optimization</td>
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<td>Paid acquisition</td>
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<tr>
<td>Social commerce</td>
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<tr>
<td>Use your data</td>
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<tr>
<td>Viral acquisition</td>
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Table 2.2 Growth hacker tactics. The tactics and their definitions have been retrieved from the following sources: Gagan Biyani21, (2013), Mathew Barby,22 (2016), Brian Downward, (2016)

Other growth hacking techniques include personalizing the experience for the customer every step along the way, collaborations with other companies and brands, trying to capture the attention of a third party audience, targeting the fans of the competitor, member-get-member campaigns, offering varying kinds of exclusivity and so forth. On Wordstream, growth hacking marketing means “getting creative with free marketing methods like social media, viral marketing, SEO, and content marketing” (Marrs 2016). The growth hacking term is now widely associated with “A/B testing, Analytics, application programming interface (API), Brand, call-to-action, content, landing pages, metrics, pay-per-click, product market fit (PMF), search engine optimization (SEO),

search engine marketing (SEM), social commerce and virality” (Peters 2014, 161). A variety of data metrics are used in growth hacking tech start-ups (Patel 2014):

- key performance indicators
- Product Metabolism
- viral coefficients
- multivariate testing
- Customer acquisition cost (CAC)
- Lifetime Value LTV metric
- Churn or attrition metric
- Revenue
- Activation
- Referral

For instance, the online ticketing service Eventbrite grew to 20 million users 2012 by using growth hacking. Tech start-ups usually have less than twenty people on their team and a little to non-existent budget for marketing. The goal of disruptive innovations is to growth hack their way to customer acquisition, and not just spend an excessive amount of money to funnel people through the revenue stream. Companies that growth hack are interested in customer loyalty and making this customers committed to their innovation.

2.2.3 Disruptive marketing merging into growth hacking

In Growth Hacking: Techniques, Disruptive Technology and How 40 Companies Made it Big Robert Peters provides examples from the world’s most disruptive tech start-ups attributing a large part of their success to growth hacking techniques. The book emphasizes the importance of a group of people called “early adopters”, who carry a social currency that has become an invaluable technique in growth hacking for tech start-up businesses (Peters 2015). The early adopters concept derives from The Diffusion of Innovation Theory developed by communications professor Everett M. Rogers (Rogers 1962/71) who was interested in how ideas and innovations disseminate. The theoretical bell curve depicted in table 7-3 of Rogers book Diffusion of Innovations (see figure 2.3)

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23 Metrics were retrieved from a post by Neil Patel on the Kissmetrics website
24 Eventbrite is an online ticketing service founded in 2006 with a platform that allows people to organize special events from the small to medium size range (Peters 2014, 68)
consists of five segments (innovators, early adopters, early majority, late majority, laggards) of adoption in the creation of disruptive innovations (Rogers 1962/71).

Figure 2.4 Diffusion of Innovations Theory bell curve consisting of five segments by Rogers M. Everett.

Early adopters in the curve comprise of 13.5% of the social system and are the ones who connect the innovators to the social system. So while the innovators can diffuse the product to a minimal degree, it is the early adopters who bring it to the social public sphere using their connections, influence, popularity and reputation (Rogers 1971). The early adopters are the ones who are responsible for begetting more early adopters who become “the tribe”, who then become indirectly responsible for helping prevent the failure innovation by falling into a chasm, stagnation and then disappearing from the market. The tribe represents fanatically loyal followers, who are the first to support the product and will stick by it no matter what, helping form a strong customer base that is patient enough to see the innovation improve (Peters 2015). In his book, Peters asserts something that very closely relates to what Clayton Christensen defines as the small segment of customer base, he writes:
Early adopters are key to this process and can make or break a business launch. Any product or service that can, in the beginning, grab and keep the interest of early adopters that become loyal and fanatical users stands a much greater chance of achieving the kind of explosive growth that is the ultimate goal. (Christensen 1997, 16)

Robert Weeks presents examples from different case studies of disruptive marketing strategies through growth hacking performed successfully by Airbnb, Amazon, Uber, LinkedIn and numerous others. Peters focuses on growth hacking strategies, implying that the success of disruptive technology start-ups hinge on the ability for companies to be “as dynamic [and disruptive] as the Internet itself” (Peters 2015, 6). In the book Disruptive Marketing: What Growth Hackers, Data Punks and Other Hybrid Thinkers Can Teach Us About Navigating the New Normal (2016) by Geoffrey Colon, trends are presented on disruptive marketing and growth hackers. The following ten trends have been directly extracted from Colon’s book by Patricia Odell in a promotional marketing periodical titled: 10 Disruptive Marketing Trends All Marketers Should Consider (2017):

1. Mobile will be the dominant platform.
2. Transparency will be part of all successful business customer relationships.
3. Content is the new currency.
4. User-generated content will be the most disruptive.
5. Social networks will become an ecosystem to rival the original Internet.
6. Brands will act as their own multimedia, bypassing press and publishers.
7. Brands that focus on Generation Z will have the advantage.
8. Most disruptive marketing will be around products, not service.
9. Personalized, data-driven disruptive marketing will become the norm.
10. Tracking metrics will be more accurate.

To see the full list of Geoffrey Colon’s trends extracted by Patricia Odell (2017) go to appendix J. Finally, growth hacking and traditional marketing differ. On his website Aaron Ginn explains how growth hacking is a wiser choice than marketing for disruption seeking tech start-ups. He explains:

Instead of classic marketing which typically interrupts your day, a growth hacker uses “pull”; he or she understands user behavior provides value immediately to persuade. A growth hacker wraps messaging into the fabric of the lives and
thoughts of users. A growth hacker will leverage across disciplines, pulling in insights from behavioral economics and gamification, to find the right message to pull in users. (Ginn, 2017)

In the readings start-up founders and authors see the value in the in growth hacking, and it is often because they have engaged in growth hacking marketing online or they have observed cases where companies have become successful due to growth hacking, such as Airbnb and Amazon.

2.2.4 Connection between growth hacking and disruption innovation online

Over the years the term of growth hacking has crept closer towards the definition of disruption, bringing the two terms often together in phrases and headlines. Online magazine posts often include both of the words, signifying a relationship exists. The following are just a few of the hundreds of headlines that bring themes on growth hacking and disruptive innovation together.

1. 10 Growth Hacks That Will Disrupt Your Industry (Entrepreneur.com, 2015)
2. Disruption- Marketing and Growth Hacking (Markgrowth, 2017)
3. Will the Growth Hackers Disrupt Your World (CIO 2015)

2.2.5 Criticism of growth hacking in literature

Growth hacking faces uncertainty among groups who believe in good old-fashioned marketing techniques or those in the world of start-ups and online business who have been scorned by it. When Baratunde Thurston, New York Times best seller and co-founder of Cultivated Wit, downloaded the mobile app Have It All, he was unaware he was giving the app permission to text his entire list of over 3000 contacts invitations to the app, three times a week (Fast Company 2014). In the article Help I’ve Been Growth Hacked, he shares the darker side of growth hacking by stating,
"Growth hacking" is what happens when developers (mostly app makers) go beyond merely building in social hooks that help products go viral and instead try to force virality at the expense of the user. They indiscriminately "select all" when posting to contacts. They force you to publicly endorse the product just to get access. They send misleading messages using our names without giving us a chance to see or edit them first.

Some go as far as to call it growth hacking unethical and bad business (Griffith 2016). According to an article by Erin Griffith of Fortune Magazine online, the mayonnaise start-up Hampton Creek engaged in unethical “hustling” by buying it’s own products off the shelves at grocery store (Griffith 2016). In the growth hacking realm, this may be similar to seed supply of a platform, which is used to jump-start a tech start-up by creating content on the website that isn’t entirely authentic. For example: Reddit did this in their early days by creating fake profiles (Yongfook 2013). Marketing specialists like Muhammad Saleem argues that growth hacking is nothing more than a wake-up call for entrepreneurs to start taking online marketing seriously, as online marketers have done for decades already (Marketing Land, 2014). In his article gives reasons to his argument in the following statement:

Not only are the tactics above not growth hacking, but they are also nothing new — this is online marketing as we’ve known it for years. It is not something proprietary and there are no secrets to it. SEO, SEM, SMO, SMM, content marketing, analytics, A/B testing, sales funnel/sales loop workflows and conversion optimization are fundamentals of online marketing and have been since the emergence each of these platforms.

While Saleem does have a point, growth hacking enthusiasts insist that there is more to growth hacking, and that it is “not a set process of steps, or a “do this” and then “do that” way of thinking”(Peters 2014, 20). For growth hackers, the “funnel” is less important than the tribe and making your customers feel like they are part of a family. This is essentially what critics of growth hacking often dismiss, that those who support growth hacking say that it is a mindset rather than just a bundle of marketing strategies. Additionally growth hacking is criticized for having very loose definitions, and hopefully this study will try to pin it down within the framework of Clayton Christensen’s theory.
Chapter summary

This chapter provided theoretical particulars on disruption innovation theory from Clayton Christensen’s book *The Innovator’s Dilemma* (1997), and growth hacking as notion of marketing by tech start-ups. If growth hacking is going to be further understood by scholars and practitioners, further more attention ought to be given to its’ role and relevance in the tech start-up arena. Additionally, it should be contextualized within an existing framework such as disruption innovation theory.
3 CASE PROFILES

The information on the five case studies contained herein this chapter is either objective or factual and presents background information collected from the interviews and websites. The information in this section is based on either: a) answers collected during the interview process that are purely fact based; and/or b) derived from statements, quotations and excerpts from the website and/or c) news article from popular online sources. To see additional company information refer to appendix B.

3.1 Fidesmo

Fidesmo was founded in 2013. By 2017 they had made the list on Sweden’s historic 33-listan25. The main team consists of seven individuals fulfilling the following roles:

1. CEO, Co-founder
2. PR and Marketing Manager
3. VP Sales
4. Head of Finance
5. Chief Technical Officer (CTO)
6. Chief Security Officer
7. Software Architect

Their team is divided between Stockholm and their second office in Barcelona that is focused on Research and Development (R&D). Fidesmo has created a card-less system by designing smart chips that can enable everyday wearable and non-wearable items such as a bracelets, watches and cards with functionality such as secure contactless payments, remote purchasing of public transportation tickets, and secure logins. Their technology is continuously updated with the latest security features and digital capabilities. The

25 33-listan by Ny Teknik is a prestigious award given to young and pioneering start-ups in Sweden. It is an award that has been award to companies like Spotify, Truecaller and Yubico in the past. Many tech start-ups are hopefuls to join the list. (Ny TEknik 2017)
possibilities for where the Fidesmo chip can be implanted are quite endless. The Fidesmo card or chip enabled personal object allows people to pay for their train ticket, open secure doors without contact, or purchase movie passes from remote places without having to physically go to a ticketing terminal (Rylander 2017). The near field communication (NFC) system is totally hidden and when the discreetly implanted chip comes near it, it reads it communicating between the devices. According to the innovative company, it opens them up to a larger ecosystem of countless possibilities (Rylander 2017). Their website describes their innovation in the following way:

The Fidesmo platform and ecosystem make it possible to distribute several services to a device containing a secure chip. Connecting your service to the ecosystem enables the service to be loaded onto the existing device base already on the market plus all kinds of new devices coming out, keeping compatibility with your existing infrastructure.

On their website, it states Fidesmo “makes it possible to distribute several services to a device containing a secure chip” (2017). The chip that can be implanted in different everyday objects such as your watch and allows the chip owner to connect their “service to the ecosystem” created by Fidesmo. Currently, they are working with the Public Transportation System in Sweden and Germany. They are planning collaboration with MasterCard. Fidesmo has recently initiated collaboration with Kronaby from Malmo, Sweden, among other companies.

3.2 TaskRunner

TaskRunner was founded in 2014 as a geo-social marketplace for people who needed help getting tasks done and for another group of users who wanted to help someone out, while getting paid for it. They have gone to market and are currently in their growth and expansion stage and currently have seven people working on the start-up. They have had two seed funding rounds totaling 2.5 Million kronor. Recently they also received seed round funding of approximately 1 Million kronor from PriceRunner former CEO Peter
Carlsson (de Lange 2017). They have a website and an app where the platform is accessed. The users on TaskRunner are either runners: people who create profiles and would like to help others complete their task (piano lessons, mowing the lawn, building furniture, painting the house, running for groceries, helping at special events, etc), or people posting the task they need help with as well as the price they would be willing to pay for the help. The rationale behind the website is that some people have long to-do lists and little time such as parents with kids and full-time jobs, and others may be university students or retirees with extra energy and time to help out. Whenever someone needs help with a task they can look on the app and see profiles of the runners in their area (geo-positioning). They can create a “help needed” ad in about 30 seconds, and state the amount of money they are willing to pay for the task they need help with. The application allows people turn on phone notifications so they can immediately retrieve messages sent to their TaskRunner inbox. Runners can bid on the projects and the buyer can choose whose bid to accept. The service is free to use and TaskRunner takes a commission of from the transfer of funds between the person who listed the task needed and the runner. The money is held in escrow until the job is completed. TaskRunner has invested time and money into building a comprehensive platform with the checks and balances that make it safe for all the people who interact and use their platform.

3.3 Beleco

Beleco was founded in 2009 and has five people on the team. Their last round of seed funding was for 300 thousand kronor in the form of a convertible note. The vision behind Beleco is described on the Sup46 members page as,

Beleco is the world’s first marketplace and community for furniture rentals. Giving people and companies freedom to rent, rent-to-own, or buy the furniture, both new and second hand. Beleco offers a flexible white glove logistic solution. A new service that meets a modern customer with a modern solution. (2017)
Their company acknowledges that people may want to change their furniture from time to time. The service provides furniture lovers and trendsetters the opportunity to change furniture on a regular basis if they like. They have the freedom to “change, or renew [their] furniture by renting or renting-buy, whether [they] are a private individual or an entrepreneur” (Beleco 2017). The furniture comes from all around Europe. The platform that Beleco has built is not available directly through their website, however they can grant access to their alpha version for testing by contacting the start-up team by email. A large component of their business model is to create connections and spread knowledge of their new business model on social platforms.

3.4 &frankly

&Frankly was started by two Stockholm entrepreneurs. It is a business-to-business (B2B) tech start-up in the growth stage of their business. With over 100 clients, &Frankly considers itself a proven product with a Product Market Fit. The start-up has received 3 Million in seed funding from business angels and is currently cash flow neutral. The company provides a service and a social “software that companies use to trigger and measure engagement among employees, target companies where human capital is relevant, to motivate the people at work” (Fjellner 2017). The platform and user interface is accessible as an app and on the web. Companies who buy the software will give their employees access to it and they employees can then use it on their app or android phone or iPhone. Their goal is to create value and rapport between the teams and management of companies by making them accessible to one another through a flexible tool that can be customized to a great extent by the company. The company can customize it so it is relevant to their business.
3.5 Wunderino

Wunderino is a Malta-based company with Swedish entrepreneurs at the helm. Founded in 2015 the team and headquarters are in Malta, making it a Malta-based company. They have 18 team members in total, their financial status is undisclosed and they are currently in the growth stage of their business. Wunderino is an online and mobile casino platform that wants to be first in the German market and the first in changing the way casino is seen and played by implementing gamification features as well as social games elements. Their vision is to maximize the fun and joy, and take the pressure and stress associated with gambling by allowing their players to enjoy more gaming elements on their platform. The platform is differentiating itself from its incumbents by entering on the German market first with the intent of being the first of its kind in Germany.
4 METHODOLOGY

This is an empirical case study that inquires:

**RQ1:** *How relevant is growth hacking as a strategy for disruptive innovation tech start-ups today*

**RQ2:** *How is growth hacking being enacted or actualized by Swedish tech start-ups?*

The research question(s) and hypotheses were answered and investigated by adopting a pragmatic and qualitative case-study research design. This consisted of semi-structured qualitative interviews, the observation and review of website content from the tech start-ups involved for supplemental information, as well as review of online literature that merged the aforementioned concepts (disruption, growth hacking and start-ups) (Kohlbacher 2006). The collected data was organized and analyzed for insights, commonalities, patterns that could be related to the theory and hypothesis, and could serve to ultimately answer the question (Kohlbacher 2006). Case studies are the most common form of qualitative research within this field and are becoming increasingly popular (ibid). While scholars have always been at slight odds about qualitative and quantitative research, this study follows the notion that conducting both types of research in academia is equally important because qualitative approaches are highly complementary (Kohlbacher 2006). The belief that growth hacking should be studied further in academia is the impetus for this study, and this can only be achieved by showing that growth hacking is relevant in some way to tech start-ups. In this respect, this study can be viewed as a complementary study to future quantitative studies on growth hacking from a niche angle.
4.1 Research Design

Conducting an exploratory and descriptive research also meant exercising restraint, so things were considered to ensure that the research process adhered to a plan and the coinciding theoretical and thematic points. This research will “tell us something about the phenomenon”, however not explain why growth hacking is happening. The focus is whether it is happening, how it’s enacted, and how those fit in the theory (Balnaves, Donald and Shoesmith 2009, 280). The research design principles are visualized below:

![Diagram of research design]

By creating these three main categories deriving from the theory, the research study had a repetitive structure and is “informed by conceptual definitions or ideas” (Balnaves, Donald and Shoesmith 2009, 281). The added benefits of using the hypotheses to give the thesis structure served by:

a) helping create a questionnaire that could yield meaningful answers that relate to main question;
b) an internal bias can be avoided and analysis is not made based on only the researchers internal opinion;
c) streamline the research study and analysis section; and
d) demonstrate how growth hacking can be understood within an already existing theory.

While this research is flexible and qualitative, it is grounded in a theoretical framework that bolstered the connections between growth hacking and disruptive innovations in tech in the qualitative analysis and interpretation Chapter.

Deductive reasoning method

The method of reasoning was based on a deductive\textsuperscript{26} theory-testing approach because the study aims to confirm, or refute, the ideas generated in the theoretical framework on growth hacking relevance among start-ups (Bhattacherjee 2012, 3). Survey and interviews are often deductive, starting with a question and hypotheses, followed by a methodology and collecting data (Balnaves, Donald and Shoesmith 2009, 282).

The groundwork began deductively by:

- establishing a research question;
- pairing a compatible theory and associated ideas to help restrain the already broad topic
- determining the units of analysis; and,
- developing a logic to the workflow for collecting, organizing and analyzing the data for the final chapters (Yin 2003a).

Figure 4.2 (below) shows the three theoretical categories within the deductive method design.

\textsuperscript{26} The deductive reasoning method “to test concepts and patterns known from theory using new empirical data” Bhattacherjee 2012, 3
Figure 4.2 Visualization of deductive reasoning method

1. Tech Start-ups using low enroachment enacting are also likely to be using growth hacking.
2. Tech start-ups use growth hacking to encompass various aspects of the business model.
3. Tech start-ups already enacting various growth hacking techniques however it is considered as marketing, and does not have a formal definition.

Observation
Natural Setting Data Collection
Interviews and website observation

Results
Confirmation or refutation ideas
4.2 Case Study

The chosen case study design pictured in the Figure 4.3 (below) is a research strategy that allows researchers to “investigate a contemporary phenomenon within a real life context, especially when the boundaries between the phenomenon and context are not clearly evident” (Kohlbacher 2006, Yin 2003a, 13-14). The main units being analyzed in the study are the five companies, Fidesmo, TaskRunner, Beleco, &frankly and Wunderino.

**Research Question:** How relevant is growth hacking as a strategy for disruptive innovation tech start-ups today, and how is growth hacking being enacted or actualized by Swedish tech start-ups?

**Disruption innovation theory**
Tech start-ups view or use growth hacking as a low encroachment disruption strategy characterized by lower tier market entrance, tighter budget on marketing, and possesses just one alternative feature outweighing the incumbent.

**Growth hacking concept**
Tech start-ups view or use growth hacking as encompassing all aspects of the business model—the innovation, the founding team, and the marketing strategy.

Tech start-ups view or use various growth hacking techniques already without the formal definition used in their organization, which are different than traditional online marketing techniques.

Funneled through the theoretical framework to reveal patterns, confirming or denying three main ideas, resulting in the study results that answer RQ1 and RQ2

Figure 4.3 Visualisation of the case design
Selection Criteria

The participants are five Stockholm-based tech start-ups with at least one round of seed funding. The companies were specifically selected to be past the idea or prototype stage, and between the go-to-market and growth and expansion stage. The reasoning for this, is that companies still in the idea or prototype stage haven’t begun to really focus their energies or monies full-heartedly on growth hacking, marketing or strategy. The companies selected consist of teams no larger than twenty five, are dependant on a technological component in their company such as a website, or application, have active investors, partners or Founders, and are all doing something that in spite of exciting challenges all start-up companies face, could change consumer behaviour for a long existing need or demand. The five companies that were analyzed under the interview/questionnaire research design process are: Beleco, TaskRunner, &frankly, Wunderino, Fidesmo. There were basic criteria for participation in the study that had to be met by the companies.

<table>
<thead>
<tr>
<th>Participation criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>The start-up was founded by Swedish entrepreneurs.</td>
</tr>
<tr>
<td>The interview would be carried out with the Founder, founding partner, CEO, Marketing manager or growth hacker.</td>
</tr>
<tr>
<td>The start-up has no more than 25 employees.</td>
</tr>
<tr>
<td>The start-up was in a growth and expansion stage of their development.</td>
</tr>
<tr>
<td>The start-up had started or was currently part of an incubator eco-system such as TheHub.se or Sup46.se.</td>
</tr>
<tr>
<td>The start-up had an office in Stockholm (the exception here was Wunderino, who are a Malta-based start-up, however they fulfilled the first criteria of being founded by Swedish entrepreneurs).</td>
</tr>
<tr>
<td>The Start-ups have a global outlook and intention to go to market internationally.</td>
</tr>
<tr>
<td>The term disruptive innovation and growth hacking was used in the first points of contact with them.</td>
</tr>
<tr>
<td>They would be able to sit down for a face-to-face interview (in person or over Skype) for at least 30 minutes (with the exception of Beleco who opted to fill a questionnaire that was identical to the questions asked in the sit down interview).</td>
</tr>
</tbody>
</table>

Table 4.1 Criteria for participation in research study
The companies were discovered from incubators and tech start-up ecosystems in Stockholm, Sweden. The advantage of looking at ecosystems such as The Hub and Sup46 is that they are usually a meeting place for tech start-ups to come together with other start-ups, the co-founders, potential advisors and investors. Both offices are based on an open-space design so to create a sense of community between the companies. They all are often experiencing the same things in growing and scaling their company. The two eco-systems used to find the companies for the study were The Hub and Sup46, however more eco-systems and incubators do exist in Sweden.

**Sup46**

Sup46 is located in central Stockholm and considers itself to be an exclusive eco-system of the best up and coming start-ups that the Nordics has to offer. On their website, they describe their eco-system as “home to more than 60 startups and a natural meeting place for the startup community” (Sup46 2017). They provide the greatest competitive advantage for their members, and operate as an open workspace for tech start-ups.

**The Hub**

The hub is an online platform that works with both prototype stage companies as well as expanding companies in the growth and expansion stage. They connect accelerators, incubators, venture capitalists and investors with the start-ups. Their focus is on helping Swedish companies scale globally.

### 4.3 Data Collection

The primary source of data collection, and the one that forms the foundation of the data are the interviews. The subsidiary data collection source comes from the observation of the home pages and websites of the five respective cases in this study. The tertiary data collection comes from online literature from popular news sources on tech start-ups. This
is used to supplement what is discovered during the interview process. The qualitative
data collection “focuses on the accounts of people or groups and tries to accurately reflect
their attitudes, behaviours and cultures” (Balnaves, Donald and Shoesmith 2009, 278).
The three data sources were triangulated (see figure 4.4 below):

1. interviews as the primary source and observations;
2. observation and review of the platform or company websites; and,
3. online literature that merges ideas of disruption, growth hacking and start-ups.

The primary method chosen for collecting the data was the in-depth one-on-one
interview. The interviews that were conducted with the five companies consisted of one
written interview delivered via email (Beleco), one telephone interview (&frankly) and
three face-to-face interviews (Fidesmo, TaskRunner, Wunderino). The companies were
also offered Skype or FaceTime interviews. The meetings took place at a location chosen
by representative of the company they were most comfortable with. Due to the size and
the small number of people working with the company, conducting just on interview
sufficed. The interviews were also conducted with people in roles of leadership that
require them to be making decisions and be informed on such concepts. The process of
collecting the data consisted of recording or taking notes on information that was observed on the website for each company on a separate table that was divided into the six categories, depending on what that information indicated. The information retrieved from the subsidiary source which is the website is meant to supplement the study in any way possible, such as if the take a storytelling approach on their website to explain how their product, platform, innovation or service works. This is a technique often used in growth hacking to maximize the experience for the user. Due to the time limitations on this study and trying to secure interviews, there was only enough time to include two sources of information. More important the study focused specifically on what the term growth hacking means to these start-ups, so the most important source would be the people who are running the company. The data was collected in the following settings depicted in the table below (Table 4.2).

<table>
<thead>
<tr>
<th>Start-up name</th>
<th>Name and official title of interviewee</th>
<th>Meeting place for interview and type of interview</th>
<th>Date and time of interview:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidesmo</td>
<td>Ellinor Rylander- Pr and marketing manager</td>
<td>At office Face-to-face meeting</td>
<td>Date: 6 April 2017 Time: 09:00-10:00</td>
</tr>
<tr>
<td>TaskRunner</td>
<td>Nils Wijkmark- Partner and Investor</td>
<td>At office Face-to-face</td>
<td>Date: 22 March 2017 Time: 11:00-12:00</td>
</tr>
<tr>
<td>Beleco</td>
<td>Pontus Gustafsson- Deputy CEO</td>
<td>Email questionnaire (same questions as in-person interviews)</td>
<td>Emailed questions: 23 February 2017 Answers received: 6 March 2017</td>
</tr>
<tr>
<td>&amp;frankly</td>
<td>Caroline Fjellner- CEO and Founder</td>
<td>Telephone interview</td>
<td>Date: 31 March 2017 Time: 13:00-14:00</td>
</tr>
<tr>
<td>Wunderino</td>
<td>Erik Hellqvist- Founder</td>
<td>At a coffee shop Face-to-face meeting</td>
<td>Date: 5 April 2017 Time: 13:00-14:00</td>
</tr>
</tbody>
</table>
To recruit the companies they were each sent an initial cold-email introducing the research and asking for a response if interested. The interested companies often inquired with the same questions and requests. Out of all of the companies that were interviewed, all of the companies requested information about the study, what would be required of them as a commitment and how long it would take. The preferred method was face-to-face however given the fact that everyone was strained for time, three options were offered. The following options offered to the companies for collecting their data:

**Option #1**
Meeting face-to-face/by telephone/Skye for a quick introduction that lasts no more than 10 minutes, and the researcher would provide the questionnaire in print format as well as email it in a word document file. Upon sending it back to the researcher with the answers, a second meeting can be set for follow up questions in case clarification was needed.

**Option #2**
The researched could send an email with an attached document that has all of the questions before we meet. The interviewee could answer the questions and send it back when completed. Follow-up questions could be dealt with at a later face-to-face-meeting.

**Option #3**
The final option was to do everything electronically. The researcher can send the questions via email. This would be followed by a Skype call or telephone call where the researcher and interviewees could cover extra questions and closing discussion.

These options were not the original ones created for the study. However as the research developed, it became clear that not everyone was interested in spending a lot of time face-to-face because they were already so busy. In this case the research design had to be conscious of the competitive nature of tech companies, and while a setting such as a group interview or focus group was considered to explore “growth hacking marketing”, in the end it was not the best option for the study. Group discussions may have ended up revealing inaccurate portrayals of growth hacking or enactment by the company. Solo
interviews were used to also provide a level of comfort so that interviewees did not have to feel like they had to know more about the theories and terms than they did. Finally, interviews with each company at a separate time took more of the researchers time, but less time for each company representative, making it something they were more likely to commit to. The advantage of one-on-one interviews over group interviews is explained in the following excerpt from *Qualitative Research in Advertising* by Russell W. Belk:

> Although focus groups can be relatively quick and inexpensive and may simulate more natural group discussions, they are also subject to groupthink, moderator bias, individuals dominating discussions, and other distortions. (2017, 37).

### Interview Questions

The interview questions (see appendix A) were written beforehand and initially they were supposed to be highly structured interviews, where every interview would be exactly the same, with the exception of the answers of course. The researcher intended to follow the structure very closely and ask the questions in the exact order for every company interviewed. However given that the interviews were conducted in a natural setting and the interviewees were themselves not the research subject, the interviews ended up being less structured. To make the interviewee feel comfortable, the researcher tried to be more flexible with the questions depending on how the interview began and was going. To compensate for the flexible structure that organically emerged from the meetings, the researcher made sure to ask the questions from every section of the interview and tried to follow the order of the questions as closely as possible. The questions are categorized into seven different parts (see table 4.3 below) Each heading was meant to coincide with providing one part of the research to contribute to answering the question:

<table>
<thead>
<tr>
<th>Section</th>
<th>Category/Topic</th>
<th>Number of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Basic company questions</td>
<td>10</td>
</tr>
<tr>
<td>Two</td>
<td>Disruptive innovation</td>
<td>9</td>
</tr>
<tr>
<td>Three</td>
<td>Growth hacking</td>
<td>6</td>
</tr>
</tbody>
</table>
Four | Growth hacking continued | 8
---|---|---
Five | Low encroachment | 7
Six | Growth hacking present at all levels (founding team, innovation and marketing) | 6
Seven | Growth hacking being enacted, not like traditional marketing being used under marketing category | 9

Table 4.3 Interview sections according to category and topic type

The questions consisted of: close-ended questions requiring facts, open ended-questions requiring insights, yes and no questions, subjective questions requiring opinions and thoughts, multiple choice questions, and rate-by-number on a scale. The types of questions developed for the interview are explained in the table below:

<table>
<thead>
<tr>
<th>Type of Question</th>
<th>Example from question type</th>
</tr>
</thead>
</table>
| Basic Questions      | Fact based  
  Have a definitive answer such as:  
  • Year founded  
  • Official company title of interviewee  
  • B2B or B2C company |
| Open Ended Question  | Descriptive questions about the company such as:  
  • Tell me about what your company sells or has innovated,  
  • In your own words, please explain….
| Rating Questions     | Number based questions that the level of importance of an idea along a numbered spectrum from 1-5 or 1-10 |
| Yes/No Question      | These questions were used to navigate between two types of open ended-questions depending on whether the interviewee responded yes or no  
  This was used to see what tools they used that were considered growth hacking such as:  
  • A/B testing  
  • Blogging  
  • Early adopters  
  • Email harvesting  
  • Data Metrics etc. |
| Subjective Questions | These questions prompted more subjective answers such as:  
  • opinions  
  • reflections  
  • Insights |
The first part consisted of basic questions meant to gain basic factual information about the company. The second part pertained to disruptive innovation questions, the third to growth hacking. The fourth, fifth and sixth sections each dealt with one of the main ideas associated with the theoretical framework that integrates growth hacking with disruptive innovation and tech start-ups. To write the questions, first each heading was written in a table, followed by the most important ideas in literature (both academic, online and popular publications) that define that heading. The questions referred back to the heading and main ideas and developed questions that would help confirm what the literature says.

**Recording and organizing data from interviews**

The answers from the interviews were transcribed to paper and examined for connections and other semblances with growth hacking and the theoretical framework. The data collected from the interviews was re-organized into a table that organized the answers in rows and columns according to the question. The table consisted of six categories since the questionnaire had six sections. The first three categories: the basic questions, growth hacking questions and disruption innovation questions were examined last. The three theoretical categories were examined and each answer was examined to see how each category and idea could be better understood. The analysis section was divided into three major sections.

**Websites**

In all instances, the website were used to tell the visitor about the innovation, how the platform or technology works and how one can get started with using the app or platform.
All of the websites were well designed and were meant to be easy to understand and navigate. The websites were observed before the interviews as part of preliminary investigation, however the data from the websites was collected after the interview to help supplement the interview answers collected. Notes were taken iteratively based on what was discovered and revealed while observing, reading and viewing the websites. The data from the website pertained to the features of the website that were consistent or inconsistent with growth hacking ideas presented herein. Otherwise, the main source of data remained the interviews.

4.4 Data analysis presentation

This was not a study of comparison between the tech start-ups. All of the cases were weighed separately and their answers and company proceedings were not compared to each other but rather contextualized individually to ascertain what the data reveals about:

a) the relevance of growth hacking to tech start-ups in their business operation;
b) the level of enactment and to some extent the kind of enactment; and,
c) the relationship between growth hacking and disruptive innovation as a result of the findings.

Upon collection of the data, it was categorized according to their sections and own contexts to see whether the majority helps confirm or deny the ideas about growth hacking herein this thesis. Figure 5.5, below, is a visualization of how findings are presented in the chapter 5.
4.5 Validity

The research process ought to “contribute to the field of science” and “follow and scientific method” (Bhattacherjee 2012, 1). This investigation is an attempt at headlining the importance and relevance of growth hacking for tech start-up marketing as well as disruption innovation theory by showcasing how it is relevant to the five case studies. Understandably, five cases to represent an entire population is a challenge, so this isn’t meant to generalize growth hacking for the entire population in Sweden. What it serves to do is take a snapshot of what five cases are doing, to point out whether the relevance is minimal or strong enough to warrant more academic research on the topic. In the defense of the number of cases used for the study, often start-ups can’t spend time in interviews with students because their schedule is hectic, and many turn students down. Secondly, the investigator of this study has, based on academic principles for qualitative social
sciences, developed a comprehensive method for conducting the study that is as pragmatic, succinct and neutral as possible. Neutrality was maintained throughout the study, and while this topic is of sincere interest to the researcher, there were no preconceived notions based on subjective hopes or desires. In other words, the researcher has no personal connection to any of the companies, or the outcomes, and therefore was able to maintain a non-bias approach.

**Replicating the study**

The questions in this study were comprehensive and some were more in-depth than others. If another researcher were to conduct interviews with their own set of questions, or the same questions used for this study, it is highly likely that the same interviewees would provide the same or similar answers, yielding similar outcomes (Bhattacherjee 2012). Since the theory is expansive and there are slightly varying interpretations of disruption and growth hacking, the outcomes may differ slightly depending on perspectives and how much subjectivity is included in the interpretation.

**4.6 Challenges and limitations**

**Limited access to start-ups**

The proposal commenced with three companies in mind, chosen by the researcher, based on the stage they were in, their divergent industries, and the potential shown on their website. These companies were not interested. The search began again for companies that would be interested, that also could find the time, but that would meet the criteria for participation. Growth stage companies are also at a point where they are facing mounting financial pressures and little time. The emails had to be modified numerous times until the right kind of email was found that would prompt responses. The emails were written in either English or Swedish. Over 150 emails were sent out in a matter of three weeks. Eighty per cent of the time the companies did not respond to the first email.
Limited time

The interviews and meeting were conducted in small window frame. It was important to maximize my results and try to get as much information for the study as possible. In the end the interviews lasted from 45 minutes to one hour.

Coming to terms with vague terms

In 2015, Clayton Christensen, Michael E. Raynor and Rory McDonald re-address the inherent challenges of the term in Harvard Business Review with the post *What Is Disruption Innovation?* While disruption innovation theory has seen widespread usage in all types of literature, they assert that:

“[it] is in danger of becoming a victim of it’s own success. Despite broad dissemination, the theory’s core concepts have been widely misunderstood and its basic tenets frequently misapplied. Furthermore, essential refinements in the theory over the past 20 years appear to have been overshadowed by the popularity of the initial formulation. As a result, the theory is sometimes criticized for shortcomings that have already been addressed. (HBR 2015)

One of the main challenges this study has faces is the idea of properly defining growth hacking so it can be better understood. Talking about growth hacking, as Robert Peters puts it “can be a little like the proverbial hopeless task of nailing Jell-O to the wall” (Peters 2014). The term disruption innovation faced enormous criticism for being vague, and in this case, growth hacking is no exception. Until the term growth hacking is clearly defined in academia and there is a consensus on what it is and what a growth hacker does and what types of growth hacking tactics can be enacted, the challenge remains. Working with vague terms allows for more creativity, but the lack of parameters can prove to also be a hindrance.

27 Quote from https://hbr.org/2015/12/what-is-disruptive-innovation accessed 10 March 2017
5 FINDINGS AND ANALYSIS

The structure of this chapter is organized in chronological order of how the three main ideas of the thesis were presented in chapter one and two. Section 5.1 consists of general and introductory insights on the company; the second section 5.2 is based on the idea of low encroachment. The following section 5.3, explores how growth hacking, much like disruption innovation theory, is permeating the levels of the business in terms of the: the team/people, the innovation, and the marketing. Section 5.4 will present the tactics the companies use and relate them to whether they knowingly or unknowingly engage in growth hacking and what that means. Section 5.5 covers ethics and growth hacking, followed by 5.6, summary of the insights.

5.1 General insights

All five tech start-ups communicated a vision of what they had built, what their innovation does and can do for the consumer, and how their innovation may impact consumer behaviour. They all strive to provide superior customer service and words from the interviews that reflect this are: convenience, efficiency, enjoyment, and flexibility. These words suit disruption seeking tech start-ups because they set out to make things easier for the consumer. The following are some of the goals of the start-ups cases:

1. Fidesmo seeks to become a household brand, and want their logo to instantaneously recognizable, so when a person sees their “Connect with Fidesmo” label, they will immediately know what it means (Rylander 2017).
2. TaskRunner is “creating a marketplace out of a taskforce” according to partner and investor Nils Wijkmak (2017). Their business is based on running tasks based on fairness, convenience and safety. The fairness comes from the equal opportunity that people have for listing, bidding on jobs and picking jobs, the convenience is the ability to find a runner based on geo-positioning and the transparency is based on the idea that the system ensures that runners are who
they say they are, and they conduct background checks as well as holds funds in escrow until tasks are completed.

3. According to deputy CEO Pontus Gustafsson, Beleco has made furniture mobile by building “the worlds first marketplace for furniture rentals meaning that [they] give people the freedom to easily change and renew their furniture” in an environmentally conscious manner. Their aim is to “deliver a high level of convenience and flexibility to their customers” (Gustafsson 2017).

4. Entfrankly is a SaaS start-up and as presented on their website, is offering a service to businesses that helps them build stronger and more positive relationships between the management and employees. Recognizing a need to improve relations and communication in the work environment, they created “a software that companies use to trigger and measure engagement among employees, target companies where human capital is relevant, and to motivate those at work” (Fjellner 2017).

5. Wunderino is a Malta-based start-up, with Swedish entrepreneurs running the company. According to head of marketing, the mobile casino app they have designed is a unique “hybrid between a social game and casino” intended for the German market (Hellqvist, 2017). It is like taking elements from gaming such as Candy Crush and joining them with the casino experience to more social interaction.

All of the companies considered themselves to be tech companies that were interested in collaboration, customer acquisition and “going viral” at some point. Their innovations were quite central to their business, and all of the companies rated their innovation highest on the importance scale. For all of the companies, “tech defensibility” seemed important and part of that is to be continuously responding to innovation and what works and doesn’t work to avoid stagnation. Therefore they are all continuously updating, refining and tweaking their innovations to improve and build upon them. In The Next Web article 4 Ways to Build a Defensible business by Yash Kotak this is something that can be accomplished if a company “follow[s] certain strategies to stay defensible in the predictable future” (i.e. having a company that can’t be easily replicated) (Kotak 2015).

All respondents confirmed that they observe (to varying degrees) unicorns and tech companies for inspiration and success stories. Three expressed being very interested in how unicorns got to where they are, and one start-up said they were interested but for the most part focused on their own plan of action and much less concerned with how unicorns had achieved their success. Studying how tech unicorns have gone and experienced “meteoric rise” such as Uber is a practice that is being recommended by

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28 Software as a service (Saas)
individuals spanning multiple disciplines including finance (Garber 2016). While for the majority, the failures and successes of others have bearing on what they do, none of their choices are dictated by either incumbents or unicorns. It may be that they’re just open to the insights, yet choosing their own path and pioneering their own tactics. This is a delicate balance that is achieved and also covered in *The Innovator’s Dilemma* where Christensen shows that to achieve disruption, companies can’t always follow the exact footsteps of the leaders of the industry (1997, 28).

**Stages**

The start-ups interviewed ranged between three stages: the start-up stage, the growth and establishment and the early segment expansion stage in the “business lifecycle” process (Petch 2016). Every different stage comes with a different set of challenges that must be overcome and goals that have to be reached before moving onto the next stage. Sometimes the transition is expedited by certain behaviour and choices the start-up makes for itself. Increasingly, tech start-ups are reaching for ways to maximize that potential so they can move as rapidly as possible from stage to next. Growth hacking interest and enactment could be related in some way to the stage the start-ups are in, and this may be an interesting topic to study at a later time. Depending on the stage the company is in, it was revealed they were either more or less interested in growth hacking as an approach. It was however more relevant to the industry behaviours as whole, such as in the case with Wunderino, where growth hacking is a normal practice among other companies, or TaskRunner where their geo-positioning model echoes that of dissimilar geo-location apps such as Tinder who depend on various growth hacks. As well as whether it was a B2C or B2B business. It might be the B2B companies see fewer opportunities to enact growth hacking. Irrespective of the stage the start-ups were in, they were open to the prospect of actively enacting growth hacking at some point, or at the very least considering it, if they had not yet considered it before.
Priorities

The interviews consistently revealed that growth hacking is relevant and interesting to the start-ups, yet not the biggest determinant for attaining disruption and success for a start-up. Furthermore, one hundred percent of the start-ups all placed higher value on certain aspects of the business operation; they scored analytics and metrics, the team rapport, and the innovation or platform highest on a scale of one to five (one being least important and 5 being most important). Four out of five of the start-ups scored social media followers and presence, print marketing material as lower on the priority scale. Bootstrapping scored a median four out of five among all five start-ups, revealing that even the start-ups that were not as budget sensitive were still rather budget conscious. Only one company stated that they used social media for direct customer acquisition.

Views on disruption and growth hacking

All five respondents were familiar with growth hacking and have heard of the term growth hacking before. It is worth noting that the sample size is smaller, so it is not representative of the entire population, however it may be indicative of a potential trend.

On a scale of one (never heard the term being used) to ten (have heard the term often), the average answer from the respondents was five out of ten. This could be a sign that growth hacking is either progressively becoming more popular over time, or that growth hacking is not unheard of, however not the most popular term among tech start-up circles. This is supported by the fact that “growth hacking” is a “relatively new term to be added in the online business vocabulary” (Papineni 2014). When questioned about what growth hacking meant to the companies, the answers were similar. Growth hacking was about creativity as well as analytics and metrics for the start-ups. Growth hacking to a tech start-up such as Beleco means the presence of a highly skilled marketer that is efficient and effective and who uses “a combination of marketing channels and messages” (Gustafsson 2017). While none of the company respondents expressed that growth hacking is an essential part of their model, they all expressed openness to it’s
relevance, indicating that growth hacking may be more popular in literature online by tech entrepreneur writers than it is by actually entrepreneurs everywhere. What is more likely is that growth hacking is in the early stages of it spreading while it has received a disproportionate amount of coverage in online literature. It may not be as ubiquitous as first assumed, and may be that it occurs in pockets at different levels and intensities. Despite this reality, growth hacking is present in their company model and behaviours based on the questions answered in the interviews. Zero of the five cases had something negative to say about growth hacking.

Tech start-ups aim to impact and disrupt

All of the five start-up representatives were more familiar with the idea of disruption and were more open when discussing disruption because it seemed to something they had come across more often. When discussing disruption, four out of five of the respondents felt it was something their company was actively seeking. One respondent viewed disruption as closely linked to differentiation, but not the same. Adding that if it was differentiation that a start-up is seeking, then disruption is helpful but not essential to achieving differentiation. Technological differentiation for example is when a platform can’t be copied or is hard to. This protects the business with “defensibility” (Yotak 2015). The start-ups were asked if they wanted to have an impact or disrupt their industry with the following questions:

1. What impact do you want your start-up and brand to have on:
   a) the consumer, and
   b) the market as a whole?
2. Is disruption a goal for your start-up? And what does disruption mean to your start-up and principle team?

The answers confirmed that the start-ups sought to make an impact by challenging consumer habits, and to eventually disrupt their respective industries. The study necessitated the confirmation of disruption seeking to be able to move forward with
seeing if growth hacking is present, how and where it fits in their business. All of the cases wanted their innovations to be seen as a step in the direction of disruption:

1. Fidesmo responded that they want to be the future of smart chip enabled technology. They expressed that “security” was very important (Rylander 2017). They are the “one card to rule it all”, and it’s not only card, it’s evolving into a chip. The chip for now can be placed in watches, and in the future anywhere, perhaps even subcutaneously. Fidesmo is revolutionizing the public transportation industry with the smart Fidesmo card, “which can be managed and update using the smartphone or Internet” Mattias Eld.

2. TaskRunner expressed that “trust” was very important for their company. They are looking at expanding to markets where nothing like this it exists, especially emerging markets (Wijmark 2017).

3. Beleco is taking on the “entire furniture industry and trying to change a very well established consumer behaviour” (Gustafsson 2017). According to Pontus Gustafsson, they “want to make customers think in a completely new way when it comes to the ownership of the furniture” and they want to challenge the existing incumbents business models. Furthermore when asked to generalize the perception of disruption in the tech start-up space the response was that disruption occurs when the effect is widespread on the industry at large. Gustafsson adds: “As long as it challenges existing truths and behaviours it does not really matter if it revolves around the marketing, the company or the innovation itself” (2017).

4. &frankly is helping by changing the business of employee engagement service by engaging employees through pulse surveys that are directly sent to the employees on their phone app. Not only are they non-hierarchical in nature, they are also aesthetical intriguing and engaging which is unlike the majority of surveys conducted within organizations. According to CEO Caroline Fjellner they have a “more pulsed and continuous feedback” that facilitates open communication channels. Their aim is to add value by “changing the role of human resources management internally” and facilitating empowerment in the workplace strategically. The tool is aimed at promoting success for the business while also making people happier (Fjellner 2017).

5. Wunderino strive to be seen as adding value to the mobile casino by focusing on the positives and trying to distill the experience into a more pleasurable stress-free one. Their aim is to be seen in positive light while also succeeding in the business aspect. They are focusing on the German market first and planning to disrupt there and scale their company to other countries in the future. According to Hellqvist, the “German market is not as mature as it is in the Nordics so also would like to take the position as the best mobile casino” (2017).

It was evident that the start-ups are doing everything within their given time frames and budgets to focus on developing their platforms, and that they take decisions on what is most pertinent. Beleco responded positively when asked if disruption was a goal, as they wanted to change the way furniture was thought about and experienced, as well as how it was obtained. They knew that incumbents had taken notice of their presence yet they were also aware that the leading incumbents were not minding them yet because their
start-up is not fully live online. This is precisely what Christensen contends is why start-ups can end up over-coming incumbents, is that incumbents never fully stop to observe what the start-ups are doing, either because the new company is too small or inferior in some way, such as not being “live”. Consistently all of the companies were offering something different than the incumbent that was magnified as “special” aspect. In the case of Beleco, the distinguishing feature was that their solution offered freedom when it came to “ownership, delivery, and added services” (Gustafsson 2017). Secondly, they are “involving their customers to a much larger extent than competitors” (ibid). Usually large incumbents are not as involved with their clientele.

5.2 Low-encroachment diffusion by tech start-ups and how it may relate to growth hacking

How a company positions itself in the marketplace plays a role in determining the path it will take. So whether a company starts diffusing from the top of the market and diffuses down until it has absorbed consumers at all levels, or if it diffuses upward (low encroachment) by beginning with a focus on the low-tier consumers (Schmidt and Druehl 2008). In When is Disruptive Innovations Disruptive?, by Glen M. Semidt and Cheryl T. Druehl, encroachment is recounted in the following statement:

The term encroachment denotes that the new product takes sales away from the old product. Cannibalization is a special form of encroachment where both products are sold by the same firm. Low-end encroachment describes the scenario where the new product first displaces the old product in the low end of the old product market and then diffuses upward (the new product may open up a new market before encroachment begins). The low end of a product’s market is defined to consist of those customers with lowest willingness to pay for the product (they have the lowest demand for the product’s key performance attributes). Similarly, the high end of the market is composed of customers with the highest willingness to pay…High-end encroachment progresses in reverse fashion, starting at the high end of the old-product market. A sustaining innovation diffuses via high-end encroachment…(2008, 350).
With low-end encroachment and growth it is important to consider how the innovation is priced in comparison to the incumbents, how the innovation performs and what the performance attributes of the innovation are. Low end encroachment is not just about the cost the of product for the consumer, because it reflects something more complex than just price that consumers are willing to pay. For example: In the case of Fidesmo, a public transit consumer is a high tier consumer, even if one considers the actual cost of a train pass or a bus pass.

When it comes to growth hacking, the pricing structure is important because it results in where the product is placed in the market, and as mentioned, positioning is important. The price, according to Lincoln Murphy, “is never a set-it-and-forget-it situation” and the way a SaaS company prices their product determines the companies they will attract to their software, and thereby determining their encroachment (Murphy 2015). Low encroachment is very much connected with growth hacking because growth hacking is often enacted by disruption seeking companies; budget sensitive tech start-ups and they also have a product that doesn’t fulfill all the key attributes that an incumbent does. However it plans to eventually overtake the incumbents with diffusion upwards from the low end, which also includes improving all aspects of the business. Overtaking the incumbents requires that start-ups take steps to increase awareness about their company, to the point where they are viral and customer acquisition intensifies. Low encroachment diffusion may help us understand growth hacking by pointing out how pricing is possibly effected by the testing and analytics and how the results from analytics may impact pricing, therefore impacting the kind of consumer that would buy the product (low tier or high tier). The interconnectedness is subtle, and in some, not all, it may be that growth hacking metrics can influence the choice between low encroachment and high encroachment approaches by a company. Low encroachment is particularly successful when the company is hard to replicate because then that one alternative feature is all the much more attractive to the consumer. Part of the low encroachment approach is to offer one alternative feature that is superior to the incumbents (Schmidt and Druehl, 2008). Creating a hard to replicate company may involve hacking the technology so that it is set apart from its competitors. Perhaps the best encroachment however is the type that has been adopted to suit the customer. This section presents the data findings, and
demonstrates that disruption-seeking start-ups enacting growth hacks don’t always have a low encroachment approach.

Fidesmo

Fidesmo’s technology may eventually be found everywhere, and that is definitely their aim, to be as widespread as Wi-Fi, Apple and MasterCard to name a few of the world’s most widespread brands. As an Application Programming Interface (API) company there are literally endless possibilities for where they can be implanted- and according to PR and Marketing manager Ellinor Rylander, they are currently working towards building a strategic partnership with MasterCard, with more in plan (Rylander 2017). They employ a high-tier encroachment, however in some ways they may inadvertently end up creating a new type of market just because their mobile technology possesses the potential to inspire completely new types of interactions that haven’t been thought of yet. Additionally, they have started with Kronaby, a company that produces very attractive watches (Rylander 2017). These watches may be aimed at a mid-to-high range of consumer. The company is also focused on collaborations with very large and well-known brands, and these collaborations serve as a type of marketing and credibility (Rylander 2017). The relationship between growth hacking and low-encroachment was not evident in this case, and that very well may be dependant on the type of innovation, especially collaborations and the consumers that will trail as a result of those collaborations. For example: MasterCard is a dominant market, and they will bring with them a dominant and high tier consumer. These are consumers that are not ignored or forgotten by industries. Additionally, the Fidesmo card was created with the intention of creating ease for buying passes from different public transport systems all on just one

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29 According to APIGEE, Application Programming Interfaces are: APIs are the fuel powering the apps and processes that represent digital business platforms. Application Programming Interfaces (APIs) securely connect your data, platforms and goals to channel partners, internal or external audiences. Businesses can use APIs to accelerate multi-channel strategies, improve internal processes, thrill customers, and even develop entirely new business models.(https://apigee.com/about/cp/api-company) accessed 1 April 2017

30 http://kronaby.com
card (Rylander 2017). However the public transportation riders consist of tens of millions of people, making it a huge and central market. This as well is indicative of a high-tier encroachment with a possible low encroachment diffusion set for the future. Irrespective, Fidesmo may very well disrupt various industries, from the watch, jewellery, to the public transportation industry by changing the way the types of services are experienced and come to be understood in the future via their Fidesmo chip technology.

While disruptive tech start-ups can start with a low encroachment, they can also be high encroaching, and this may be the paradoxical nature of disruption innovation theory. This is all dependent on the specificities of what the company wants to achieve in the short term and long term.

**TaskRunner**

What TaskRunner discovered that was more valuable than securing on demographic defined by age or gender, was that “people want to be social and offer help” (Wijkmark 2017). The partner and investor in the company, Nils Wijmark stated that TaskRunner is a platform that is priced to attract a flexible demographic, basically all ages and walks of life. Their pricing is similar to their biggest competitor in the market. It is comprised of a 50/50 split between the task force (runners) and the people who will be posting listings asking for help (Wijmark 2017). More importantly it attracts people who need help getting tasks done that they don’t have time to do on their own, or even simply need help doing, to people who have extra time, would like to help out and make money at the same time. This is type of consumer that already exists, and TaskRunner is simply tapping into it with a service and platform that allows them to fulfill their needs. Seen from this angle, they might not necessarily creating a new market, however they are tapping into a market that may not be inclined to pay for a handyman or a professional landscaping firm which can often costs hundreds or thousands of dollars. There are indications that the platform employs a low-encroachment approach. One of the possible indicators is that they attract runners that are overlooked in the hired-helped industry, such as students looking for weekend work or retirees that have extra time, etc. On top of the added security features of their platform, Wijmark quickly pointed out is that they are very conscious of their
customers needs, especially those who will be listing adverts asking for help from runners and posting the highest they would be willing to pay for the work. There is an economy involved, as the runners get to bid. This pricing structure, as well as the innovation itself closely aligns with the theoretical underpinnings of this study and the idea of low encroachment. In the future TaskRunner seeks to diffuse upwards towards the B2B by targeting companies and this diffusion strategy indicates a low-encroaching one as described by in the theoretical framework chapter. Finally, TaskRunner one notable feature of TaskRunner’s platform is their intercom system, that allows them to talk to people visiting their website via chat. This is becoming increasingly popular because it is an effective form of communication with the user, as it is instantaneous and delivers immediate solutions which results in high impact results. This type of hack taps into a consumer who doesn’t want to write an email or call or look on the FAQ page, and with this act they are encroaching on a type of consumer that may be overlooked and not converted into a paying customer.
Beleco

Beleco is targeting young professionals and females interested in trends and interior design. Their platform is so different, that they may be creating a new market, and it may not necessarily be a low encroachment approach. They currently have too few customers to segment. Yet, when comparing the growth hacking tactics they use as discussed in the sections below which includes mostly social media marketing, as well as their target market, which is high-tier, it reveals that they are using a high encroachment approach with growth hacking types of tactics. When asked who is the top level or top tier customer that you would want? The response was “Everyone: then we become a truly broad marketplace satisfying a majority of the population” adding, “now we are more of a niche actor, catering to customers that want high-end furniture” (Gustafsson 2017). Their service is higher priced but also aims to be higher in terms of service and quality of the actual products that their clients would have access to. Finally, Beleco is behind when it comes to performance when they compare themselves to the leading incumbents, however they are ahead in terms of consumer interaction and level of service, such as web page performance and assortment. So while they want to create a new type of market, they want to conquer the top tier market as well as eventually diffuse downward so that everyone becomes familiar of their platform and uses it. This indicates some idiosyncrasies in this theory that growth hacking occurs among low encroachment approach start-ups. It could be that while growth hacking is used by bootstrapped and lean start-ups, it is not necessarily low encroachment when it comes to diffusion or always occurring in disruption seeking companies with a low encroachment approach.

&frankly

&frankly has invented a software, that they sell on a 12 month licensing basis. The software is priced “the same or a little more than traditional tools” offered by incumbents (Fjellner 2017). They have a “subscription based cost and usually ask for 12 months in advance” on their software (ibid). Given how much the &frankly has to offer in terms of their innovation, the pricing structure is indicative of a high tier encroachment. Fjellner stated that their customers are the companies that they sell their software to. However it
may be worth suggesting that their indirect consumer is really the people using their software at the workplace. The informative video on their website begins with a female sitting at a desk and she introduces herself by saying “Hi, I’m the boss. Naturally, I like to think I’m important, but it’s actually the employees that make the business happen” (&frankly 2017). The companies that buy their software may be simply the facilitators and the people who pay for the product, and it would be worth it for them to consider this reality. The response that the “main goal is for people to have a better time and be happier at work and by doing so, companies are more successful and have greater revenue”, they demonstrate the importance of a kind of consumer often overlooked or forgotten in the B2B market. This is both a sign of disruption seeking as well as growth hacking. For example, it is worth consider incumbents focus on building software that are well liked and very efficient for companies, improving company efficiency. However &frankly has made one of their goals, if not their main goal, to make the employees happy at the organization, this immediately shifts the paradigm of this industry and it appears they have a low-encroachment approach, however subtle it may be. What &frankly answers reveal about low encroachment is that when it comes to B2B models, the low encroachment approach may not be so apparent. By improving the workplace for employees, &frankly may be indirectly using a low encroachment strategy.

Wunderino

According to Hellqvist, this is a 90 million-person market, and the Swedish market is saturated. The online casino marketing in Sweden and the Nordics already has some major players so Wunderino wants to first focus on an external new market, with the potential for moving to the Swedish market in the future. Their first target market is Germany, and there they would “like to attract a new type of customer” (Hellqvist 2017). The people that Wunderino is promoted to are “people who haven’t necessarily played” and they will attract them by “taking more of the gambling stigma out and turning it into a positive experience” (Hellqvist 2017). The head of marketing suggests that the positive spin will help attract a new type of consumer in the German market. This is a low encroachment approach and they may end up attracting, because of their gaming features,
a type of audience that wouldn’t normally play online casino. They may be gamers who want a little more stakes in the game or online casino fans who may want to play but with less of that stigma. So going both ways, Wunderino is likely to be attracting a forgotten or ignored demographic with the low encroachment as well as creating a new market which is their intention. Eventually after this low encroachment they be diffusing upwards and into the Swedish market.

5.3 Growth hacking permeates all aspects of tech start-up: the team, the innovation, and the marketing

Previously, in the theoretical framework chapter (chapter 2) it was discussed that disruption permeates throughout the entire business due to the theory being so pervasive. When asked the question: Can you help in understanding how tech start-up entrepreneurs understand and view disruption? Does it a) mean the innovation is disruptive or b) the team is focused on building a disruptive company or c) is the marketing alone supposed to be disruptive? Four out of five respondents agreed that this was a fluid term and that it is supposed to be an ideology as well. Wunderino head of marketing called it a “combination of everything” as it is very fluid (2017). Furthermore it was asserted that growth hacking might do the same, as it is enacted by disruption seeking tech start-ups, as well as has been used by the most successful and disruptive tech start-ups we know of. While growth hacking is about analytics, marketing and testing ideas (Patel 2014), it is also something that arguably relates to the start-up at every level. The growth hacker is what helps bring all the elements of the start-up together. In a diagram (see below) from Growth Hackers website, the services that growth hackers cover include marketing and sales (marketing, engineering and product development (the innovation) and the testing and metrics.
For example growth hackers work with the entire team to optimize the company, they are constantly looking at what works and doesn’t in terms of the platform and website and tweaking it as they go along, and finally the marketing. This means they would work with marketers for ideas and soft skills, with the engineers, the data analysts, the UX designer, the interns perhaps for writing some content, and this may permeate to discussions held at the boardroom and at lunch. The most radical growth ideas can be brainstormed over fika. Similarly, growth hacking is broad and pervasive, it seems that definitions are getting wider rather than narrow. Everything that can be done to scale could be growth hacking. So to dig deeper on the relevance of growth hacking and how growth hacking relates to the ideas of the team, the innovation and the marketing the above hypotheses was developed. It may be growth hacking is important to all segments of the business.

5.3.1 Growth hacking the team and the growth hacker

In traditional marketing, marketers make the plans and while they work with the rest of the team, there is a clear delineation between them and the others. According to Adelyn Zhou, a growth hacker for Nextdoor, an app for socializing with neighbours, in the start-up culture “growth hackers work closely with product teams and engineers to make

31 Extracted from https://www.growth-hackers.net accessed 19 April 2017
changes to the product. ‘[they] will be the product manager, a marketer, and a data scientist and you will work with the designers” (Finley 2015, Zhou 2015). The purpose here was to explore the idea that growth hacking by tech start-ups is relevant to the team, the founder and the other roles in the company. The questions were meant to explore whether a growth hacker was on the team, in what capacity and if the start-up didn’t have a growth hacker, did anyone carry out that role under a different title.

Fidesmo

The Fidesmo team does not have a growth hacker, however from the interview it was expressed that they would like to consider it in the future (Rylander 2017). Fidesmo is a tech-centric company and invests in making their technology as secure as possible. It is reasonably to invest in bringing a growth hacker that has programming skills. What the growth hacker can add to the marketing team is to take the “who” and “where” to a more scientific level (Holiday 2014, xxvii). This can help start-ups to process information rapidly via the data scientist. Finally, Fidesmo will be the fourth payment system to be integrated into MasterCard (the other three are Samsung Pay, Apple Pay and Android Pay). It may helpful for a company like Fidesmo to employ metrics and analytics to understand the consumer in a way that will drive their growth

TaskRunner

When asked what is the profile of the growth hacker? Nils Wijmark provided an answer that closely resembles what is seen in online literature. The growth hacker is “very technical, has technical experience, and a marketing background. They have to understand marketing” (2017). Task Runner would consider having a growth hacker, for now they have a marketer but they consider the roles to be different and should they choose to go ahead with it, they would set out to hire a person whose job is to growth hack. The mobile and platform that TaskRunner has built is quite technical and so their is potential for growth hacking to be enacted by their team, however they are also looking into bringing a growth hacker for the future. According to Andrew Chen a growth hacker
who worked on scalable growth for Uber, “start-ups don’t need growth hackers – at first”, but they do need an innovation that the consumers love and are eagerly engaging in (Chen, 2017). What TaskRunners interview revealed is that growth hacker fulfills a markedly different role than the marketer and that is a direction they want to go in the future. When start-ups are willing to hire on growth hackers it demonstrates the growing relevance of this role. However, to avoid generalizations in this thesis, it is important to remember the purpose herein is to promote interest in further studying this topic by showing that it is relevant to some and enacted by others.

**Beleco**

While they do not have a growth hacker on the team, Beleco is looking to expand its technical capabilities by adding a CMO (chief marketing officer) who will be responsible for tasks carried out by the chief customer officer and the community manager. The chief customer officer writes content, and is responsible for the user-experience design (UX). When asked what is the profile of a growth hacker? The response was that a growth hacker possesses creativity and a deep understanding of the consumer journey (Gustaffson 2017). For some companies, Gustafsson highlights that more developer-like growth hacker is suitable, while for other tech start-ups it can be less technical. The view of growth hacker shared here is very similar to how growth hacking is portrayed in literature. While it is highly technical and involves analytics, it is also about creatively testing and acquiring customers without resorting to analytics and metrics always. Sometimes growth hacking is also about the instincts and is “really a mindset rather than a tool kit.” (Holiday 2014, 68).

**&frankly**

The discussion with &frankly about the growth hacker took a slightly different turn because they are both revenue neutral, and their company has grown to a point where the clientele is begetting more clientele. This in itself is a quality of growth hacking, to build
the type of company where clients beget more clients. With regards to growth hackers, the discussion was very open-ended, however there was no clear indication that this was a top priority.

**Wunderino**

When asked *Would you hire a growth hacker in the future?*, head of marketing Erik Hellqvist responded that it would be a possibility if a growth hacker could add value and specialized expertise. Wunderino is the company that comes closest to having a hacker on their team, however in the official sense they don’t. Not only are ten out of the nineteen people involved in the company are IT based and technically savvy, they have one person dedicated to growth hacks while the title is not retained. This team member looks at the metrics, studies the details, the data and they try to adjust accordingly to the results. For example: knowing how to offer bonuses or types of rewards that results in email and retention. They have the same person looking at player behaviour, deposits and monthly spending. From this they also have information on demographics such as age, gender geographic area, other Internet behaviour, and educational level. They use key performance indicators, viral coefficients, multivariate testing, customer acquisition (CAC) cost, lifetime value metrics (LTV) and churn or attrition metrics. The data is retrieved with the help of the person who looks at these items and for them they “adjust based on the consumer” and “small changes make can make a huge difference” (Hellqvist 2017). Companies who seek disruption and desire to change consumer habits can profit from employing growth hacking strategies such as this, to track the consumer behaviours as they change and iteratively work out a marketing plan based on the information that growth hacking metrics reveal (James 2016). These kinds of responses hint that even if growth hacking isn’t enacted within the confines of a growth hacker, the activities associated with the role are becoming increasingly prevalent. Furthermore, the casino industry is highly competitive as mentioned by Hellqvist, and Wunderino is indeed asking one specific person to dedicate time to engage in growth hack data metrics and analytics. It may be that the frequency at which a start-up engages in growth hacking increases in proportion to the competitiveness of the market.
5.3.2 Growth hacking the innovation

Before one can do growth hack marketing to build rapid customer acquisition, they first have to build a product that is growth hacked as well. So to get to growth hacking marketing there is a multi-step process, the first is to test and get a minimum viable product, test it some more, and then get something that resembles a PMF. From there the growth hacking marketing is just about getting explosive reactions, but the products first need to be primed. Ryan Holiday’s book points out the strongest relationship between growth hacking and disruption innovation theory when he states (2014, 1):

Growth hackers believe that products—even whole businesses and business models—can and should be changed until they are primed to generate explosive reactions from the first people who see them.

The suggestion of invoking an explosive reaction isn’t far fetched when people think of what Uber, Airbnb, Skype and others have achieved in the tech start-up circuit. The innovation may be a piece of new technology that functions with the use of a special app such as Fidesmo, or a website and the design and functionalities such as Wunderino, or a software such as &Frankly, or a platform and mobile app that has a unique marketplace embedded such as Beleco and TaskRunner. A way this can be done is through A/B testing. According to Visual Website Optimizer (VWO)\(^\text{32}\) different things can be tested on the website to see how they influence customers. This includes:

- Headlines
- Sub headlines
- Paragraph Text
- Testimonials
- Call to Action text
- Call to Action Button
- Links
- Images

\(^{32}\) Visual Website Optimizer is a platform and tool that helps tech start-ups with A/B testing and conversion optimization.
Tech start-ups have a natural tendency to test out different approaches to how their website is designed, what the user experience is like, how consumers respond to the colors, what elements of the experience they don’t appreciate etc., via small tests and tweak accordingly. They prefer to first “validate” or invalidate their value hypothesis so that they can move onto a “growth hypotheses” as stated by Pontus Gustafsson. This means that being open and flexible to how the consumer responds can secure the opportunity to further develop and improve the innovation. Start-ups deal with innumerable pressures including a near non-existent budget for marketing at times. Grabbing the attention of their consumer is one of the greatest hurdles that budding tech start-ups are facing, and the demand to find new ways to overcome that hurdle persist. When Baratunde Thompson built an app titled Have it All, he did not initially foresee the repercussions of growth hacking to capture the attention from their audience. He describes this challenge in a 2014 Fast Company article titled Help! I’ve Been Growth Hacked, when he states,

I understand that it's hard to be the one-billion-and- third item in the App Store. It's hard to satisfy growth- obsessed VCs. It's hard to get media coverage. These days, attention is our most precious natural resource.

In the end his experience demonstrates that attention is perhaps the most valuable commodity that tech start-ups. After all, their disruptive innovation can’t disrupt anything without the loyal following of the crowd. With a tighter budget, shorter window for success and less people on the payroll “start-ups learned to hack the system to build their companies”, as 500 Startups mentor Micah Baldwin puts it (Holiday 2014, xvi). This is one of the reasons that growth hacking is challenging traditional models of marketing within the space of tech start-ups. As competition between new technology and dominant technology intensifies, so does the pace at which companies go-to-market and try to succeed in the fast paced tech sector. Investors expect a turn around that’s faster than the technology itself, and so founders have had to push the envelope and invent new ways to
get their companies viral and up to valuations that rival Sweden’s biggest unicorns. The first way that is accomplished is by creating a minimum viable product and then based on how it performs. As explained in The Next Web’s post *15 Ways to Test Your Minimum Viable Product*, the purpose of testing your ideas initially using a MVP is “to see whether you should be building it in the first place and, more importantly, whether it’s solving a problem other people find worth paying for” (Bank 2014). Taking the time to engage in this important step for a start-up is a form of growth hacking as well, because it allows the founders and innovators to refine the innovation and improve it until it reaches the stage of product market fit (PMF). This means that the first version of the product is often inferior to what the leading companies on the market are selling, and in this respect, fits what Clayton Christensen describes as a disruptive innovation. According to theory, the disruptive innovation often launches with an inferior product, and through the help of growth hacking with a Product Market Fit (PMF) process, go through a set of improvements until it becomes so well suited for the market that marketing itself “becomes a spark applied to a bed of kerosene”, and as for the old way of marketing, that’s like “striking a match…and hoping it starts a fire somewhere” (Holiday 2014, 11). One of the ways that growth hacking works in building disruptive companies like Airbnb and Instagram is by “trying new iterations until they achieve what growth hackers call Product Market Fit (PMF)” (ibid).

**Fidesmo**

Fidesmo chips are payment enabled and they “can be found on all the devices/wearable that can be contactless, such as cards, bracelets, watches or USB sticks” (Fidesmo 2017). Using the NFC technology, all one has to do is place them within range of the payment terminal for example and based on a wireless transmission the payment is made within seconds. The fact that it can be so instantaneous and easily within reach while always secure is a feature that differentiates it from others. In Neil Patel’s article *10 Growth Hacks That Will Disrupt Your Industry* he writes:
Consumers want *instant*. If you can deliver instant within an industry that’s used to waiting, congratulations: You just disrupted that industry. In short, add "quick" to on-demand. (2015)

Moreover, the technology can be personalized. Any type of person can make their life both easier and smarter by integrating the chip into objects and wearable items that suit their life, whether they are a student, hiker or professional. The concept of growth hacking an innovation so that it is “customizable” and can be personalized is what Evernote did. With Evernote, the “users [get] to organize and archive their data” and this according to Peters is the true “value proposition” of the software (Peters 2014, 46). Similarly with Fidesmo, they have made their technology customizable, mobile, easy to use and “emphasized the consumer experience” which can very quickly build attachment, loyalty and commitment to the innovation (Peters 2014, 47).

**TaskRunner**

A scalable innovation is a growth hacked innovation. The TaskRunner platform is based on a geo-positioning, which makes the platform relevant to any locality it is being used in. As mentioned earlier in section 5.3.2 “Growth hacking the innovation”, start-ups don’t need a growth hacker at first, but they do need to have an innovation that is optimized for scalable growth (Chen 2017). According to Nils Wijkmark, the platform “is built on geo-positioning” and posting a task “should be seamless” and the runner should be able to respond with ease. More importantly, the person who lists is able to see whoever is within their geographic proximity. The geo-positioning feature is similar to what Tinder created with geo-positioning for dating. A person in France should be able to use the app with as much ease as a user in Sweden because TaskRunner has made the platform focused on a community level. The greater specificity the application has to a user, the greater the likelihood that it can retain users, indicative of scalability, a central idea to growth hacking the innovation (Chen 2017). In his case study book, Peters asserts while Tinder just described itself “as a location-based social discovery app”, the designers with Tinder quickly discovered how much “scale relates to location and built an app that works on the principle of social proximity” (Peters 2014, 71)
Another distinguishing feature that we discussed with TaskRunner that can be related to the innovation and growth hacking is the value and intel that the intercom offers. The intercom is a small chat box on the bottom that allows TaskRunner team members to speak to clients in real time so any questions, concerns and comments can be exchanged immediately. TaskRunner’s user experience is designed to be a seamless one. According to the informative web video, posting a task online is very easy and takes thirty seconds (TaskRunner 2017).

Beleco

Beleco’s innovation is their concept on how people will come to experience furniture through an innovative rental process, however it is also their inventive platform that is the first of a kind. Prior to building their platform, they began “by buying second-hand furniture and renting it through a Shopify page, marketed through a cost free partnership with a student housing webpage, while the furniture awaited viewing in a villa that they did not pay to use” (Gustafsson 2017). Not only is this a low cost marketing move, it is also a rapid type of experimentation on the business concept to see how viable it was to even move to the next step in their start-up. Growth hacking is doing something and seeing if it garners a positive response, and more important leads to greater customer acquisition. If it doesn’t work, the growth hacker doesn’t have time or money to waste, so they will move on to the next test to engineer. Most importantly, start-ups have a malleable culture, editable strategy and flexible team and the “capacity for change” is much more valuable to enacting growth hacking then hiring a growth hacker and waiting for them try out some strategies (Davies 2013).

Beleco is an e-commerce actor that uses a digital sales channel. Their platform is built in house because there is no existing platform out there like it. They have integrated suppliers on their platform, and those suppliers use admin portals to directly access the platform. No other furniture tech company has accomplished this. When perusing the website, consumers engage in the social aspect of the marketplace, as well as be presented with non-traditional images that place the furniture in attractive settings, and not traditional black and white backgrounds. The way that Beleco growth hacks their
innovation is they are always focused on improving their start-up to gain growth. When asked: *How would you like to improve your start-up innovation to gain growth and what are those steps?*, the answer that was given was:

As we are in a beta phase and are using the lean start-up methodology we have decided to focus on the value hypothesis first and only do smaller test of the growth hypothesis (mainly to acquire enough clients to validate the value hypothesis). When the value hypothesis is confirmed, we can focus on the growth hypothesis. Recruiting a CMO to plan and perform the tests is a priority.

This statement reveals something important about growth hacking the innovation and its relevance to start-ups. It clearly indicates that start-ups are initially more concerned with the value dimension of their innovation and while the scale dimension is equally important, it comes after the value has been established. The value dimension is what Andrea Chen considers to be the optimization of the innovation, which is the first step of growth hacking. In a post titled *You Don’t Need a Growth Hacker* on his website, Chen states “startups need product/market fit, not growth. Growth comes as a result of having achieved fit, and a growth team is built to optimize the curve.” (Chen, 2017). This reinforces with the idea that growth hacking an innovations is successful if the product is first and foremost a really good innovation, as gone are the days of marketing bad products. Secondly, growth hacking the innovation helps avoid costly mistakes such as investing too heavily in the first version of the innovation before having reached the final and dominant version. This falls inline with the mindset that growth hacking is about testing and analyzing both the results of the tests and response from the consumer market.

According to an article titled *How to define your minimum viable product?* On Hackernoon, a minimum viable product is defined as “the minimum product features that can be bought or you can say that minimal which can get early adopters and help you attain feedback from them to build a finished product” (Sharma 2017). Another benefit is that when traditional marketing strategies are replaced by growth hacking marketing, which is postponed until the MVP is approved, the product can be re-designed or tweaked to perform better on the market in an effort to reach PMF. Observation of Beleco’s website is a reflection of the aforementioned statement by Pontus Gustafsson. On their website they invite people to mail in to be part of testing their platform and
secondly the platform itself is visually appealing yet missing components such as being able to access the platform, indicating that they have gone to market while still working on improving their platform and innovation. This is very typical of the growth hacker approach and shows that the company is responsive to the market demands and will thus be shaped by the market, helping it set itself up for growth and scale. Additionally, their model is innovative and disrupts the typical furniture acquisition market. They are the first to allow people “to rent directly from a local manufacturer” since “no other actor in Europe allows you to rent furniture and there is no other marketplace for furniture rentals” (Gustafsson 2017). Their service is their innovation because other companies are not willing to go this far when it comes to furniture rentals. The typical practice for purchasing furniture places all of the responsibility on the consumer. With Beleco they are “taking care of all of their customers furniture related needs” (Gustafsson 2017). The furniture is sourced from various quality manufacturers and the consumers have direct access to the “unique assortment” so they can make an informed choice. Their innovation is convenient and flexible, which is inline with the ideas of disruption innovation and growth hacking. They are offering a value to the consumer that hasn’t been found before and created a whole new market. Beleco aims to incrementally improve their design and platform and what they add to their innovation.

&frankly

For &frankly, the workplace software design company, the road to productivity can be playful (Fjellner 2017). Based on the interview as well as the website observation, the focal point of the &frankly start-up is their software innovation and what it can offer businesses. They use the website as a way to communicate how the software works. The website serves a purpose, and within the website some growth hacks were identified which will be discussed in the section further below titled Growth hacking marketing.

The website shares 9 distinguishing features\(^\text{33}\) of their platform listed below:

- Pulsed frequency
- Predefined packages

\(^{33}\) https://www.andfrankly.com/en/product/
• Administers can create new questions on the spot
• Real-time reports
• Transparent results
• Relevant KPI’s
• Engaging design
• Varying question types
• Visual reports

With each feature that is shared, there is a unique graphic icon and design accompanying. The figure 5.1 below shows how the user interacts with the &frankly platform, so instead of writing in answers, they toggle their emotions for the day up and down a virtual scale. The stylistic choices made by &frankly are indicative of a growth hacked innovation that may be based on empathy mapping.

![Figure 5.1](image)

Figure 5.1 What an &frankly platform user sees when they are using application software and submitting answers on how they are feeling today.

Confirming what the website reveals, CEO Caroline Fjellner shares that the innovation emphasis is placed “more on the product” and how the product works. So for &frankly the resources are perhaps placed more on the innovation and optimizing the software. The defining feature(s) of their innovation is:

• the design of the platform is meant to be distinct and appealing to the user;
• users can engage in designing and sending out your own questions;
• certain behaviours can be triggered on the platform; and,
• their questions and wording look different.
For example they “have fifteen different ways of answering questions on the platform” and all of these ways are engaging and creative so that they increase productivity but also promote enjoyment (Fjellner 2017). While growth hacking in relation to the innovation can be “metric-driven”, it can also deal with “visually driven material that is interesting, surprising, emotional, or compelling…or a combination of the above” (Peters, 2014, 55).

From a case study in Robert Peters book *Growth Hacking: How 40 Companies Made It Big*, UpWorthy the “fastest growing media site of all time” (Fast Company 2013, Peters 2014, 54) stepped outside the box of metrics towards a more “feel” place and made everything more “clicky” (ibid). &frankly’s platform seems to reflect this approach, indicating that growth hacking can also be about building something that appeals to the feelings of the user through the look and feel of the application.

&frankly has created a product that works from the bottom up when it comes to the company structures that the software is designed for. Unlike the competitors the software isn’t just targets to the leadership or human resources (HR) or even teams on the ground, but rather is meant to facilitated multi-directional socialization across all levels of an organization (Fjellner 2017). Based on the interview, this is how the &frankly innovation has been growth hacked; by creating one alternative dimension that is greater value to the user they are abiding by Clayton Christensen’s theory of disruptive innovation.

Wunderino

Erik Hellqvist acknowledged that, “the online gaming industry is all about growth hacking” (2017). He adds this permeates “both in terms of analyzing the platform and seeing the behaviours of visitors and adjusting according” such as A/B testing and iterative growth (2017). Their platform at Wunderino is “growth hacked” in the respect that they are working on “social games and features” built within the platform design itself “to create and promote loyalty among customers” (Hellqvist 2017). Their way to achieve that loyalty by design is to build incentivization and a reward system right into their games where customers can, according to Hellqvist “level up and get rewarded for it”. The player can:
• earn badges and rewards;
• enjoy a unique design centered on gamefication;
• be incentivized by the social interaction and the levels built into the games;
• players can start as explorers and go up ten levels to legend status; and,
• players can engage in social games like daily hunts where the game is set between players.

He adds that while this concept isn’t new, the way they present it definitely is, such as implanting a unique reward system and badges. While their games and payment solutions come from third party providers, their front-end design and gamefication elements that make their website unique are an in-house production. The interview with Wunderino reveals that their innovation is designed to evoke a certain reaction and feeling from their consumers. There is an underlying moral function to their design.

### 5.3.3 Growth hacking tactics and marketing

Proponents of growth hacking assert that marketing and growth hacking are not the same. Traditionally, marketing was not about going out and selling a product everyone was going to love. It has been about convincing people that they need this product, and finding ways to make people believe that they should like or buy the product irrespective of whether it was a good product or not. Furthermore, if one reads about traditional marketing rules, half of the time it is not about the product, the innovation, or the consumer, it is about the network of people, or connections that the marketing manager can establish. Growth hacking is different, because growth hacking is about growth and scale as rapidly as possible, and marketing is about telling and sharing.

What disruptive innovation tech start-ups are about is actualizing products and platforms they are truly proud of, that they would use, the founders are passionate about what they create, and they are also sometimes the marketers, or they bring on marketers equally passionate and stakeholders within the company. So the marketing team on a start-up doesn’t have to simply “tolerate or accept” that they may be trying to sell “a product that nobody wants or needs” (Holiday 2014,1). Instead everyone is on board with the firm belief in the product, and that is what is so intimidatingly powerful about the tech start-up scene for traditional businesses. The ideas are really good, and the team uses
technical skills to success. Another important reason why start-ups can be disruptive while traditional sustaining technologies cannot is the rulebook on the innovation itself. Start-ups often don’t have a rulebook, and the founders are closely connected to the go-to-market strategy. So if they see that something doesn’t work, they can go back to the “drawing board”. This is something that Holiday insists he was never permitted to do as a traditional marketer and his “only move was to put more muscle behind bad products and companies” (Holiday 2014, 3).

In terms of social media presence, Wunderino had minimal social media presence due to prohibitions by law on online casino platforms, however all of the companies did have social media accounts. Both Fidesmo and &Frankly are B2B companies and they used the LinkedIn platform regularly. They rated the level of social media importance from 1 to 5 to their strategy (1 is least important, 5 as most important).

<table>
<thead>
<tr>
<th>Company</th>
<th>Importance of social media presence on a scale of 1-5 (1 is least important and 5 is most important)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidesmo</td>
<td>3</td>
</tr>
<tr>
<td>TaskRunner</td>
<td>3</td>
</tr>
<tr>
<td>Beleco</td>
<td>3</td>
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<tr>
<td>&amp;Frankly</td>
<td>4</td>
</tr>
<tr>
<td>Wunderino</td>
<td>1</td>
</tr>
</tbody>
</table>

Table 5.1 Rating social media presence

Fidesmo

Fidesmo’s has a social media presence on Twitter, LinkedIn and News desk. They use the platforms to communicate the brand, the innovation, and for press releases (Rylander 2017). Their marketing angle is directed to companies who may want to collaborate by integrating the Fidesmo technology into their products. They use rapid experimentation and assessment, allowing them to determine what works and doesn’t for the company (Rylander 2017). They are striving to be innovative in their growth of the company and based on the interview, it is evident that they use varying degrees of growth hacks to accomplish this. However Fidesmo explicitly focuses collaborations with major name brands, and this is central to their growth plan. This includes targeting competitors’ fans
by offering them better opportunities. For example Apple Pay takes a fee whereas Fidemso does not. Additionally, they are blogging and attracting early adopters (Rylander 2017).

TaskRunner

TaskRunner had two internal goals that determine how they allocate the monies associate with the seed-funding round of 1.2 million kronor. They tested traditional marketing, social media marketing and growth hacking. They are looking further in growth hacker marketing. In response to How do you communicate and reach out to your clients? Nils Wijmark provided various ways that he considered to be growth hacking such as “using the intercom to convert web visitors into paying customers”. These different tacts are explored in the next section. The company uses the intercom to see where people are in the website and integrate them. They have found a forty percent increase in conversion by using this tool, in addition to social media, advertising, guerrilla marketing, events, using the help of influencers, optimizing on the network, and email campaigns based on current customer base.

&frankly

For &frankly it seems that marketing plays an important role, but the spotlight is on the innovation. The approach is if the companies try their software, they will see results. The researcher asked do you have a marketing team and who is responsible for the marketing of your company? The response was that there is no specific team, currently. The CEO, the head of sales are primary planning marketing, while they also use an external agency. According to Caroline Fjellner they have hired a “digital marketing firm that can help with marketing automation and support” (2017). However Fjellner stated that with outsourcing traditional marketing firms often the trouble is that they don’t understand the target market the way the CEO and founders do. However what the traditional firm offers
is advise based on analytics, where they “evaluate numbers and create reports” (Fjellner 2017). This may be a B2B trend since customer acquisition of businesses is a different practice than B2C. The company engages in inbound marketing strategy, they collect emails and continuously push them through the funnel, however they don’t buy email lists. From the interviews it is clear that &frankly is targeting businesses, so they view their marketing strategy much different than a B2C start-up possibly would. While growth hacking advocates and writers insist that B2B start-ups can hugely benefit from growth hacking, the truth is that it may be even less relevant than B2C start-ups. It seems that with this case, it was demonstrated that traditional marketing may be used in combination with growth hacking, however on a lesser level. Some B2B growth hacks include having a strong LinkedIn presence, sponsoring events through LinkedIn and creating content that can be shared and embedded such as e-books, slideshares and webinars (Arnoux 2014). Additionally, the growth hacking strategies identified were that &frankly has created a narrative on their website of how their product is used. They have personalized the experience even on their website and it appears there is a form of empathy mapping at play. The website graphics and content speak largely to the consumer and this is indicative of growth hacker content marketing.

Wunderino

Wunderino is a mobile casino application, and therefore due to that specific industry, the emphasis placed on marketing and growth hacking strategies tend to differ than that of the other companies in the study. Wunderino uses a variety of marketing techniques, some traditional such as television commercials, and others that are closer to the more recent trend of growth hacking (Hellqvist 2017). While the casino industry is highly competitive and growth hacking is, according to Hellqvist, a large part of that, the online casino market is also targeting consumers that watch television. Part of online casino marketing is television commercials and when asked for a picture of where Wunderino communicates and reaches out to their clients, the response was primarily television commercials and growth hacking techniques. So in a show of paradoxes, the online
casino industry is heavily reliant on growth hacking, as stated by Hellqvist, as well as dependant on television commercials, which is a classic marketing tactic. This duality presented is likely to be reflective of the entire online casino industry, than just Wunderino’s approach. This however is not the only way they make themselves known, but online casinos have different laws that they have to abide by that other types of tech start-ups don’t even have to know about. So, since it is gambling, the marketing structure of Wunderino and similar companies is slightly different than the other cases in this study.

Moving onto marketing angles, one of Wunderino’s marketing angles is that they want their consumer to feel comfortable on their platform, but also that they are about to embark on a fun adventure. On their website, users are invited to try Wunderino (see Figure 5.2 below) for the first time with the enter button reading “Begin the adventure now”.

They have worked hard to remove the negative stigma out of the gambling experience, by adding the adventure and gaming element (Hellqvist, 2017). A marketing strategy that Wunderino takes advantage of is performance based marketing where websites write reviews on a number of different gaming companies and then present the different casinos and then rank them against each other (Hellqvist 2017). According to the Head of marketing Erik Hellqvist, this is effective at driving traffic to the Wunderino platform. In this case, this is a type of growth hacker marketing. When asked about their social media presence Wunderino does not have a social media focus, since online casinos are prohibited by law to promote themselves on social media. So social media is not an acquisition tool for Wunderino. To compensate for that, they have experimented with
two-step conversion, where they “attract people with non-gambling related ad, then they have to opt in to a separate website” and from that point they can communicate their Wunderino network (Hellqvist, 2017). Despite social media being a feasible platform for growth hacking leading to customer acquisition, for Wunderino it is not a customer acquisition tool. What is most interesting about Wunderino’s type of start-up is that growth hacking may be more valuable to their type of company, simply because of the rules imposed by law on what they can and cannot due in terms of marketing and diffusion.

**Beleco**

Based on the interview with Beleco, it was evident that the company engages in growth hacking content marketing. They are taking an approach defined by a creative and specialized style. From the questionnaire, it is clear that they are trying to develop their own type of marketing by “testing a very personal way of writing content as well as product information” (Gustafsson 2017). Seemingly simple, however this in it’s own is a form of growth hacking. By “investing the time to write detailed information in a fun way” the start-up is tapping into the potential of this new term. For example: Kissmetrics has been using infographics that have been capturing the attention of techies for years, and Hotmail’s P.S. I love you is also another example (Moon 2014). According to an article post on Kissmetrics by Garrett Moon, what Beleco exhibits is a willingness to differentiate themselves because they understand that with every written content they can “secure more visitors and more traction for whatever it is they are selling” (Moon 2014). Out of the five respondents, Beleco is the only company that uses social media platforms as a way to sell, in what Deputy CEO Pontus Gustafsson calls “social selling” (2017). They are “trying to build followers on the Instagram page by posting aesthetically pleasing photos of furniture and rooms” (Gustafsson 2017). They have also used Google Ad words and paid Facebook advertising. In the future they would like to have endorsements and street marketing. They use “social selling (i.e. connections on social media platforms)” (Gustaffson 2017). Consumers get exposed to an assortment of attractive furniture on social media and from there they can make the decision to engage
as a customer. They are mostly active on Instagram and Facebook. In the future Beleco will apply some guerrilla style growth hacking marketing such as placing attention-grabbing tags on furniture in public spaces (i.e. park benches). What Beleco’s marketing insights reveal about growth hacking marketing is that growth hacking marketing is “not only supposed to be cost effective, but also a lot more effective (e.g. reaching the customer in the right exact step in their journey)” (Gustafsson 2017). Additionally, traditional marketing is slower and cumbersome, with the sentiment being reflected by Beleco’s deputy CEO when he stated: “Traditional marketing can afford five impressions in order for a sale to happen but for growth hacking start-ups that is not the case” (2017).

5.4 Growth hacking is naturally occurring and is enacted by tech-start-ups

This section addresses the final hypothesis of the thesis, which is that disruption seeking tech start-ups may be enacting in growth hacking, however they were not explicitly defining their tactics as growth hacks. To find out whether this were true or not, various types of growth hack tactics were gathered and placed with the question: Please circle yes or no for the following. Do engage in the following activities? While these answers and this section are also relevant to the section above 5.3.3, they are essential to this section, because they demonstrate that numerous growth hacks being used, although not explicitly. The data from the interviews presented in this section show clearly that start-ups are employing tactics that are encompassed within their marketing strategy, yet by definition, they are growth hacks. Secondly, the three of the five companies are not growth hacking yet, according to them, however based on the growth hacking tactics written about in literature, all of the companies are growth hacking. In another question, when the interviewees were presented with a set of different tactics than the ones above, and more obscure ones, and asked the question: Can you tell me if this is growth hacking or marketing? All five respondents answered every question correctly. This was an indication of their experience, their exposure to growth hacking and perhaps just a type of
instinct or inherent understanding that there is something that differentiates growth hacking from marketing. In summary, this part of the interview showed that indeed exists a paradox, where the start-ups may be aware of what growth hacking is, what growth hacking tactics are being used, and are enacting growth hacking, but are also careful not to quickly assert they are growth hacking yet. In an Entrepreneur article titled *6 Growth Hack Techniques Today*, Patel lists growth hacks that as will be shown in this section are being enacted and operationalized by the start-ups. The growth hacks he suggests are, “Blogging, guest posting, building a personal brand, harvesting email addresses, hiring a growth hacker, and really understanding your data” (2015).

**Fidesmo**

Fidesmo is a type of company that has essentially growth hacked their innovation. It is apparent their focus is “tech defensibility”. According to Ellinor Rylander, Fidesmo possesses tech capabilities to potentially growth hack, and are open to hiring a growth hacker in the future. They do enact growth hacks on a regular basis and these include, but may not be limited to:

<table>
<thead>
<tr>
<th>A/B Testing</th>
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<tbody>
<tr>
<td>Personalizing and customizing the experience</td>
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<tr>
<td>Customizable innovation</td>
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<tr>
<td>Social media marketing</td>
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<tr>
<td>Systematic email engagement plan</td>
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<td>Collaborations with third parties</td>
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<td>Leveraging 3rd party platforms</td>
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<td>Data metrics</td>
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<td>Blogging</td>
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<td>Creating a buyer journey on the website</td>
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<tr>
<td>Trying to get the attention of 3rd party audience</td>
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<td>Targeting competitors customers</td>
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<td>Attracting early adopters</td>
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</table>
TaskRunner

TaskRunner was frequently engaging in different growth hacking strategies, from their telecom system to their secure geo-positioning feature. They would consider hiring a growth hacker in the future. TaskRunner envisages creating greater demand and “expanding outside of Sweden on a global scale” (Wijmark 2017). Scale, a feature of disruption innovation and growth hacking was the considered one of the two central priorities of the company. TaskRunner engages in the following activities, but are not limited to:

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/B testing</td>
</tr>
<tr>
<td>Personalizing the experience for the user at all points or as often as possible</td>
</tr>
<tr>
<td>Collaborations with other companies and brands</td>
</tr>
<tr>
<td>Leveraging third party platforms</td>
</tr>
<tr>
<td>Data analysis reports</td>
</tr>
<tr>
<td>Trying to capture the attention from 3rd part audience</td>
</tr>
<tr>
<td>Targeting the competitors fans</td>
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<tr>
<td>Harvesting emails</td>
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<tr>
<td>Attracting early adopters</td>
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<tr>
<td>Social media campaigns</td>
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<tr>
<td>Buyer journey on website through use of video</td>
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<td>Seed supply of the website</td>
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<tr>
<td>Blogging</td>
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<tr>
<td>Landing pages</td>
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<td>Street marketing</td>
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<td>Data metrics</td>
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<td>Endorsements</td>
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<tr>
<td>Print advertising</td>
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<tr>
<td>Television appearances</td>
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<tr>
<td>Special event talks</td>
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</table>

Beleco

What the interview revealed is that they are already applying come growth hacking manoeuvres that have been identified by online experts and tech entrepreneurs on the subject. For example: on Facebook, Beleco offers an element of exclusivity by having a closed group for interaction with fans. An element of exclusivity is a tactic used in growth hacking by disruption seeking companies. In the future they plan to leave tags on
furniture. They are also building a Product Market Fit with the attitude that they want to learn as much as possible about their consumer, so they’re entering with a product that hasn’t reached it’s final destination in terms of design. Another idea proposed in this study is that if growth hacking is to be understood within the over-arching concepts developed in Clayton Christensen’s disruption innovation theory, then growth hacking by disruption seeking tech start-ups exists when they are using a low encroachment strategy. This is indicated in the case of Beleco, as they are using a) lean start-up methodology b) focusing on a lower end encroachment such as trendy young females and young professionals instead of the high spending middle aged group that often spends the most on furniture, and c) they are creating a new niche that may eventually encroach on the high tier consumer. Finally they have scalable solutions for manual or time-consuming endeavours. Beleco does not have a growth hacker on their team, however they would like to actively growth hack in the future. Beleco engages in the following growth hacking strategies:

<table>
<thead>
<tr>
<th>Growth Hacking Strategies</th>
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<tbody>
<tr>
<td>A/B testing</td>
</tr>
<tr>
<td>Brand building through narrative</td>
</tr>
<tr>
<td>Member-gets-member</td>
</tr>
<tr>
<td>Collaborations with other brands</td>
</tr>
<tr>
<td>Leveraging third party platforms</td>
</tr>
<tr>
<td>Trying to get the attention from 3rd party audience</td>
</tr>
<tr>
<td>Attracting early adopters</td>
</tr>
<tr>
<td>Guest posting on other blogs or social media websites</td>
</tr>
<tr>
<td>Landing pages</td>
</tr>
<tr>
<td>Data metric measurement</td>
</tr>
<tr>
<td>Offering exclusivity by having private Facebook group</td>
</tr>
<tr>
<td>Data analysis reports</td>
</tr>
<tr>
<td>Mapping empathies of consumer to find out what they desire, like and feel</td>
</tr>
<tr>
<td>Social media campaigning</td>
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</table>

They are not engaging in traditional marketing such as television commercials or print advertising. Finally, for Beleco growth means expanding insights on the customers and business mode, as well as increase in sales and personal development. Their way to achieve their goals is through iterative testing and feedback sessions from customers (Gustafsson 2017). With respect to data metrics, Beleco uses key performance indicators,
customer acquisition costs, lifetime Value LTV metrics and churn or attrition metrics. The study successes and failures of tech start-ups, which is a common practice in the growth hacking circles.

&frankly

Achieving disruption is a relevant concept for the &frankly start-up. While there is clear indication that growth hacking is a concept they had come across, it was not a central or very important approach to their business growth. This may be due to the fact that their company is a B2B start-up and there is less literature on growth hacking primarily to B2B. Finally, &frankly is at a more advanced stage in their development, and are at a point where growth hacking may even increase their client acquisition. According to Andrew Chen (n.d.), start-ups can really benefit from growth hacking at a later stage, when the want to push further through the glass ceiling. &frankly engages in some of the following activities (not limited to):

<table>
<thead>
<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>A/B testing</td>
</tr>
<tr>
<td>Collaborating with other brands</td>
</tr>
<tr>
<td>Leveraging 3rd party platforms</td>
</tr>
<tr>
<td>Targeting on competitors fans (however they focus ore on themselves)</td>
</tr>
<tr>
<td>Harvesting emails</td>
</tr>
<tr>
<td>Blogging</td>
</tr>
<tr>
<td>Data metrics</td>
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</tbody>
</table>

Wunderino

Scalability is very important for Wunderino (Hellqvist 2017). Erik Hellqvist commented that growth hacking is common practice in the online casino industry, and that the start-up engages in growth hacking tactics (2017). They employ it strategically with the help of someone who is dedicated to analytics and metrics and the tools. Wunderino enacts the following:

<table>
<thead>
<tr>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/B testing</td>
</tr>
<tr>
<td>Attracting early adopters</td>
</tr>
</tbody>
</table>
Wunderino plans to engage in the future with:

- guest posting on other blogs is planned for the future

Their marketing strategy includes traditional forms of marketing such as:

- Television commercials
- Television appearances

5.5 Ethics and growth hacking

The interviews revealed little on whether growth hacking was viewed as ethical or otherwise by the representatives, since this was not the focus of the study. The interviewees all viewed growth hacking in neutral terms to positive terms, as in it can serve a function for their start-up. A general assumption may be that most start-ups would growth hack ethically, and that most people in the tech start-up world want to profit but are also socially responsible. They often the ones using the latest and most radical tech digital tools, however they may see this as simply pioneering new ways to get their innovation out to the market. In rare cases does it cross over into extremely unethical territory, and when a start-up does, there may be others there to keep a watchful eye, providing negative reinforcement for such strategies. Even the biggest companies such as
Reddit, AirBnb and others engaged in growth hacking legally. The growth hacks may have been viewed as unethical, but it may be argued that once upon a time advertisements on the back of airplane seats, a mere twenty centimetres away from someone’s face, or guerrilla street marketing, were unethical too. It might be that as growth hacking continues to evolve as an approach to scale and growth, the negative or unethical stigma may diminish. As long as digital tools continue to evolve, and growth hackers stay within the legal limits, the future looks bright for growth hacking on the ethical front.

5.6 Summary of outcomes and other insights on merging growth hacking and disruption

To summarize it was demonstrated that growth hacking is enacted, however growth hacking was not a) the single most important denominator in the success of the start-up and b) the word growth hacking to explain the behaviours is not as commonly used. The companies showed consistency in what is considered important for their start-up such as analytics and metrics, A/B testing and experimentation, and building a strong team with great rapport. Growth hacking is a combination of both soft skills and more technical skills and intelligence, it is not one or the other, but rather a cycle and interconnectedness that make every part important for the other. All of the companies desired to change consumer habits and all five innovations were expressed to be inherently different than leading incumbents. They all demonstrated that they “had the ability to generate and leverage deep customer insights” to expand (Leeflang, Verhoef, Dahlstrom, Freundt 2014, 2). This includes various metric tools, analytic tools, the employment of A/B testing, iterative design and building of the company, listening to how consumers respond to different versions of their website, blogging, collaborating with others and so forth. This is in online literature what is more or less being called growth hacking. Additionally, there are differing conceptualizations of it, which make it challenging to pin down. Some think that one does not need technical skill, others are adamant that it is about being technical, most however say it is both. This further justifies the need for academic course of action.
Relevance of growth hacking and disruption innovation theory

All of the companies wanted to make an impact and disrupt on varying levels. When it came to growth hacking relevance and enactment, the researcher had no expectations. However based on how popular growth hacking is online, it would seem natural to see it was being enacted by tech start-ups. Furthermore, academia is continuously commenting on the “expanding universe” effect of the Internet and how it impacts business, innovation and marketing. Marketing can no longer come to encompass all diffusion and go-to-market behaviors of tech start-ups, and new ways of understanding are needed. This has been acknowledged in academia. For example in Challenges and Solutions For Marketing In The Digital Era (Leeflang, Verhoef, Dahlstrom, Freundt 2014):

Wharton Professor George Day identified the widening gap between the accelerating complexity of markets and the capacity of most marketing organizations to comprehend and cope with this complexity. Although the forces of market fragmentation and rapid change are everywhere, we believe that Internet usage is the main driver behind the widening gap (Day, 2011). (2014, 1)

Based on the need for understanding of a widening market, and solely based on readings from online literature, it was considered that companies may have been explicitly engaging in growth hacking with a special set of rules that they all uniformly expressed. While growth hacking endures, it does so organically and embedded, almost unintentionally hidden, in the company strategies. The tech companies are not using a rule-book, or confirming explicitly that what they do is called growth hacking, with the exception of one, Wunderino as they explicitly shared they growth hack. Wunderino however, also stated that their the online casino industry is all about growth hacking. It is possible that the industry the tech start-up is based on either increases or decreases the propensity to enact growth hacking on the team. This of course parleys into whether they confirm their enactment of it, or if it is categorized within marketing strategy. The reason
why companies are growth hacking without defining it could be because a) the technologies for metrics and growth hacking outpace the research and production of academic literature, and b) the trends are becoming increasingly popular and simply hard to avoid because people are informed of the ideas but not of the definition.

None of the five companies expressed that growth hacking was the only way for a company to, as tech entrepreneur and advocate Neil Patel asserts, rise to the top. While Neil Patel’s idea may be valid, the reality is that not everybody is as passionate about the term as those who are active writers or advocates of growth hacking. Gustafsson admits that growth hacking is used a lot less than expected and that disruption is even becoming stale. For TaskRunner there was a clear understanding of what the growth hacker does and they also stated they had a plan to bring in a growth hacker in the future. However as expressed by Nils Wijmark of TaskRunner, growth hacking is not the only way for start-ups to achieve success (2017). This view differs from Neil Patels view that the only way to build success in this economy is to growth hack a start-up (2015). Based on the interviews, it appears that growth hacking is only as relevant or present as the start-up wants it to be. If they have chosen to forego certain growth hacks, it doesn’t seem that they have had negative consequences because of it. The interviews revealed that growth hacking might be more relevant to some types of industries than others. However this revelation could also be understood as different growth hacks are essential for different industries. The study also revealed that the start-up decision to growth hack is largely based on those leading the team and what their set of values and understanding of it is. Finally, the study revealed that growth hacking may be less likely to be enacted by B2B or companies experiencing growth in their revenue, such as in the case with &frankly.

Growth hacking within the disruption innovation theory framework is surprisingly relevant but not explicitly present in the immediate plans of the respondents and companies involved in this study. This does not however mean it is not important, it just informs us that it is not as explicitly defined by tech start-ups as it is by online tech writers and entrepreneurs dedicated to dissecting growth hacking ideas online. Where academia could contribute to tech start-ups is that they can focus on this term a little more, bringing it to light and giving it some structure. In doing so, it may in fact become more relevant to these companies.
Growth hacking and low-encroachment diffusion

Their mapping of disruption achieved via low-encroachment is a tactical growth hacking opportunity for today’s tech start-ups. According to Glen M. Schmidt, it should be envisioned as Kim and Mauborgne (2005) suggested, and that “firms position themselves within a vast ‘blue ocean’ (instead of a competitive red ocean)” (Schmidt 2006). In other words, low-end encroachment should be a tactical move by disruptive innovation tech start-ups. By working on a special aspect of the company or an alternate dimension that differentiates them from the leading incumbents, they automatically find themselves beyond the reef, where the “vast blue ocean is” (Schmidt 2006) and over in the big blue exists un-untapped market or a market ready to be seized. The results of this section reveal that both &frankly, Fidesmo and Beleco have hard to replicate and comprehensive technologies indicative of disruptive innovations, while taking on a high encroachment. They revealed that Wunderino and TaskRunner have a low encroachment strategy indicative of disruption innovation described in the theoretical framework of Clayton Christensen. What was revealed is that growth hacking is somewhat related in an indirect sense to encroachment, however the connections are more subtle, and in deeper layers of the framework. However low-end encroachment may not be mutually exclusive with growth hacking and high encroachment companies are enacting and operationalizing growth hacking. In other words, the enactment of growth hacking may not necessarily be contingent on whether a start-up is diffusing using a low-encroachment or high-encroachment approach. A company can growth hack and encroach in any way they decide is best for business.

The growth hacker

For every start-up interview, all of the respondents emphasized in the discussion the importance of their team. It was received that the founding team and everyone at this
stage in their company was highly valued. The sense that the team that is building this company at their growth and expansion stage was clear. While none of the start-ups had an official growth hacker on their team, all of them when asked the yes or no questions on the different growth hacking techniques responded yes. Wunderino has a person on their team, although not with the title of growth hacker, carrying out very typical growth hacking tactics. TaskRunner discussed that the previous marketing strategy plan was prospectively looking at including a growth hacker role in the future. Three start-ups, TaskRunner, Fidesmo and & Frankly responded that they would consider hiring a growth hacker to the team in the future. &Frankly is a business-to-consumer company and felt that growth hacking is at a greater distance now and isn’t in the near future, for now. In their view the B2B model isn’t as pressing for growth hacking and their company has so many clients already, they find their clients beget more clients. Fidesmo is also a B2B company and they are open to hiring a growth hacker in the future and would be open to it, as long as there is clarity about what the growth hacker does. Wunderino expressed that on their team they have someone with high technical skill. The role that money plays in the tech start-up business is it affords the start-ups certain freedoms to develop ideas. The companies ranged from budget conscious and bootstrapped to not budget sensitive or conscious. TaskRunner is within the middle range for being budget conscious, and rated them as a six out of ten (1 not conscious or sensitive and 10 extremely budget conscious and sensitive). Beleco has financing in place to see whether their model is viable or not and is highly sensitive to budget. In the case of &frankly, they are currently cash flow neutral, they are experiencing growth based on a revenue stream and they are beyond the bootstrapping phase. The more money a company has, the more that they may just outsource their marketing needs or they may hire a team, instead of having the CEO or Founder fulfill the marketer role. The companies that were more bootstrapped were more likely to growth hack than the companies who weren’t. Finally, the official definition of a growth hacker is vague among the participating tech start-ups, and the answers varied depending on who was being asked. It is possible that the definition of a growth hacker differs across industries. The idea of who the growth hacker is, what they do, how they are found is defined by loose borders. It varies across the board by those who define it, yet there are constant variables.
Growth hacking occurring naturally: enacted, relevant yet undefined by start-ups

What this section demonstrated is that growth hacking is being enacted, at varying levels. According to Ivan Kreimer, growth hacking, the “new kid on the block” is being talked about by apparently everyone in the circuit, and it “leads [some] to think that maybe the whole thing is just a fad…[or] maybe growth hacking is nothing but a fancy word to describe something that already exists (marketing), just applied to start-ups” (Kreimer, date unknown). Secondly it implies that the tech start-up businesses oscillate between traditional marketing strategies and the use of technology, metrics, and experimentation for growth and scalability. However according to Patel “Growth hacking isn’t any easier than traditional growth methods. However, it is more effective” (2015). They are using both, but may be they are not ready to call some of it growth hacking, primarily due to a) the absence of a concrete term that they can refer to over and over again and b) the fact that it is not as pervasive yet as it is portrayed in online literature. What is clear is that tech start-up people are informed, they have done their due diligence, they know about both terms, more on disruption than growth hacking, probably due to the fact that there is unfathomable amount of literature on disruption innovation theory across multiple disciplines and across all types of channels from popular writing to academic journals. Growth hacking hasn’t had the same exposure. More importantly they use what they know because it helps shape their go-to-market strategy and their so-called marketing strategy too. However it is worth considering in academia that this “marketing” by start-ups may in fact transitioning away from marketing and more towards growth hacking.
6 CONCLUDING DISCUSSION

To find out the relevance of growth hacking in the start-up scene, as well as its relationship to disruption innovation theory, a set of hypotheses were developed and questions were asked to see if growth hacking was relevant and being enacted, and to so how so if it were the case. This study showed that while the five cases that were investigated aren’t explicitly stating that they are enacting growth hacking, it is still present. The growth hacking techniques that are being used by the cases herein in this study are ones that are explicitly referred to as growth hacking within the tech start-up space.

6.1 Reflections

This investigation has addressed the two research questions How relevant is growth hacking as a strategy for disruptive innovation tech start-ups today and how is growth hacking being enacted or actualized by Swedish tech start-ups? What was discovered is that the innovations, applications and software were the most ‘growth hacked’ elements. All of the companies, Fidesmo, TaskRunner, Beleco, &frankly and Wunderino, viewed their technology or innovation as the most important aspect of their business, indicative of both the mindset in the tech start-up community nowadays as well as what has been suggested in literature as the ‘growth hacker mindset’. The likelihood of growth hacking occurring in the company was increased depending on the competitiveness in specific market. What Wunderino revealed was that start-ups might be more inclined to growth hack if their industry is being defined by such an approach. Growth hacking was relevant in varying degrees and this dependant on the industry, the revenue of the company, the stage it was in, the type of innovation, and whether it was a B2B or B2C company. The B2C companies were more likely to view growth hacking in more relevant light. The relevance of growth hacking, therefore it may be stated, is shaped by these factors.
Secondly, growth hacking is being enacted in a myriad of ways, with Fidesmo and &frankly focusing more on their innovation and building a product that hard to replicate and pass over. Secondly, the low encroachment diffusion was not the approach used by all the companies. There is a correlation between the type of encroachment and the likelihood to growth hack. In the case of Fidesmo, &frankly and Beleco who have a seemingly high encroachment strategy, they indicated that they were not near growth hacking yet, however planned to be. In the case of Wunderino and TaskRunner, their low encroachment strategy matched their statements, indicating they were planning in the near future or already growth hacking. These answers ironically did not have impact on the fact that they all of the companies enacted growth hacking consistently and almost equally, with the exception of Wunderino as they enacted the most. It seems the high encroachment influences perhaps their plan on the outset, but the behaviours indicate otherwise.

In conclusion, the outcomes of the study indicate a discrepancy between the online literature and reality, and this highlights the assumption that motivated this thesis; growth hacking requires greater academic attention and focus to help define it, categorize it and standardize it. The popular online literature should be a reflection of the reality and not the other way around. As of current, the online literature is leading the way and it may not be the most honest portrayal of the relevance, views and enactment of growth hacking. With all the focus being placed on growth hacking in online literature, it calls for greater academic research. Today the term is seen synonymous with disruption and “for a business today to truly succeed, it has to either grow or disrupt. If it’s lucky, it will do both” (Patel 2015). Finally, the longer one looks at tech start-up world the more than one notices markedly the role that unicorns play in setting the tone. Tech start-ups are incentivized to succeed when they see unicorns reaching billion dollar valuations in five years, and now even “decacorns” like Facebook and Uber with upwards of $10 billion dollar valuations. Fortune Magazine’s editor claims, “this group of startups deserves serious attention, as they are not only fattening the wallets of venture investors, but also rapidly changing the way we live and the way we do business” (Murray, 2015, 8).

He further adds that Does the current blessing of unicorns suggest we are again at such a turning point? There’s no doubt that some of these creatures will prove as
ephemeral as Snapchat’s photos. But there is more going on here than another bout of irrational exuberance. It’s hard to think of a single business that won’t be either transformed by one of the unicorns or disrupted and displaced by them. Ignore them at your peril.

Based on numbers alone, it’s not hard to see why so many aspiring tech entrepreneur and tech start-up founder would crave such goals for their budding start-ups. It seems that growth hacking is here to stay and is even redefining the constellation of marketing. As proverb goes, reach for the moon and you may just land among the stars.

**Future Research**

This thesis was motivated by the belief that growth hacking is becoming increasingly relevant and salient in the building and advancement of tech start-ups. One of the strongest points of growth hacking is its’ fluidity and flexibility. However this also translates into a problem of ambiguity. Future research could focus on constructing a definition for growth hacking and blueprint for what a growth hacker does. This would allow researchers to explore it within other theories, and would also support aspiring entrepreneurs and founders. If growth hacking could be clearly defined within a theory, it may become as the next zeitgeist of the tech industry.

Another option is to delve into specific tactics used by companies in case study format would be helpful in learning more about growth hacking strategies. Future studies could examine in detail the transient techniques associated with growth hacking and classical and timeless growth hacking strategies, digging deeper into what those strategies are from viral coefficients to email harvesting techniques. For example, how does a company conduct A/B testing, how does a company acquire customers and which strategies they use in detail. An important characteristic of growth hacking is the trial and error approach. This highlights the changing realities of technology as well as the consumer market.

Thirdly, future researchers may become interested in how consumer behaviour has actually been shaping growth hacking. It could be that consumers feel duped by
traditional marketing, and growth hacking possesses greater authenticity and less façade.
An important concept is the moral and ethical aspect of growth hacking. One of the criticisms of growth hacking in business is that it involves trickery. Some are reluctant to stand behind a practice that may involve growth at what they believe is the expense of the customer. Future research can explore the moral and ethical implications associated with borderline unethical customer acquisition. It can go deeper into what the market finds acceptable versus not. By investing in this kind of research, unethical practices can be discouraged, helping alleviate the moral dilemma faced by tech start-ups.

This study was an exploration of the relevance and enactment of growth hacking by disruptive tech start-ups. This exploration is meant to spark interest in researching growth hacking and traditional marketing, comparatively, on a deeper level. Further research can elaborate on these ideas and try to compare traditional marketing and growth hacking in a more detailed or niched manner.

Finally, another aspect is to consider how disruptive innovation was used as an overarching theme in this research. In the future growth hacking could benefit from a study that contextualizes it in theory. Where does it fit in is a question that scholars can address in the future. In a more broad sense, the idea of hacking is becoming increasingly relevant to building unicorns and disruptive businesses. In recent news, the concept of brain hacking has started to emerge as the future of business in tech. The promise of future research into growth hacking as a viable strategy for tech start-ups would make the term more accessible and could potentially yield the next Zeitgeist of marketing in the 21st century.
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TechCrunch


Appendix

A  Interview and Questionnaire Document

B  Tech start-up company information

C  Margaret Rousey’s examples of disruptive innovations in the tech industry

D  Snapchat Inc.: A recent examples of a disruptive innovation

E  Mapping of the type of innovation to the type of diffusion by Glenn M. Schmidt and Cheryl T. Druehl (2008)

F  An example of how a disruptive innovation has changed consumer behaviour (Christensen Institute, 2016)

G  Six Imperatives from Acting to see: when disruptive times call for disruptive marketing. By Philippe Silberzahn and Phillip A Cartwright

H  Examples of growth hacking

I  Examples and definitions of growth hacking marketing tactics

J  Ten trends from Disruptive Marketing: What Groth Hackers, Data Punks and Other Hybrid Thinker Can Teach Us About Navigating the New Normal (Geoffrey Colon)
Appendix A

Interview and Questionnaire

Start-up name: Total number of team members:
Date founded: Amount received for last round of funding:
Your name: Stage your start-up is in (Product of prototype/idea to market/growth stage):
Your position: Tag line (if applicable):
Website address:
Location of office:

Part One

1. In your own words, what does your company do and what is your brand about?
Answer:

2. What unique selling feature does your company have?

3. Did your start-up invent a new technology, product or new type of service that you consider unique? If so, what did your company create? If not, how is different than existing platforms or companies in the same market? If you have created a new market all together, please explain.

4. What industry or market and industry are you in? (other than the tech start-up industry, and if applicable)

5. Please explain which parts of your business operations are tech-centric and tech-dependant.

6. Can you summarize the journey that occurs from when the customer arrives at your website/platform/application to the point in which they receive/redeem/use the product or service you are selling.

7. Who is your client base made up of? Can you describe your demographic a little more? (retirees, under 18, double income families, single professionals, design conscious city dwellers, etc)

8. Do you have a marketing team? Who is responsible for the marketing of your company? (If yes, how many people are on your team?)
(If no, who is responsible for marketing?)

9. Do you have a social media presence? If so, please list the platforms you use.

10. What is the most exciting aspect of your company that you are most proud of? It can be absolutely anything from your innovation itself, social media presence, your technologically
Part Two

1. What impact do you want your start-up and brand to have on a) the consumer and b) the market as a whole?

2. Is disruption a goal for your start-up? And what does disruption mean to your start-up and principle team?

3. Can you help me by understanding how tech start-up entrepreneurs understand and view disruption? Do you consider a start-up to be disruptive when the a) the innovation is meant to be disruptive b) the team focuses on building a disruptive company c) the marketing is done to achieve disruption? Or is disruption a fluid idea that represents all aspects of the business and what the business achieves in the marketplace.

4. Do you think that disruption is important in achieving growth and success for a tech start-up in today’s tech start-up climate?

5. Is your start-up doing something that is non-traditional, unlike other companies who you consider to be your competitors, or trying to change the way the consumer behaves and interacts with a product or service like yours? If you answered yes to the question above, please explain what it is doing. If you answered yes to the question above, please answer if you believe this is a form of disruption?

6. What are the distinguishing characteristics of your company that set it apart from the incumbents and your competition? With regards to the business model? How about with regards to the innovation itself? And with regards to your marketing strategy?

7. How would you like to improve your start-up to gain growth. What do you believe are some critical steps you should be taking in the near future?

8. In what types of ways would you like your start-up to change the status quo in your respective industry?

9. Disruption innovation theory by Clayton Christensen asserts that “the new product may perform better on an alternate dimension” (Schmidt and Druehl 2008, 347). Question: What would you say is the defining feature of your start-up and what differentiates your product? Is it performing better on an alternate dimension from existing platforms like yours? In simple terms, is your company doing something better than your competitors.
Part Three

1. What is growth hacking to a tech start-up entrepreneur such as yourself? And do you believe growth hacking has redefined how the product/platform/technology is adopted?

2. Do you use growth hacking in your company start-up? (If not, that is okay for the study). If yes, who is the growth hacker on your team (founder, hired marketing specialist etc) ?

3. What is the profile of a growth hacker? What is their mindset? What skill set is vital to growth hacking?

4. How prevalent is growth hacking as a term in the tech start-up sphere on a scale of 1 to 10 from one being least important (never hear the term, you never hear it being used) to 10 being extremely important (it’s a term being used often, and most companies including yours use it as a technique for marketing and growth).

5. Does your start-up focus only on behaviours that scale or does your company also do things that don’t scale as well as scale?

6. Please circle yes or no for the following. Do engage in the following activities?

- A/B testing (yes) (no)
- Brand building through narrative (yes) (no)
- Personalizing the experience at all points of contact for your consumer (yes) (no)
- Collaborations with other brands (yes) (no)
- Leverage 3rd party platforms (yes) (no)
- Try to get the attention from 3rd party audience (yes) (no)
- Targeting your competitors fans (yes) (no)
- Harvesting emails (yes) (no)
- Attracting early adopters (yes) (no)
- Seed supply of your service on your website or other (yes) (no)
- Writing a systematic mail engagement plan (yes) (no)
- Blogging
- Guest posting on other blogs, social media, or online magazines (yes) (no)
- Landing pages (yes) (no)
- Data metrics (yes) (no)
- Offer exclusivity (yes) (no)
- Engage in platform hacking (yes) (no)
- Data analysis reports to understand your data and consumer (yes) (no)
- Empathy mapping to discover your consumer and their feelings (yes) (no)
- Social media campaigns (yes) (no)
- Member-get-member for website (yes) (no)
- Create buyer-journey content on your website and showing visuals for how they use your service or order your product (yes) (no)
- Crm automation (yes) (no)
- Street marketing (yes) (no)
- Endorsements (yes) (no)
- Print advertisements (yes) (no)
- Television appearances (yes) (no)
- Television commercials (yes) (no)
Part Four

1. What does “growth” mean for your start-up? (financial growth, growing client base, social media popularity, growth in technical skill, growth of the team, etc)

2. How do you work towards gaining that growth for your company?

3. What would you like to improve about your company?

4. How budget sensitive are you? One a scale of 1 (not sensitive at all) to 10 (extremely sensitive) at this present time

5. Can you provide a general summary of your financial situation? Such as you have investors or no loans or money borrowed and are bootstrapped etc. What type of investors you have, etc.

6. Can you give me an idea of what your clients behaviour on your platform/website/app are? (for example: 20% are high tier and spend a lot with the company, 20% sign up long term, 50% are non-spenders or non active users and spend less with the company but loyal, 30% are signed up for newsletter, 50% of profits come social media followers etc)

7. Who would be the last kind of client a company like yours would have to get to start dominating your market and disrupting the market? In other words, let’s say this company wants to reach a billion dollar valuation, who would represent last group or chunk of customers/clients/consumer that you would need to win over before you started disrupt and dominate in the market?

8. Can you give me a picture of where you communicate and reach out to your clients? Do you use growth hacking to reach out, if so, what techniques?

Part Five

1. Do you believe incumbents (the leaders in your market at present) have taken notice of you as a competitor? If yes, have you witnessed efforts on their part to try and prevent your company from rapid growth?

2. What are you doing that company at the top of your industry/market isn’t doing? What is your distinguishing feature?

4. Do you focus on competing with your incumbent (leader in the market) in one feature or in all areas of your business?

5. How is your service/product priced in comparison to the leading incumbents in your market? Is it lower priced, the same or higher? Do you have a unique pricing structure?
6. Where does your company (in general terms) underperform or lag behind the incumbents?

7. In your own words, how is growth hacking different than traditional marketing? And is supposed to cost the company less money?

Part Six


   a. key performance indicators (yes) (no)
   b. viral coefficients (yes) (no)
   c. multivariate testing (yes) (no)
   d. Customer acquisition cost CAC (yes) (no)
   e. Lifetime Value LTV metric
   f. Churn or attrition metric

2. Does your start-up study the successes and failure of larger companies, unicorns, or leading platforms? If so, do you try to test out their strategies ever?

3. How would you describe your team culture?
   a. On a scale of 1 (not at all) to 10 (very important) is the team culture important to the success of your start-up?
   b. One a scale of 1 to 10 how important is the innovation itself?
   c. On a scale of 1 to 10 how important is the marketing?

4. What is the most important skill a founder of a tech start-up should have?

5. Do you have a marketing team? If yes, do they study every step slowly first or do they test and if it works keep going and if it doesn’t, they switch gears and try something new? What is the approach? Quick and dirty or slow and methodological, or all combined?

6. Are you aware, conscious, have studied or tried to implement growth hacking into your business model? If so, in what parts of your business model (innovation itself, marketing, the team)

Part Seven

1. On a scale of 1 (not similar at all) and 10 (the same exact thing), how similar or different is growth hacking from traditional online marketing?

2. Do you find any of these positions retrieved from thenextweb.com on growth hacking positions feel relevant to your company? If so please fill in beside every definition below, please write the title of the person in your company responsible for the role.(Patel 2015)

   - Chief Growth Officer: Drives the Profit & Loss Statement for the team. He is a money manager—judged on financial performance, not only a Digital CMO getting high on vanity metrics.
   - Quant: In financial jargon,
a quant is a person who specializes in the application of mathematical and statistical methods – such as numerical or quantitative techniques – to financial and risk management problems.

- Designer: Guru at empathy, design thinking, knows how to design for humans, not demographics and who thinks conversion before, during and after design.
- Hacker: A computer programmer who can talk less and build all sorts of automated programs that help the marketer scale their customer growth.
- Channel Gurus: Deep tactical and strategic knowledge of each paid (adwords, facebook ads, retargeting etc.) and organic (SEO, social, Inbound) distribution hacking avenues.

3. Are you budget sensitive with marketing because you have to be while you build your company, or would you always remain interested in keeping your marketing costs low even if your valuation were to hit one billion dollars?

4. Does your company study the successes or failures of larger companies, unicorns or the leading platforms in an effort to learn or emulate their techniques?

5. Neil Patel, an online marketing expert and entrepreneur wrote “In today’s economy, growth hacking is virtually the only way a company can rise to the top” (2015). How do you reconcile this statement? Do you agree that growth hacking marketing is important to success?

6. How important are the following elements in building your company? Please answer on a scale of 1 to 5 (1 as least important to your start-up and 5 as most important).

- The website and platform for your product:
- Print marketing material:
- Paid advertising marketing:
- The brand:
- Followers on social media:
- Your social media presence:
- Team culture and rapport among staff:
- A founder with previous business knowledge:
- Presence of a growth hacker:
- Bootstrapping your business:
- Analytics and metrics

7. How commonly used are the words disruption and growth hacking in your start-up ecosystem?

8. Next to each phrase please choose whether it is growth hacking or marketing (Ekman in Conversionista.se, 2016)

- It's about growth (growth hacking) (marketing)
- Marketing is free (growth hacking) (marketing)
- The product is its own marketing (growth hacking) (marketing)
- Analytical website data (growth hacking) (marketing)
- Extensive market research (growth hacking) (marketing)

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34 Phrases were extracted from John Ekman’s article titled Growth hacking – Hype eller här för att stanna? In Conversionista.se (2016)
• Social by design (growth hacking) (marketing)
• Marketing meets technology (growth hacking) (marketing)
• Data-driven tests (growth hacking) (marketing)
• Focused tests (growth hacking) (marketing)

9. What are the biggest challenges on the horizon for the tech start-up industry?
Appendix B

Tech Start-up Company Information

Fidesmo
Web address: https://www.fidesmo.com/sv/
Date Founded: 2013
Head office: Biblioteksgatan 3, Stockholm
Interviewee (name and title): Elinnor Rylander, Pr and Marketing Manager

TaskRunner
Web address: https://www.taskrunner.se
Date Founded: 2014
Head office: Tegelbacken 4a, Stockholm
Interviewee (name and title): Nils Wijmark, Partner and Investor

Beleco
Web address: https://www.beleco.com
Date Founded: 2016
Head office: Regeringsgatan 65, Stockholm
Interviewee (name and title): Pontus Gustafsson, Deputy CEO

&Frankly
Web address: https://www.andfrankly.com/sv/startsid/
Date Founded: 2015
Head office: Hamngatan 15, Stockholm
Interviewee (name and title): Caroline Fjellner, CEO

Wunderino
Web address: https://www.wunderino.com/sv/
Date Founded: 2015
Head office: Malta-based company (Originally founded by Swedish entrepreneurs)
Interviewee (name and title): Erik Hellqvist, Head of Marketing
Margaret Rousey’s examples of disruptive innovations in the tech industry.

- The personal computer (PC) displaced the typewriter and forever changed the way we work and communicate.
- The Windows operating system's combination of affordability and a user-friendly interface was instrumental in the rapid development of the personal computing industry in the 1990s. Personal computing disrupted the television industry, as well as a great number of other activities.
- Email transformed the way we communicating, largely displacing letter-writing and disrupting the postal and greeting card industries.
- Cell phones made it possible for people to call us anywhere and disrupted the telecom industry.
- The laptop computer and mobile computing made a mobile workforce possible and made it possible for people to connect to corporate networks and collaborate from anywhere. In many organizations, laptops replaced desktops.
- Smartphones largely replaced cell phones and PDAs and, because of the available apps, also disrupted: pocket cameras, MP3 players, calculators and GPS devices, among many other possibilities. For some mobile users, smartphones often replace laptops. Others prefer a tablet.
- Cloud computing has been a hugely disruptive technology in the business world, displacing many resources that would conventionally have been located in-house or provided as a traditionally hosted service.
- Social networking has had a major impact on the way we communicate and – especially for personal use -- has disrupted telephone, email, instant messaging and event planning.
Appendix D

Snappchat Inc.: A recent example of disruptive innovation

Snapchat Inc. as an example of disruptive innovation

For example, a startup can begin as a simple vanishing video story mobile application conceived by budget constrained Stanford students, and within six years be raising $4B for its Initial Public offering (IPO) as Snapchat Inc (Crunchbase, 2017). The transformation from a single feature tech start-up looking for seed funding, to a publically listed company on the stock market that has influenced the creation of Facebook stories is an example of what disruptive innovation can accomplish in the marketplace. The first characteristic that made this company disruptive is that at the time it was inferior to Facebook, Instagram and Twitter due to the limited functions that the app offered the user. Secondly, the market entry is an important principle in the theory, such as a low encroachment or low level entry coupled with a focus on a demographic partially forgotten by leading incumbents. Snapchat, a company that will be growing 27% more than its competition in 2017 (emarketer 2017), is an example of disruptive innovation low market entry because it “has tapped into a key change in consumer behaviour [which is] the desire for intimate one-to-one or one-to-few communication as opposed to broadcast-style sharing across an entire network” (emarketer 2016). In doing so, they have also triggered loyalty among “millennials and younger consumers who don’t have strong ties to the traditional social networks (emarketer, 2016). Snapchat’s acquisition of younger millenials and then moving to the mainstream market is exemplary of his earlier cases studies showing that, in the early stages of disruption, the lower performing technology only meets the needs of a small segment of existing customer base. As the technology evolves, its performance improves and the innovation meets the needs of additional customers in the industry. Eventually, the original firms are driven out of the industry as the disruption meets the needs of the mainstream market” (Weeks 2015, 418).
Appendix E

Mapping of the type of innovation to the type of diffusion by Glenn M. Schmidt and Cheryl T. Druehl.

Table 1. Mapping of the Type of Innovation to the Type of Diffusion

<table>
<thead>
<tr>
<th>Type of Innovation</th>
<th>Type of Diffusion to which It Maps</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustaining Innovation</td>
<td>High-end encroachment</td>
<td>The new product first encroaches on the high end of the existing market and then diffuses downward.</td>
<td>Pentium IV relative to Pentium III</td>
</tr>
<tr>
<td>Disruptive Innovation</td>
<td>Low-end encroachment</td>
<td>The new product first encroaches on the low end of the existing market and then diffuses upward.</td>
<td></td>
</tr>
<tr>
<td>New-Market Disruption</td>
<td>Fringe-market low-end encroachment</td>
<td>Before encroachment begins, the new product opens up a fringe market (where customer needs are incrementally different* from those of current low-end customers).</td>
<td>5.25 inch disk drive relative to 8 inch drive</td>
</tr>
<tr>
<td></td>
<td>Detached-market low-end encroachment</td>
<td>Before encroachment begins, the new product opens up a detached market (where customer needs are dramatically different* from those of current low-end customers).</td>
<td>Cell phone relative to land line</td>
</tr>
<tr>
<td>Low-End Disruption</td>
<td>Immediate low-end encroachment</td>
<td>Low-end encroachment begins immediately upon introduction of the new product.</td>
<td>Discount relative to department stores</td>
</tr>
</tbody>
</table>

* The distinctions between fringe and detached markets and between incrementally and dramatically different preferences are illustrated in the disk-drive examples provided herein.
Appendix F

An example of how a disruptive innovation has changed consumer behaviour (Christensen Institute, 2016)

“A classic example is the personal computer. Prior to its introduction, mainframes and minicomputers were the prevailing products in the computing industry. At a minimum, they were priced around $200,000 and required engineering experience to operate. Apple, one of the pioneers in personal computing, began selling its early computers in the late 1970s and early 1980s—but as a toy for children. At that point, the product wasn’t good enough to compete with the minicomputers, but Apple’s customers didn’t care because they couldn’t afford or use the expensive minicomputers. The inferior computer was much better than their alternative: nothing at all. Little by little, the innovation improved. Within a few years, the smaller, more affordable personal computer became good enough that it could do the work that previously required minicomputers. This created a huge new market and ultimately eliminated the existing industry” (Christensen Institute, 2016).
Appendix G

Six Imperatives from Acting to see: when disruptive times call for disruptive marketing.
By Philippe Silberzahn and Phillip A Cartwright

Excerpts/quotations extracted from Acting to see: when disruptive times call for disruptive marketing (2007)

1. The “see stage” should be re-occurring practice throughout the entire process. Tech start-ups seeking disruption should always be seeing from a variety of sources and not just when they write traditional marketing reports. (2007, 44)
2. To be able to “see” on an ongoing basis, start-ups should be “acting” and this leads to taking effective action. Passivity will result in failure so founders and entrepreneurs should actively be looking for information rather than just sitting around waiting for it to emerge on the shorelines. (2007, 44)
3. To “see” means to see “see” from many different sources from within and outside the company, as they are all valuable insights. The start-ups should not just look to their demographic or target market but also people from all levels of their organization. (2007, 44)
4. The vision of the company should be institutionalized within the business model. So if there is valuable insight from any level within the business, it should be part of the business model to share the knowledge and information with the entire group and share it. (2007, 45)
5. Committing to actions in stages and making those actions iterated, so they are discovered. and shaped as discoveries are made along the way. By using an iterative process to marketing, the start-ups is much more responsive and less likely to make a Big Bang! Fail. This leaves enough room to make mistakes and refine the design. Gone are the days of the massive and expensive company launch (2007, 45)
6. Developing an expansive network is critical for disruptive marketing of these innovations that seek to change consumer habits. The new market exists outside the existing network. This can be achieved by employing early adopters.(2007, 45)
Appendix H

Examples of growth hacking

In 2014, the Wall Street Journal published an article titled *Growth Hacking Helps Startups Add Users* and it provides to classic examples of how DropBox and AirBnb successfully crossed the growth hacking threshold. In the article authors Sarah E. Needleman and Khadeeja Safdar (2014) provide three exemplary growth hack examples:

- The file-sharing service Dropbox spent almost nothing on advertising, but it offered free storage space whenever its users invited their friends to join. (Needleman and Safdar, 2014)
- Airbnb, a service that lets people rent their homes to travelers, initially didn't bother with traditional ads. Instead it tapped an existing user base on Craigslist, adding a "Post to Craigslist" feature for homeowners to automatically cross-post listings, driving traffic back to Airbnb. (Needleman and Safdar, 2014)
- Both have many millions of users today, and they are held up as examples of successful "growth hacking" -- a cross between marketing and coding that's intended to sharply increase a nascent business's user base. (Needleman and Safdar, 2014)

Growth hacking usually takes advantage of the fact that consumers like things which are free. This can range from free access, free service, free first month, or another type of give-away. For instance, the online ticketing service Eventbrite grew to 20 million users 2012 by using growth hacking offered free access to their website for the people who wanted to create events (Peters 2014, 68). This is just one of the numerous tactics that Eventbrite used to become viral. In the book *Growth Hacker Marketing*, Ryan Holiday describes Hotmail’s case as exemplary of the “power of the new approach”(Holiday 2014, xxiii). He asserts that the company that started with 300,000 to end up as a $400 million dollar company was not a “fluke” because,

...a few years later, Google launched Gmail-now the dominant free e-mail service- with essential the same growth hacking strategies. First Google built a superior product. Then it built excitement by making it invite-only. And by

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35 Eventbrite is an online ticketing service founded in 2006 with a platform that allows people to organize special events from the small to medium size range (Peters 2014, 68)
steadily increasing the number of invites allowed to its existing user base, Gmail spread from person to person until it became the most popular, and in many ways the best, free e-mail service (ibid).

Both Hotmail and Google resorted to growth hacking because of their initially tight budgets. The reason for this is that tech start-ups are simply different than traditional companies and therefore require a different set of rules for marketing. More and more we see tech start-ups enact and employ growth hacking techniques in their bid to succeed in business.
Appendix I
Examples and definitions of growth hacking marketing tactics

<table>
<thead>
<tr>
<th>Growth Hacking marketing tactics</th>
<th>Description of tactic</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/B testing and analytics</td>
<td>“Though this is not an acquisition method, there is no doubt that heavy data analytics and A/B testing helps a growth hacker improve their acquisition and conversion funnels.” (Biyani 2013)</td>
</tr>
<tr>
<td>Content marketing</td>
<td>“Leveraging blog posts, info-graphics, and viral videos to increase brand awareness and site traffic. Turn those visitors into users.” (Biyani 2013)</td>
</tr>
<tr>
<td>Early adopters and early tribe</td>
<td>Prelaunch strategy of approaching the target demographic for feedback and using the feedback to tweak the product and simultaneously get the group supporting the product from the get-go. (Barby 2016)</td>
</tr>
<tr>
<td>Email marketing</td>
<td>“If you believe a growth hacker’s job is not just to increase new users/customers but also to engage them or encourage them to spend more money, then e-mail marketing is a significant part of their arsenal.” (Biyani 2013)</td>
</tr>
<tr>
<td>Harvest data through give aways and contests</td>
<td>By incentivizing the consumer with a useful tool or give-away, the start-up can collect data and information on the consumer. (Barby 2016)</td>
</tr>
<tr>
<td>Landing pages</td>
<td>Landing pages that are useful to consumers, and not necessarily just the target market, can be used to lead back to the disruptive innovation itself (Barby 2016).</td>
</tr>
<tr>
<td>Leverage 3rd party platforms</td>
<td>“Identify and sign up for websites, directories, apps etc. that already have the audience you want. For example: Yelp” (Downward 2016)</td>
</tr>
<tr>
<td>Reward sharing and referrals</td>
<td>“People are 4X more likely to do something when a friend tells them to.</td>
</tr>
<tr>
<td>Topic</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Search engine optimization</td>
<td>“Startups that use SEO effectively build scalable infrastructure that applies to tens of thousands or millions of pages. Most of the SEO theory on the web is focused on ranking for just 5-10 keywords.” (Biyani 2013)</td>
</tr>
<tr>
<td>Paid acquisition</td>
<td>“There are many types. To name a few, search engine marketing, aka Google AdWords; Facebook ads; display ads; mobile ads; radio, TV, OOH (out-of-home), and many others all can be part of one’s arsenal – but they don’t provide accurate enough source attribution for most growth hackers; and finally, affiliate marketing, or providing incentives to third-party marketers who then promote your product for you and take a cut of the revenue.” (Biyani 2013)</td>
</tr>
<tr>
<td>Social commerce</td>
<td>“People are simply telling family and friends” about the platform or innovation (Peters 2014)</td>
</tr>
<tr>
<td>Use Your Data</td>
<td>“50% of businesses find it difficult to attribute marketing directly to revenue results. That’s why analytical tools are crucial for analyzing your marketing channels to identify the ones that perform the best, so you can make adjustments to improve your ROI(^{36})” (Downward 2016)</td>
</tr>
<tr>
<td>Viral acquisition</td>
<td>“Leveraging built-in product features to encourage existing users to share your product with new users.” (Biyani 2013)</td>
</tr>
</tbody>
</table>

\(^{36}\) Return on investment (ROI)
Appendix J

Ten trends from Disruptive Marketing: What Groth Hackers, Data Punks and Other Hybrid Thinker Can Teach Us About Navigating the New Normal (Geoffrey Colon)

Excerpted by Patricia Odell in the periodical: 10 Disruptive Marketing Trends All Marketers Should Consider (2017).

1. Mobile will be the dominant platform. Intelligent devices--smartphones, tablets, watches, wearable gadgets, glasses, microchips, HoloLens, and others--will reshape and remix the marketing world. As we shift to a world of intelligent devices, marketing will strike up an even more personalized relationship with customers. Those who can do it faster than their competition will lead in this evolving category.

2. Transparency will be part of all successful business customer relationships. Customers want more engagement from companies. Companies locked into a conventional broadcast model are failing. By 2020, customers will have an even greater expectation of transparency. Authentic companies, including those that admit their mistakes (a trend called "flawsome"), will be heavily rewarded, as will companies that make social responsibility a main part of their culture. Such actions help them form a connection with their customers.

3. Content is the new currency. In May 2013, I wrote a Fast Company article, "Is Content the New Currency?" explaining that content, especially educational and entertainment content, is a key part of people's lives that will not change in the foreseeable future. However, because content isn't static, new forms such as virtual reality, video games, 3D, and 4D are being issued on platforms that include Oculus Rift and Xbox. Soon, the wearable HoloLens will reshape how content is made. This is one area where disruptive marketing can set a new standard for engaging content.

4. User-generated content will be the most disruptive. The power of user-generated content will surpass that of branded content, as brands begin to relinquish control of their own marketing to customers. From online reviews to social media posts and blogs, this means there will be a strong need for brands to create a positive impact in their consumers' minds. In response to this model of user-generated content production, content co-creation between brands and consumers will become a popular trend.

5. Social networks will become an ecosystem to rival the original Internet. Social networks have the full potential to become not just one of the channels but the
channel--possibly another Internet in and of itself. We're already seeing what we call social, interest, and economic "graphs"--places where people are connected based on a unique commonality. These graphs are growing by leaps and bounds owing to mobile, broadband, and high-quality content on platforms like Facebook, Instagram, Twitter, Tumblr, LinkedIn, Pinterest and Snapchat.

6. Brands will act as their own multimedia, bypassing press and publishers. By cultivating a brand community and culture with their customers, brands will begin to collaborate with their audiences (as opposed to simply trying to sell to them), creating loyalists and brand advocates. In the future, the seeds of branding and marketing efforts will be rooted in what customers are talking about and making. Customer responses and feelings toward the brand will dictate future product development or enhancement. If the customers are happy, they'll gladly wear the marketer's hat and do what is needed to bring the brand to others in their interest or social graphs.

7. Brands that focus on Generation Z will have the advantage. The post-Millennial generation will be even more demanding than its predecessors, and brands will need to acknowledge that. For legacy companies, simply updating older marketing that targeted Millennials won't be enough. By 2023 there will be a shift. Companies created by Millennials--such as Facebook, Instagram, or Snapchat--may have to pivot their entire product and strategy to survive. Generation Z will demand that companies be in business for something other than pure profit. Capitalism is about to be reshaped, and those who think solely about revenue as a sign of success will be sorely mistaken and rightfully abandoned.

8. Most disruptive marketing will be around products, not service. While service companies aim to create happy customers and look forward to contract renewals or positive social sentiments, product companies thrive on innovation and the future state. What exists in the here and now may be good, but what will exist in the future can and should be vastly improved. So, for marketers of the future, customer satisfaction and retention will not be enough. Innovative products and solutions will create more value for customers.

9. Personalized, data-driven disruptive marketing will become the norm. There is a difference between data-driven disruptive marketing and interruptive marketing. While the former is relationship oriented, whereby content acts as a currency to build trust, the latter is nothing but old-school push messaging in a shiny new digital wrapper. Marketers who focus on building relationships around good products will be rewarded, while fake fast followers with shabby products and poor service will be ostracized.

10. Tracking metrics will be more accurate. Today most businesses measure marketing success by looking at hollow "vanity" metrics such as impressions, likes, shares, or engagement rates. We're still developing sophisticated means to mine the right data. The future will witness the rise of better analytical tools to help marketers gauge success in terms of emotional and cultural relevance, as well as ROI.